2016
FitHabits Case Study
FitHabits is a fictitious Baldrige Award application prepared for use in the 2016 Malcolm Baldrige National Quality Award Examiner Preparation Course. The fictitious case study organization is an online distributor of unique and high-end activewear clothing and athletic shoes that promotes a customized, high-touch shopping experience for its customers. The case study illustrates the format and general content of an award application. However, since the case study serves primarily as a tool for training examiners to evaluate organizations against the 2015–2016 Baldrige Excellence Framework and its Criteria for Performance Excellence, it may not address all Criteria requirements or demonstrate role-model responses in all Criteria areas. Please refer to the FitHabits Feedback Report to learn how the organization scored and to see its strengths and opportunities for improvement.

This case study is a work of fiction, created and produced for the sole purpose of training regarding the use of the Baldrige Excellence Framework. There is no connection between the fictitious FitHabits and any other organization, named either FitHabits or otherwise. Any resemblance to any specific organization is purely coincidental. The names of several national and government organizations are included to promote the realism of the case study as a training tool, but all data and content about them have been fictionalized, as appropriate; all other organizations cited in the case study are fictitious or have been fictionalized.

The Baldrige Program welcomes your comments on this case study and other Baldrige products and services. Please direct your comments to the address above.

BALDRIGE CRITERIA FOR PERFORMANCE EXCELLENCE®, BALDRIGE PERFORMANCE EXCELLENCE PROGRAM®, CRITERIA FOR PERFORMANCE EXCELLENCE®, MALCOLM BALDRIGE NATIONAL QUALITY AWARD®, and PERFORMANCE EXCELLENCE® are federally registered trademarks and service marks of the U.S. Department of Commerce, National Institute of Standards and Technology. The unauthorized use of these trademarks and service marks is prohibited.

NIST, an agency of the U.S. Department of Commerce, manages the Baldrige Program. NIST has a 100-plus-year track record of serving U.S. industry, science, and the public with the mission to promote U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. NIST carries out its mission in three cooperative programs, including the Baldrige Program. The other two are the NIST laboratories, conducting research that advances the nation’s technology infrastructure and is needed by U.S. industry to continually improve products and services; and the Hollings Manufacturing Extension Partnership, a nationwide network of local centers offering technical and business assistance to small manufacturers.


Images of athletic and business men © 2015 Clipart.com, a division of Vital Imagery Ltd.
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2016 ELIGIBILITY CERTIFICATION FORM
### 1. Your Organization

<table>
<thead>
<tr>
<th>Official name</th>
<th>FitHabits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Headquarters address</td>
<td>12501 R&amp;D Boulevard Bldg. 101 Richmond, VA 23223</td>
</tr>
<tr>
<td>Other name</td>
<td></td>
</tr>
<tr>
<td>Prior name</td>
<td>(if changed within the past 5 years)</td>
</tr>
</tbody>
</table>

### 2. Highest-Ranking Official

- **Mr.**
- **Mrs.**  
- **Ms.**  
- **Dr.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Stacy Brubaker</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Same as above</td>
</tr>
<tr>
<td>Job title</td>
<td>CEO/President</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:stacy.brubaker@fithabits.com">stacy.brubaker@fithabits.com</a></td>
</tr>
<tr>
<td>Telephone</td>
<td>804-555-4800</td>
</tr>
<tr>
<td>Fax</td>
<td>804-555-4001</td>
</tr>
</tbody>
</table>

### 3. Eligibility Contact Point

Designate a person who can answer inquiries about your organization. Questions from your organization and requests from the Baldrige Program will be limited to this person and the alternate identified below.

- **Mr.**
- **Mrs.**  
- **Ms.**  
- **Dr.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Grace Lee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Address</td>
<td>Same as above</td>
</tr>
<tr>
<td>Job title</td>
<td>Director, Performance Excellence</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:grace.lee@fithabits.com">grace.lee@fithabits.com</a></td>
</tr>
<tr>
<td>Telephone</td>
<td>804-555-5102</td>
</tr>
<tr>
<td>Overnight mailing address</td>
<td>Same as above (Do not use a P.O. Box number)</td>
</tr>
</tbody>
</table>

### 4. Alternate Eligibility Contact Point

- **Ms.**

<table>
<thead>
<tr>
<th>Name</th>
<th>Alex Fixx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>804-555-5112</td>
</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:alex.fxx@fithabits.com">alex.fxx@fithabits.com</a></td>
</tr>
</tbody>
</table>
5. Application History

a. Has your organization previously submitted an eligibility certification package?
   - [ ] Yes. Indicate the year(s). Also indicate the organization’s name at that time, if different.
   - [ ] No
   - [ ] Don’t know

<table>
<thead>
<tr>
<th>Year(s)</th>
<th>Name(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

b. Has your organization ever received the Malcolm Baldrige National Quality Award®?
   - [ ] Yes. Did your organization receive the award in 2010 or earlier?
     - [ ] Yes. Your organization is eligible to apply for the award.
     - [ ] No. If your organization received an award during 2011 and 2015, it is eligible to apply for feedback only. Contact the Baldrige Program at (877) 237-9064, option 3, if you have questions.
   - [ ] No

c. Has your organization participated in a regional/state/local or sector-specific Baldrige-based award process?
   - [ ] Yes. Years: 2009–2014
   - [ ] No

d. Is your organization submitting additional materials (i.e., a completed Organizational Profile and two results measures for each of the five Criteria results items) as a means of establishing eligibility?
   - [ ] No. Proceed to question 6.
   - [ ] Yes. In the box below, briefly explain the reason your organization chose this eligibility option. (This information will be shared with the Alliance leadership, without revealing your organization’s identity.)

6. Eligibility Determination

See also Is Your Organization Eligible? (http://www.nist.gov/baldrige/enter/eligible.cfm).

a. Is your organization a distinct organization or business unit headquartered in the United States?
   - [ ] Yes  [ ] No. Briefly explain.

b. Has your organization officially or legally existed for at least one year, or since April 1, 2015?
   - [ ] Yes  [ ] No
c. Can your organization respond to all seven Baldrige Criteria categories? Specifically, does your organization have processes and related results for its unique operations, products, and/or services? For example, does it have an independent leadership system to set and deploy its vision, values, strategy, and action plans? Does it have approaches for engaging customers and the workforce, as well as for tracking and using data on the effectiveness of these approaches?

☑ Yes ☐ No

d. If some of your organization’s activities are performed outside the United States or its territories and your organization receives a site visit, will you make available sufficient personnel, documentation, and facilities in the United States to allow a full examination of your worldwide organization?

☐ Yes ☐ No ☒ Not applicable

e. If your organization receives an award, can it make sufficient personnel and documentation available to share its practices at the Quest for Excellence® Conference and at your organization's U.S. facilities?

☑ Yes ☐ No

If you checked “No” for 6a, 6b, 6c, 6d, or 6e, call the Baldrige Program at (877) 237-9064, option 3.

### Questions for Subunits Only

f. Is your organization a subunit in education or health care?


☐ No. Continue with 6g.

g. Does your subunit function independently and as a discrete entity, with substantial authority to make key administrative and operational decisions? (It may receive policy direction and oversight from the parent organization.)

☐ Yes. Continue with 6b.

☐ No. Your subunit probably is not eligible to apply for the award. Call the Baldrige Program at (877) 237-9064, option 3.

h. Does your subunit have a clear definition of “organization” reflected in its literature? Does it function as a business or operational entity, not as activities assembled to write an award application?

☐ Yes. Continue with 6i.

☐ No. Your subunit probably is not eligible to apply for the award. Call the Baldrige Program at (877) 237-9064, option 3.

i. Is your subunit in manufacturing or service?

☐ Yes. Does it have 500 or fewer employees? Is it separately incorporated and distinct from the parent organization’s other subunits? Or was it independent before being acquired by the parent, and does it continue to operate independently under its own identity?

☐ Yes. Your subunit is eligible in the small business category. Attach relevant portions of a supporting official document (e.g., articles of incorporation) to this form. Proceed to item 6k.

☐ No. Continue with 6j.
2016 Eligibility Certification Form
Malcolm Baldrige National Quality Award

j. Is your subunit self-sufficient enough to be examined in all seven categories of the Criteria?
   • Does it have its own senior leaders?
   • Does it plan and implement its own strategy?
   • Does it serve identifiable customers either inside or outside the organization?
   • Is it responsible for measuring its performance and managing knowledge and information?
   • Does it manage its own workforce?
   • Does it manage its own work processes and other aspects of its operations?
   • Can it report results related to these areas?
   □ Yes. Proceed to 6k (table below).
   □ No. Your organization probably is not eligible to apply for the award. Call the Baldrige Program at (877) 237-9064, option 3.

k. Does your organization meet one of the following conditions?

<p>| | | | | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. My organization has won the Baldrige Award (prior to 2011).</td>
<td>Yes</td>
<td>Your organization is eligible.</td>
<td>No</td>
<td>Continue with statement 2.</td>
</tr>
<tr>
<td>2. Between 2011 and 2015, my organization applied for the national Baldrige Award, and the total of the process and results band numbers assigned in the feedback report was 8 or higher.</td>
<td>Yes</td>
<td>Your organization is eligible. Year: Total of band scores:</td>
<td>No</td>
<td>Continue with statement 4.</td>
</tr>
<tr>
<td>3. Between 2011 and 2015, my organization applied for the national Baldrige Award and received a site visit.</td>
<td>Yes</td>
<td>Your organization is eligible. Year of site visit:</td>
<td>No</td>
<td>Continue with statement 5.</td>
</tr>
<tr>
<td>4. Between 2011 and 2015, my organization received the top award from an award program that is a member of the Alliance for Performance Excellence.</td>
<td>Yes  ☑</td>
<td>Your organization is eligible. Award program: State Performance Excellence Program Year of top award: 2014</td>
<td>No</td>
<td>Continue with statement 3.</td>
</tr>
<tr>
<td>5. More than 25% of my organization’s workforce is located outside the organization’s home state.</td>
<td>Yes</td>
<td>Your organization is eligible.</td>
<td>No</td>
<td>Continue with statement 6.</td>
</tr>
<tr>
<td>6. There is no Alliance for Performance Excellence award program available for my organization.</td>
<td>Yes</td>
<td>Your organization is eligible.</td>
<td>No</td>
<td>Continue with statement 7.</td>
</tr>
<tr>
<td>7. Your organization will submit additional eligibility screening materials (i.e., a complete Organizational Profile and two results measures for each of the five Criteria results items). The Baldrige Program will use the materials to determine if your organization is eligible to apply for the award this year (as described in the Baldrige Eligibility FAQs [MS-Word]).</td>
<td>Yes</td>
<td>The Baldrige Program will review the materials and contact your ECP after determining your eligibility.</td>
<td>No</td>
<td>Call 877-237-9064, option 3, if you have questions.</td>
</tr>
</tbody>
</table>
7. Award Category

a. Award category (Check one.)

Your education or health care organization may use the Business/Nonprofit Criteria and apply in the service, small business, or nonprofit category. However, you probably will find the sector-specific (Education or Health Care) Criteria more appropriate.

- [ ] For-Profit
  - [X] Service
  - [ ] Manufacturing
  - [ ] Small business (≤ 500 employees)
  - [ ] Education
  - [ ] Health Care

- [ ] Nonprofit
  - [ ] Education
  - [ ] Health Care

b. Industrial classifications. List up to three of the most descriptive NAICS codes for your organization (see NAICS list included at the end of this document). These are used to identify your organizational functions and to assign applications to examiners.

| 454 | 448 |

8. Organizational Structure

a. For the preceding fiscal year, the organization had

- [ ] up to $1 million
- [ ] $1.1 million–$10 million
- [X] $10.1 million–$100 million
- [ ] $100.1 million–$500 million
- [ ] $500.1 million–$1 billion
- [ ] more than $1 billion

b. Attach a line-and-box organization chart that includes divisions or unit levels. In each box, include the name of the unit or division and the name of its leader. Do not use shading or color in the boxes.

- [X] The chart is attached.

c. The organization is _____ a larger parent or system. (Check all that apply.)

- [X] not a subunit of (See item 6 above.)

- [ ] a subsidiary of
- [ ] a division of
- [ ] a controlled by
- [ ] a unit of
- [ ] an administered by
- [ ] a school of
- [ ] an owned by
- [ ] other ______________________

Parent organization

Total number of paid employees*

Highest-ranking official

Telephone

Address

Job title

*Paid employees include permanent, part-time, temporary, and telecommuting employees, as well as contract employees supervised by the organization. Include employees of subunits but not those of joint ventures.
Attach a line-and-box organization chart(s) showing your organization's relationship to the parent's highest management level, including all intervening levels. In each box, include the name of the unit or division and its leader. Do not use shading or color in the boxes.

☐ The chart is attached.

d. Considering the organization chart, briefly describe below how your organization relates to the parent and its other subunits in terms of products, services, and management structure.


e. Provide the title and date of an official document (e.g., an annual report, organizational literature, a press release) that clearly defines your organization as a discrete entity.

Title ___________________________ Date ___________________________

Attach a copy of relevant portions of the document. If you name a website as documentation, print and attach the relevant pages, providing the name only (not the URL) of the website.

☐ Relevant portions of the document are attached.

f. Briefly describe the major functions your parent or its other subunits provide to your organization, if appropriate. Examples are strategic planning, business acquisition, research and development, facilities management, data gathering and analysis, human resource services, legal services, finance or accounting, sales/marketing, supply chain management, global expansion, information and knowledge management, education/training programs, information systems and technology services, curriculum and instruction, and academic program coordination/development.


9. Supplemental Sections

The organization has (a) a single performance system that supports all of its product and/or service lines and (b) products or services that are essentially similar in terms of customers/users, technology, workforce or employee types, and planning.

☐ Yes. Proceed to item 10.

☐ No. Your organization may need to submit one or more supplemental sections with its application. Call the Baldrige Program at (877) 237-9064, option 3.

10. Application Format

If your organization applies for the 2016 award, in which format will you submit your application?

☐ 25 paper copies and a CD (must be postmarked on or before May 3, 2016)

☐ CD only (must be postmarked on or before April 26, 2016)
11. Use of Cell Phones, Cordless Phones, and Voice-over-Internet Protocol (VoIP)

Do you authorize Baldrige examiners to use cell phones, cordless phones, and VoIP to discuss your application? Your answer will not affect your organization’s eligibility. Examiners will hold all your information in strict confidence and will discuss your application only with other assigned examiners and with Baldrige Program representatives as needed.

☒ Yes ☐ No

12. Site Listing

You may attach or continue your site listing on a separate page as long as you include all the information requested here. You may group sites by function or location (city, state), as appropriate. Please include the total for each column (sites, employees/faculty/staff, volunteers, and products/services). See the ABC HealthCare example below.

Please include a detailed listing showing all your sites. If your organization receives a site visit, an examiner team will use this information for planning and conducting its visit. Although site visits are not conducted at facilities outside the United States or its territories, these facilities may be contacted by teleconference or videoconference.

<table>
<thead>
<tr>
<th>Sites (U.S. and Foreign)</th>
<th>Workforce*</th>
<th>Relevant Products, Services, and/or Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>List the city and the state or country.</td>
<td>Check one or more.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Employees □</td>
<td>Sales □</td>
</tr>
<tr>
<td></td>
<td>Faculty □</td>
<td>Revenue □</td>
</tr>
<tr>
<td></td>
<td>Staff □</td>
<td>Budget □</td>
</tr>
<tr>
<td></td>
<td>Volunteers (no. or N/A)</td>
<td></td>
</tr>
<tr>
<td>ABC Medical Center, Anytown, NY</td>
<td>1,232</td>
<td>147</td>
</tr>
<tr>
<td>ABC Hospital West, West Anytown, NY</td>
<td>255</td>
<td>78</td>
</tr>
<tr>
<td>ABC Medical Group, Anytown, NY</td>
<td>236</td>
<td>N/A</td>
</tr>
<tr>
<td>ABC Imaging Center, West Anytown, NY</td>
<td>11</td>
<td>N/A</td>
</tr>
<tr>
<td>ABC Hospice Services, West Anytown, NY</td>
<td>94</td>
<td>89</td>
</tr>
<tr>
<td>ABC Urgent Care, West Anytown, NY</td>
<td>8</td>
<td>N/A</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>1,836</td>
</tr>
</tbody>
</table>

*“Workforce” refers to all people actively involved in accomplishing the work of your organization, including paid employees (e.g., permanent, part-time, temporary, and telecommuting employees, as well as contract employees supervised by the organization) and volunteers, as appropriate. The workforce includes team leaders, supervisors, and managers at all levels.*
### 13. Key Business/Organization Factors

List or briefly describe the following key business/organization factors. Please be concise, but be as specific as possible. Provide full names of organizations (i.e., do not use acronyms). The Baldrige Program uses this information to avoid conflicts of interest when assigning examiners to your application. Examiners also use this information in their evaluations.

a. Main products and/or services and major markets served (local, regional, national, and international)

FitHabits is a boutique distributor, selling unique and high-end activewear clothing and athletic shoes, from running to yoga to baseball, for both men and women. Women’s clothing is the largest product line, followed by men’s clothing. FitHabits sells exclusively on the Internet, which allows it to ship products to both domestic and international customers (the only limit the organization has in terms of market is whether a shipper can accommodate the customer’s location).

b. Key competitors (those that constitute 5 percent or more of your competitors)

Other activewear/athletic shoes boutique distributors: Tip the Scales, Lean Out, Lean Muscle, and DazzleMeFit.

Note: FitHabits does not consider large Internet retailers and box stores as key competitors for the niche portion of the market.

c. Key customers/users (those that constitute 5 percent or more of your customers/users)

Domestic and international fitness customers who want a unique, customized, high-touch shopping experience (e.g., advice on products, ability to give input on future products) that they can’t get from large Internet retailers and box stores.
d. Key suppliers/partners (those that constitute 5 percent or more of your suppliers/partners)

Manufacturers of activewear clothing and athletic shoes: Ahihas, Celjer, Fast Bonce, Nawrk Partners, Olympian, Luminous, local and regional M&Ps (mom and pop manufacturers), and T2Bs (thread-to-body suppliers)
Shipping (domestic and international): SendPtx
Workforce Surveys: Guppol
Market Research: Sratsa.com; Market Analyzer, LLC.
Software and Application Technologies: DrmQuilter, P III, RBR, Sauvegarder, SimblLogic, Cloud Provider, Internet Provider
Cyber Security: Cyber Vendor, Inc; Cyber Company, LLC
Housekeeping Services: AFM

e. Financial auditor

| Three Sisters Finance | July-June |

f. Parent organization (if your organization is a subunit).

| N/A | N/A |

14. Nomination to the Board of Examiners

If your organization is eligible to apply for the Baldrige Award in 2016, you may nominate one senior member from your organization to the 2016 Board of Examiners.

Nominees are appointed for one year only. Nominees

- must not have served previously on the Board of Examiners and
- must be citizens of the United States, be located in the United States or its territories, and be employees of the applicant organization.

The program limits the number of examiners from any one organization. If your organization already has representatives on the board, nominating an additional person may affect their reappointment.

Board appointments provide a significant opportunity for your organization to learn about the Criteria and the evaluation process. The time commitment is also substantial: examiners commit to a minimum of 200 hours from April to December, including approximately 40 hours in April/May to complete self-study, three to four days in May to attend Examiner Preparation, and 50–70 hours from June through August to complete an Independent and Consensus Review. If requested by the program, examiners also participate in a Site Visit Review of approximately nine days. The nominee or the organization must cover travel and housing expenses incurred for Examiner Preparation.

- [ ] Mr.
- [ ] Mrs.
- [ ] Ms.
- [ ] Dr.

Angelica Diaz

Angelica.diaz@fithabits.com

E-mail address

I understand that the nominee or the organization will cover travel and hotel costs associated with participation in Examiner Preparation. I also understand that if my organization is determined to be ineligible to apply for the Baldrige Award in 2016, this examiner nomination will not be considered for the 2016 Board of Examiners.
15. Fee

Indicate your method of payment for the $360 eligibility certification fee.

- Check (enclosed)
- Money order (enclosed)  
  Make payable to the Malcolm Baldrige National Quality Award.

- ACH payment
- Wire transfer  
  Checking ABA routing number: 075-000-022
  Checking account number: 18232730397

Before sending an ACH payment or wire transfer, notify the American Society for Quality (ASQ; [414] 298-8789, ext. 7205, or mbnqa@asq.org). Reference the Baldrige Award with your payment.

- Visa
- MasterCard
- American Express

<table>
<thead>
<tr>
<th>Card number</th>
<th>Authorized signature</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expiration date</td>
<td>Printed name</td>
</tr>
<tr>
<td>Card billing address</td>
<td>Today’s date</td>
</tr>
</tbody>
</table>

W-9 Request: If you require an IRS Form W-9 (Request for Taxpayer Identification Number and Certification), contact ASQ at (414) 298-8789, ext. 7205.

16. Self-Certification and Signature

I state and attest the following:

1. I have reviewed the information provided in this eligibility certification package.

2. To the best of my knowledge,
   a. this package includes no untrue statement of a material fact, and
   b. no material fact has been omitted.

3. Based on the information herein and the current eligibility requirements for the Malcolm Baldrige National Quality Award, my organization is eligible to apply.

4. I understand that if the information is found not to support eligibility at any time during the 2016 award process, my organization will no longer receive consideration for the award and will receive only a feedback report.

Stacy Brubaker  
2/21/16

Signature of highest-ranking official  Printed name  Date
17. Submission

To be considered for the 2016 award, send your complete eligibility certification package postmarked no later than February 22, 2016, to

Malcolm Baldrige National Quality Award
c/o ASQ—Baldrige Award Administration
600 North Plankinton Avenue
Milwaukee, WI 53203
(414) 298-8789, ext. 7205

Include proof of the mailing date. Send the package via

- a delivery service (e.g., Airborne Express, Federal Express, United Parcel Service, or the United States Postal Service [USPS] Express Mail) that automatically records the mailing date or
- the USPS (other than Express Mail), with a dated receipt from the post office.
1. Eligibility Certification Form*
   ☒ I have answered all questions completely.
   ☒ I have included a line-and-box organization chart showing all components of the organization and the name of each unit or division and its leader.
   ☒ The highest-ranking official has signed the form.

For Companies Submitting Additional Eligibility Screening Materials (to meet the new alternative eligibility condition no. 7 for question 6k; see the table on page E-4)
   ☐ I have enclosed a complete Organizational Profile.
   ☐ I have enclosed data for two results measures for each of the five Criteria results items.

For Subunits Only
   ☐ I have included a line-and-box organization chart(s) showing the subunit’s relationship to the parent’s highest management level, including all intervening levels.
   ☐ I have enclosed copies of relevant portions of an official document clearly defining the subunit as a discrete entity.

*Please do not staple the pages of this form.

2. Fee
   ☒ I have indicated my method of payment for the nonrefundable $360 eligibility certification fee.
   ☒ If paying by check or money order, I have made it payable to the Malcolm Baldrige National Quality Award and included it in the eligibility certification package.

3. Submission and Examiner Nomination
   ☒ I am nominating a senior member of my organization to the 2016 Board of Examiners.
   ☐ I am not nominating a senior member of my organization to the 2016 Board of Examiners.
   ☒ I am sending the complete eligibility certification package to
     Malcolm Baldrige National Quality Award
c/o ASQ—Baldrige Award Administration
600 North Plankinton Avenue
Milwaukee, WI 53203
(414) 298-8789, ext. 7205
   ☒ I have included proof of the mailing date. (See Application Form and Content instructions at http://www.nist.gov/baldrige/enter/format.cfm/.)
ORGANIZATION
CHART
PAGE A-1
OF THE
2016 AWARD
APPLICATION FORM
1. Your Organization

<table>
<thead>
<tr>
<th>Official name</th>
<th>FitHabits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mailing address</td>
<td>12501 R&amp;D Boulevard Bldg. 101 Richmond, VA 23223</td>
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2. Award Category and Criteria Used

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<th>Criteria used (Check one.)</th>
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<td>☑ Small business. The larger percentage of sales is in (check one)</td>
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<td>☑ Manufacturing</td>
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<tr>
<td>☑ Service</td>
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3. Official Contact Point

Designate a person with in-depth knowledge of the organization, a good understanding of the application, and the authority to answer inquiries and arrange a site visit, if necessary. Contact between the Baldrige Program and your organization is limited to this individual and the alternate official contact point. If the official contact point changes during the application process, please inform the program.

<table>
<thead>
<tr>
<th>Mr.</th>
<th>Mrs.</th>
<th>Ms.</th>
<th>Dr.</th>
</tr>
</thead>
<tbody>
<tr>
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<table>
<thead>
<tr>
<th>Name</th>
<th>Grace Lee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Director, Performance Excellence</td>
</tr>
<tr>
<td>Mailing address</td>
<td>☑ Same as above</td>
</tr>
<tr>
<td>Overnight mailing address</td>
<td>☑ Same as above (Do not use a P.O. box number)</td>
</tr>
<tr>
<td>Telephone</td>
<td>804-555-5102</td>
</tr>
<tr>
<td>Fax</td>
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</tr>
<tr>
<td>E-mail</td>
<td><a href="mailto:grace.lee@fithabits.com">grace.lee@fithabits.com</a></td>
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4. Alternate Official Contact Point

<table>
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<tr>
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</tr>
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<tbody>
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<table>
<thead>
<tr>
<th>Name</th>
<th>Alex Fixx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Telephone</td>
<td>804-555-5112</td>
</tr>
<tr>
<td>Fax</td>
<td></td>
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<tr>
<td>E-mail</td>
<td><a href="mailto:alex.fixx@fithabits.com">alex.fixx@fithabits.com</a></td>
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</table>

5. Release and Ethics Statements

**Release Statement**

I understand that this application will be reviewed by members of the Board of Examiners. If my organization is selected for a site visit, I agree that the organization will
- ■ host the site visit,
- ■ facilitate an open and unbiased examination, and
- ■ pay reasonable costs associated with the site visit (see Award Process fees on our website [http://www.nist.gov/baldrige/enter/award_fees.cfm]).

If selected to receive an award, my organization will share nonproprietary information on its successful performance excellence strategies with other U.S. organizations.

**Ethics Statement and Signature of Highest-Ranking Official**

I state and attest that

1. (1) I have reviewed the information provided by my organization in this award application package.
2. (2) To the best of my knowledge,
   - ■ this package contains no untrue statement of a material fact and
   - ■ omits no material fact that I am legally permitted to disclose and that affects my organization's ethical and legal practices. This includes but is not limited to sanctions and ethical breaches.

<table>
<thead>
<tr>
<th>Signature</th>
<th>Stacy Brubaker</th>
</tr>
</thead>
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<tr>
<td>Date</td>
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<table>
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<tr>
<td>Job title</td>
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<td>Applicant name</td>
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GLOSSARY OF TERMS AND ABBREVIATIONS
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<th>Term</th>
<th>Abbreviation</th>
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<td>Accountability Board</td>
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<td>ADA</td>
<td>Americans with Disabilities Act</td>
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</tr>
<tr>
<td>AFPM</td>
<td>Agency for People Management</td>
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</tr>
<tr>
<td>AOS</td>
<td>available on-site</td>
<td></td>
</tr>
<tr>
<td>AP</td>
<td>action plan</td>
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<tr>
<td>APR</td>
<td>annual performance review</td>
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<td>AR</td>
<td>accounts receivable</td>
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<td>ATE</td>
<td>Association for Training Employees</td>
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<tr>
<td>BOD</td>
<td>Board of Directors</td>
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<tr>
<td>BSC</td>
<td>balanced scorecard</td>
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<tr>
<td>coaches</td>
<td>people with physical challenges who pursue active lifestyles through physical fitness and competitive athletics</td>
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<td>COI</td>
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<td>DazzleMeFit</td>
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<td>Emergency Operations Plan</td>
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<td>FIT</td>
<td>Futuristic Innovative Technodata</td>
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<td>FitMeasures</td>
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<td>Focus, Innovate, Test, Train, Execute, Share, Sustain</td>
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<td>HazCom</td>
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<td>Health, Exercise, Attitude, Training, and Healing</td>
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<td>IR/BS</td>
<td>Internet retailers and box stores</td>
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</tr>
<tr>
<td>IRS</td>
<td>U.S. Internal Revenue Service</td>
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<tr>
<td>IS</td>
<td>information systems</td>
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<td>ISO</td>
<td>International Organization for Standardization; ISO 27001:2013 is an information security standard published in 2013 by ISO and IEC under a joint subcommittee</td>
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<td>Measurement Selection Process</td>
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<td>person 2 person</td>
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<td>ROI</td>
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<td>RRF</td>
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<td>SKU</td>
<td>stock-keeping unit</td>
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<td>SOPPs</td>
<td>standard operating procedures and policies</td>
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<td>SPP</td>
<td>Strategic Planning Process</td>
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<td>SWOT</td>
<td>strengths, weaknesses, opportunities, and threats</td>
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<td>T2Bs</td>
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<tr>
<td>VOC</td>
<td>voice of the customer</td>
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ORGANIZATIONAL PROFILE
Organizational Profile

P.1 Organizational Description

FitHabits was started in 1996 by Stacy Brubaker and Jill Nassau out of their garages in Richmond, VA. To begin a recent weight loss and fitness regimen, Stacy had used an exercise video at home. Once she lost some weight, she wanted to go to the gym with her best friend Jill, a triathlon coach, but felt as if her athletic clothes were worn and scruffy, not gym-ready. When she had trouble finding attractive exercise clothes that fit, her sister in Los Angeles sent an outfit that was just what she was looking for. She felt great and soon became a “gym rat.” Friends and other women at the gym were interested in purchasing something similar in their sizes. Within weeks, Stacy and Jill signed a distributorship with the manufacturer of Stacy’s outfit and stored all the merchandise in their garages. Before long, to meet their customers’ needs, they were selling shoes and other brands of athletic clothing from small and regional manufacturers that designed and created unique athletic clothing lines.

Within a year, Stacy and Jill had a small boutique business supplying athletic wear for their friends and through gyms across their city. They rented a storage locker and hired two teenagers to help store the stock and fill orders. They saw the potential to reach out to other cities, and one of the teenagers talked to them about surfing the Internet for athletic clothing and shoes. Fast-forward 20 years, and we have FitHabits, the premier Internet-based athletic clothes and footwear boutique distributor in the United States.

P.1a(1) To meet customer needs, FitHabits is proud of the wide portfolio of boutique products it offers: (1) activewear clothing and (2) athletic shoes, from running to yoga to baseball, for both men and women. Women’s clothing is the largest product line, followed by men’s clothing. Athletic shoes for both women and men are much smaller product lines but prove to be a differentiator for many customers. FitHabits briefly considered manufacturing or branding clothing in 2000 but rejected those approaches to remain a boutique distributor, selling unique and high-end activewear and shoes. FitHabits’ team members are most proud that after initial face-to-face sales in the early years of the company, they now sell completely online, direct to customers, and with great service! FitHabits has an excellent relationship with SendPtx and ships over 90% of its products through this delivery system directly to both domestic and international customers.

P.1a(2) The mission, vision, and values (MVV; Figure P.1-1) establish the foundation of FitHabits’ culture of excellence and focus the company on delivering the highest levels of customer service. The mission puts it concisely: Clothing our customers for a fit life and delighting them, always. The vision to be the #1 Internet-preferred activewear and shoe resource in the nation helps inspire the workforce to higher levels of performance. The values are both internally—Fun, Innovative, Team-based—and externally focused—Healthy, Agile, Balanced, Integrity, Timely, and Service—to create FitHabits.

For the company to live its mission and achieve its vision, FitHabits has a culture of performance excellence. FitHabits uses an integrated system of performance excellence (Figure P.2-4) to provide ever-increasing value to customers while improving organizational effectiveness and providing learning for the workforce and company.

FitHabits has identified three core competencies:

- relationships (CC1)
- innovation (CC2)
- fitness (CC3)

A core competency in relationships (CC1) helps the company fulfill its mission. Evidence of this core competency can be found in the power of these relationships, developed and sustained by FitHabits’ excellent team members, with customers who need product advice or help with transactions or resolving problems. It is the feedback generated by the relationships with suppliers and collaborators that leads to having great products in inventory. It is the relationships built with colleagues that lead to improvements in processes and services.

Innovation (CC2) is found throughout FitHabits. The website, FitWeb, is designed to meet customer needs for ease of navigation, to provide an amazing product display, and to offer user profiles for smooth transactions (3.2b[1]). In addition, to find unique and customized clothing, FitHabits has developed an innovative approach to working with local and regional designers and manufacturers of various athletic product lines (6.2b) to design and manufacture customized products. To provide for information security, FitHabits is proud of being one of the first web retailers to be certified ISO 9001 and IEC 27001. To maintain its market leadership, FitHabits has developed an innovation process (6.1c) to use in both new product promotions (3.2a) and improvement efforts. These efforts are supported by a multidisciplinary Innovation Council to ensure a consistent and systematic approach to managing and sustaining innovation across the organization.

Fitness touches the heart of the company—it’s part of the workforce and what the company is about. Fitness (CC3) is the third core competency and underscores the mission. All of the team members in the Call Center are fitness enthusiasts who can speak knowledgeably to customers about their fitness regimens. The Call Center team members hold a variety of fitness certifications including personal training (58 team members), yoga (33), Pilates (16), indoor cycling (8), water aerobics (6), and triathlon training (3).
P.1a(3) The FitHabits workforce includes 889 highly engaged and competent team members. They work in a culture defined by the values to be Fun, Innovative, and Team-based. They are motivated to meet the mission and delight customers. In the FitHabits’ culture, employees are called team members and managers are coaches. Senior leaders are referred to as senior coaches. There have been no recent changes in workforce composition or needs. FitHabits has no bargaining units. The team member profile, showing segments and educational requirements by job category, tenure, and ethnic diversity, is shown in Figure P.1-2.

Besides the basic health and safety requirements of an office environment, no special safety requirements are needed. In the warehouse and fulfillment areas, all team members are required to complete training in hazard communications (HazCom), lockout/tagout, lifting/handling, and portable fire extinguishers. Team members who drive forklifts must be certified in forklift safety. The key elements that engage team members in achieving the mission and vision are shown in Figure P.1-3.

P.1a(4) The corporate headquarters is located on a 24-acre campus with offices, Call Center, training facility, team member wellness center (including FitCenter), and a warehouse outside Richmond. Leased warehouses are also located in Irving, TX, and Portland, OR. A need to expand warehouse and stock capacities led to a major ShapetUp (P.2c) Lean intervention in the warehouses in Richmond and Portland, which led to a doubling of capacity. In early 2017, a similar intervention is planned for the Irving warehouse.

As part of the innovation core competency, FitHabits utilizes leading-edge and validated software and application technologies from leaders in the field such as RBR, DrmQuilter, PIII, and SimbLogic. An in-house application development capability also allows the company to integrate multiple technologies to create value-added innovation for customers. In the past six years, FitHabits has invested over $5 million to completely rewrite FitWeb, the corporate website. To further maintain the technology advantage, the Call Center received a $2 million upgrade in 2014. Capital investments such as these are tied to the strategic objectives (SOs) and are determined through the SPP. Each warehouse uses state-of-the-art barcode technology to track products and shipments.

P.1a(5) FitHabits complies with state and national Occupational Safety and Health Administration (OSHA) requirements and has been recognized with the GREAT! Award in 2014 for the dramatic decline in warehouse injuries as a result of improved forklift training. FitHabits also has been recognized in the Environmental Protection Agency’s (EPA’s) Waste Wise Program with Gold Achievement in 2013 for Recycling in the Workplace and in 2015 for Industrial Materials Recycling. In 2006, FitHabits was one of the first online retailers to be certified to ISO 9000 and then ISO/IEC 27001 for its information security framework.

P.1b(1) FitHabits is a privately owned company with a structure and governance system consisting of a seven-member Board of Directors (BOD) and the Leadership Team (LT). The LT is comprised of the CEO/president (Stacy), COO (Jill), and the five other COs (Chief Officers of Finance, Strategy, Marketing and Sales, People, and Information). The BOD serves as the chief policy-making body and exercises overall control and management of the company’s affairs. The CEO/president, an ex-officio member of the BOD, reports directly to the BOD and supervises six units, each of which is led by a chief officer.

P.1b(2) The key customer groups are (1) engaged customers, (2) lurkers (those who browse the website but never purchase anything), and (3) New Year resolutioners (NYRs; those who set up profiles, browse, and maybe purchase something in January to kick start their weight-loss goals but are not active the rest of the year).
Engaged customers are segmented further:

- Frequent purchasers—those who purchase products on a nearly monthly basis
- Persistent purchasers—those who purchase products seasonally
- Occasional purchasers—those who purchase products at least annually

Key stakeholder groups include customers, the Advisory Board, collaborators, suppliers, and the community.

**P.1b(3)** Key suppliers and collaborators are outlined in Figure P.1-6 with the roles they play in work systems, in enhancing competitiveness, and in contributing to innovation, as well as the mechanisms to communicate with them and their key supply chain requirements. With innovation as a core competency, FitHabits works closely with its suppliers.

Collaborators are an important feedback resource for FitHabits. While the company does not manufacture products, it relies on the advice and counsel of the collaborators on the latest research and trends in the fitness community. This information, for example, helped FitHabits be ahead of the curve in Zumba clothing in 2008, before this fitness trend took off.

**P.2 Organizational Situation**

**P.2a(1)** FitHabits’ boutique market space requires it to meet the increasing demands from consumers for better and more personalized customer service, personalized product offerings, and increased offerings that are “Made in America.” FitHabits continues to strive to meet that demand as evident in its CC1 of relationships, customer engagement (Figure 7.2-9), and percentage of products offered and shipped that are “Made in America” (Figure 7.1-19). In addition, FitHabits has prided itself in developing key relationships with national organizations to offer their members specialized products, as evident in specialized products for challenged athletes (Figures 7.1-6, 7.5-7).

FitHabits has four key competitors in its Internet market space for a boutique clothing/shoes retailer, with their market share by net annual sales shown in Figure P.2-1. FitHabits currently enjoys an 8% market share based on net annual sales and 9% market share based on overall number of products sold in its two key portfolio groups: activewear clothing and athletic shoes.

The remaining “non-boutique” market (73% Internet net annual sales) is controlled by numerous large Internet retailers and box stores (IR/BS) in FitHabits’ two portfolio groups (activewear and

---

**Figure P.1-4: Key Regulations, Requirements, and Standards**

<table>
<thead>
<tr>
<th>Agency</th>
<th>Process</th>
<th>Measure</th>
<th>Results</th>
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<tbody>
<tr>
<td>Federal Trade Commission (FTC)</td>
<td>Mail, Internet, or Telephone Merchandise Order</td>
<td>% Compliant</td>
<td>7.4-9</td>
</tr>
<tr>
<td>FTC</td>
<td>Anti-trust</td>
<td># of Violations</td>
<td>7.4-9</td>
</tr>
<tr>
<td>EPA</td>
<td>Waste Management</td>
<td># of Violations</td>
<td>7.1-26</td>
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<tr>
<td>OSHA</td>
<td>Workplace Safety</td>
<td># of Lost-Time Injuries</td>
<td>7.3-7</td>
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<td>Virginia Department of Taxation</td>
<td>Quarterly Filings</td>
<td>% On-time % Complete</td>
<td>7.5-8</td>
</tr>
<tr>
<td>Internal Revenue Service (IRS)</td>
<td>Quarterly Filings</td>
<td>% On-time % Complete</td>
<td>7.5-8</td>
</tr>
<tr>
<td>Equal Employment Opportunity Commission (EEOC)</td>
<td>Team Member Processes</td>
<td># of Violations</td>
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**Figure P.1-5: Key Customers and Requirements**

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<th>Requirements/Expectations</th>
<th>Engaged Customers</th>
<th>Lurkers</th>
<th>NYRs</th>
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<tbody>
<tr>
<td>Products: Wide variety of styles, sizes, and functions</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Delivery: Free, overnight</td>
<td>Yes</td>
<td>n/a</td>
<td>Yes</td>
</tr>
<tr>
<td>Customer support: 24-hour hotline, online chat w/support, call takers empowered to fix problems</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
<tr>
<td>Operations: Online presence with easy access and smooth transactions; using customers’ profiles</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
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**Figure P.1-6: Suppliers and Collaborators**

<table>
<thead>
<tr>
<th>Examples of Roles In</th>
<th>Suppliers</th>
<th>Collaborators</th>
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<tbody>
<tr>
<td>Work Systems</td>
<td>Inventory to warehouses</td>
<td>Product development</td>
</tr>
<tr>
<td>Competitiveness and Innovation</td>
<td>Pricing, sales trends, developments in fabrics, materials, products</td>
<td>New trends in fitness</td>
</tr>
<tr>
<td>Two-Way Communication Mechanisms</td>
<td>E-mail, Partner Portal, quarterly meetings</td>
<td>E-mail, Partner Portal, regular meetings</td>
</tr>
<tr>
<td>Supply Chain Requirements</td>
<td>Delivery: On-time and accurate Quality; Meeting sizing and quality specifications Portfolio: Products “Made in America” Packaging: Use of recycled material specification</td>
<td>n/a</td>
</tr>
</tbody>
</table>
shoes). These major online retailers include Voluminous, Yoxxo’s, and Distinguished, as well as “big-box” retailers such as Paulie’s Sporting Goods, Lane Runners, Lolybird Sports, and Action Authority. Over the past five years, FitHabits has increased and sustained a secure market position relative to its direct competitors in its boutique clothing/shoes space. Comparatives to the four direct boutique athlete market competitors are provided throughout this application. FitHabits’ market data as of December 2015 are shown in Figure P.2-1.

P.2a(2) During FitHabits’ FY2015 strategic planning retreat, the LT identified three emerging changes that will affect FitHabits’ competitive situation:

1. In late 2014, FitHabits began the expansion of its products to meet the special activewear clothing and athletic footwear needs of challenged athletes. It has secured single source contracts with two suppliers providing products in FitHabits’ two portfolio groups and has seen significant growth with this additional focus area (Figures 7.1-3, 7.5-3). FitHabits believes this expansion will lead to the creation of even more opportunities for innovation and collaboration with organizations such as Extraeptional Olympics, USA Triathlon/Cycling, and track and field organizations, as well as local community and fitness centers.

2. By 2017, FitHabits plans to double its warehouse capacity to
   a. manage an increasing number of SKUs (inventory) in both of its portfolio groups, and
   b. cut order-to-ship time in half (Figure 7.1-20) to compete with the larger IR/BS stores.

   This competitive change will enable the company to continue to provide a 24-hour-or-less (Continental United States), product-to-door, on-time delivery guarantee (the first in the nation for the boutique athlete industry), outpacing each of FitHabits’ four key boutique competitors (7.1).

3. FitHabits’ nearest competitor Tip the Scales is currently in negotiations with Lean Muscle for a consolidation and merger. This would change the landscape of the boutique athletic industry, and FitHabits could lose market prominence in its portfolios groups. Senior coaches are monitoring this relationship closely and anticipate these companies will make a decision by late summer or early fall on these negotiations. In response, FitHabits is considering several strategic opportunities to secure its competitive position (see 2.1b).

P.2a(3) Comparative data sources are segmented in Figure P.2-2 by types of data required for effectively assessing FitHabits’ market position and that of its key competitors.

Like many other Internet companies, FitHabits has two key challenges in securing competitive and comparative data. The first is obtaining timely comparative data as the market is in a rapid growth mode, and the second is securing volume and process data from two privately owned (Tip the Scales and DZMT) and two publicly owned (Lean Out and Lean Muscle) key competitors. In addition, FitHabits has chosen not to pursue the comparative data of the major retailers such as Voluminous and Paulie’s Sporting Goods as these are not key competitors, comparable, or readily available by similar segmentations that are key to FitHabits’ business model.

P.2b The FY2015 strategic advantages and strategic challenges (Figure P.2-3) were identified and validated during the 2014 strategic planning retreat (2.1a[1]) and are reviewed monthly to assess FitHabits’ ability to capitalize on advantages and to mitigate challenges as it deploys SOs and action plans (APs; Figure 2.1-3).

P.2c Five foundational elements comprise the Performance Excellence System (PES; Figure P.2-4). Each element plays a pivotal role in ensuring that FitHabits stays focused on sustaining its organizational and business fitness and identifying opportunities to systematically improve its organizational and business fitness. The first two elements provide guidance (criteria and standards) for the performance improvement (PI) framework, the middle is the cultural focus on performance excellence (P.1), and the last two elements provide tools and methodologies for PI.
Table P.2-3: Strategic Advantages and Strategic Challenges

<table>
<thead>
<tr>
<th></th>
<th>Strategic Advantages</th>
<th>Strategic Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Business</strong></td>
<td>SA1: Superior customer service</td>
<td>SC1: Emerging competitors and mergers</td>
</tr>
<tr>
<td></td>
<td>SA3: FIT (Futuristic Innovative Technodata) platform</td>
<td>SC3: Maintaining an adequate profit margin</td>
</tr>
<tr>
<td><strong>Operations</strong></td>
<td>SA4: Focus on continuous improvements</td>
<td>SC4: Current warehouse space/inventory constraints</td>
</tr>
<tr>
<td><strong>Societal Responsibilities</strong></td>
<td>SA6: HEALTH (Health, Exercise, Attitude, Training, and Healing) comprehensive portfolio</td>
<td>SC6: Changing customer demands and expectations</td>
</tr>
<tr>
<td><strong>Workforce</strong></td>
<td>SA7: Highly engaged team members</td>
<td>SC7: Retaining skilled team members in competitive boutique athlete market</td>
</tr>
</tbody>
</table>

The first foundational PI element is the Baldrige Excellence Framework and its Criteria for Performance Excellence, which FitHabits has used for the past 10 years to comprehensively align and integrate all elements of its company. In the first seven years (2004 to 2010), FitHabits utilized category teams to do this work and address the opportunities for improvement (OFIs) identified in four state application feedback reports. By 2011, category-based teams were no longer necessary as the Baldridge-based systems and processes were hardwired into every aspect of the business and culture. Such integration was validated and recognized as a best practice from the 2014 state site visit and State Performance Excellence Award.

The second foundational element is the adoption and certification in ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, and ISO/IEC 27001 for the information security management system (4.2b). Utilizing the ISO standards and sustaining certifications enable FitHabits to demonstrate to key suppliers and customers its adherences to quality, while at the same time engaging them in quarterly management reviews and improvement efforts, as appropriate (6.2b).

The third foundational PI element is a cultural focus on performance excellence (PE). FitHabits’ values and commitment to PE are paramount to its organizational success, and its team members make it real every day with every customer. On an annual basis, team members reaffirm their commitment to PE during the All Team Retreat and their individual performance reviews. Additionally, FitHabits receives team members’ assessments of the PE culture and commitment to it in their team member engagement scores (Figures 7.4-1–7.4-3 and 7.3-12).

In keeping with the fitness theme, in 2012, FitHabits focused team members’ efforts of its PI system to two key approaches “ShapeItUp” and “SustainIt,” the fourth and fifth foundational PI efforts.

- **ShapeItUp**: FitHabits’ approach is to use Lean and FITNESS (Focus, Innovate, Test, Train, Execute, Share, Sustain) tools and methods for process and PI efforts (6.1b[3]). The company’s PI toolbox contains a comprehensive set of Lean and FITNESS tools; all team members are provided one–five days of PI training based on their engagement with various cross-functional teams. ShapeItUp initiatives address OFIs to or (re)design of systems or processes engaging a cross-functional team, consisting of one–two coaches and five–ten team members and utilizing Lean and FITNESS tools and methods to address a particular issue. Innovation (the “I” of FITNESS) is supported in these efforts through the Innovation Council and systematic steps to ensure that innovation is integrated and effectively identified and managed across the company (6.1c).

- **SustainIt**: The fifth foundational PI element is the use of Lean management to ensure daily review of progress towards meeting organizational improvement targets within every unit and shift. Key elements of the SustainIt efforts include daily huddles, the SustainIt Portal, and standard work through the use of tools such as 5S and process mapping. Since incorporating SustainIt into coaches’ and team members’ daily work in 2012, FitHabits has seen a marked improvement in team members’ engagement (Figure 7.3-14) and customer loyalty (Figure 7.2-10) scores, as well as a reduction in return-on-ordered products (Figure 7.1-13), which is a direct correlation to getting the right product to the right customer every time.
RESPONSES
ADDRESSING ALL CRITERIA ITEMS
1.1 Senior Leadership

As FitHabits quickly grew beyond the garage, the founders, Stacy and Jill, had a clear vision of the kind of company they wanted to create. They saw the return and reward in delighting their customers by providing great customer service. They recognized that engaged team members at all levels of the company were key to delighting customers. Stacy and Jill’s jobs were to be servant leaders, providing processes and tools to support team members.

Today, as the company continues to grow, FitHabits’ senior coaches, the LT, guide the company through the FitHabits Leadership System (FHLS; Figure 1.1-1). This system was designed in 2009 to articulate leadership attributes and expectations and has undergone several cycles of evaluation and improvement. For example, while FitHabits has used the Baldridge Criteria as a foundation, in 2011, the LT added “Align” to “Organize and Plan” to be more intentional about how important alignment was for the company. Additionally, in 2013, the leadership development curriculum was refined to fully align to the FHLS (5.2b[1]). The FHLS leverages each of the core competencies: relationships, innovation, and fitness. It (1) begins with the SPP and (2) continues through deployment of the SOs, as the LT builds commitment and alignment across the company. FitHabits (3) executes its strategic plan, and the results are measured. Development and recognition (4) help ensure team members feel acknowledged and engaged. As performance is reviewed, the LT, other coaches, and team members (5) use tools in the PI system such as ShapeItUp and SustainIt to identify processes to improve and to innovate new opportunities. This raises the bar as the next cycle starts.

1.1a(1) FitHabits’ MVV (Figure P.1-1) were first created in 1997 and have been refined several times. Most recently, in 2014, the vision was audaciously changed to “be the #1 Internet-preferred activewear and shoe resource in the nation”; an individual at a team member rally proposed this statement. It was reviewed by the LT and vetted through various focus groups of key stakeholders (e.g., customer, collaborators, and suppliers) and adopted through the SPP. The new vision was then deployed back through the teams, who embraced it wholeheartedly. FitHabits reviews and affirms the MVV annually during the Strategic Planning Process (SPP). Values are used as hiring screens for all positions, presented during onboarding, and reinforced in staff meetings and through quarterly performance reviews.

The LT deploys the MVV to team members, suppliers, and collaborators through newsletters, e-mails, team meetings, new hire orientation (FitWelcome!), and numerous other communications mechanisms (Figure 1.1-2). The LT demonstrates a personal commitment to the values by role modeling the expected behaviors with all stakeholders; carrying a torch for the “Value of the Month” and weaving it into presentations such as the quarterly team member forums; and integrating the values into quarterly business reviews with suppliers and collaborators. LT members are evaluated against their personal demonstration of the values as part of their individual Quarterly Coaching Plans (QCPs).

Figure 1.1-1: Leadership System
1.1a(2) The LT is committed to “leading by example.” To accomplish this, the LT sets the tone and culture of what is expected and guides behavior by (1) communicating with full transparency in all legal and ethical matters; (2) annually signing the Code of Conduct and FitFul Pledge and deploying them to all team members and suppliers; and (3) ensuring accountability for legal and ethical behavior by all (1.2b). The LT promotes the value “Integrity” (doing the right thing at all times) during FitWelcome! as well as in other venues, including annual financial audits (Figure 7.4-6) and quarterly cyber-security audits to the ordering and payment process (4.2b). The LT members sign annual Conflict of Interest (COI) statements. In 2016, the LT started annual team member surveys to determine team members’ perceptions of ethical behavior and their opinion regarding the ethical conduct of the LT (Figure 7.4-5).

1.1a(3) Building a successful, enduring company is the aspirational legacy of the founders and the LT. Having a vision of becoming the #1 Internet-preferred activewear and shoe resource in the nation inspires team members, suppliers, and collaborators to strive for ever-improving performance. The annual process of setting goals to levels of exceptional performance (4.1a[2]) and the reinforcement of the QCP Process (5.2a[4]) establish the expectation of achieving the vision.

Executing the processes with the FHLS, the LT communicates, aligns, and keeps a systemwide focus on the mission and vision. The LT uses several methods to achieve this:

1. cascading SOs to foster alignment and accountability for all team members;
2. holding a series of performance reviews of aligned and cascaded measures to drive organizational learning through the PI system improvement efforts detailed on the Accountability Boards (ABs) present in each department;
3. using the communications mechanisms (Figure 1.1-2) to reinforce achievement of the MVV, and highlighting the roles each team member plays in the company’s success; and
4. aligning the strategic goals with the QCP Process so team members are rewarded for high performance.

Each member of the LT recognizes that “delighting customers always,” building their engagement and loyalty, begins with creating a positive experience for each team member, whether working in the Call Center, a warehouse, accounting, or any part of the company. To build a strong culture to create and sustain these positive experiences, the LT focuses on (1) listening and responding to team members’ drivers of engagement; (2) developing and aligning systems and processes to support their work and exceed team member expectations; (3) recognizing and rewarding high performance; (4) providing a culture where team members can share and act on ideas for both improvements and innovations; and (5) communicating challenges, changes, and successes to keep an open and transparent environment.

LT members recognized early in the history of FitHabits that to succeed as an online boutique distributor in the athlete market, they would have to find new and innovative ways to operate. The focus on the value “Innovative” was supported by benchmarking with world-class organizations (4.1a[2]), access to robust data warehouses of best practices (4.2a[1]), the creation of an Innovation Council to create systems and processes to support innovation and intelligent risk taking (6.1c) and to ensure effective alignment to SOs, and support of the Innovator-of-the-Quarter award. Fostering an environment in which ideas are valued and team members feel comfortable challenging the status quo and trying new things, the LT found that innovation had become embedded in the way FitHabits operated. In a cycle of refinement in 2008, the LT recognized that innovation was now one of its core competencies.

Succession planning at FitHabits is focused on developing talent in the pipeline to be prepared for planned as well as unplanned opportunities. It is an ongoing process of preparation that is part of the Talent Development Program. Leadership competencies have been identified at the team member, coach, and senior coach levels. The LT also identified specific competencies required for each mission-critical role. Using a customized succession planning tool, which is part of the Talent Development Program, candidates are identified, and each senior coach works with potential successors to mentor the candidate’s development. The LT participates in the leadership development curriculum. Leadership development has been evaluated and improved several times; the latest refinement was in 2013, when a comprehensive curriculum was aligned with the processes and attributes expected of leaders as defined in the FHLS.

1.1b(1) The LT creates an open and transparent environment to facilitate communication at all levels of the company. A variety of two-way methods are used to share information and gather inputs (Figure 1.1-2). In an innovative, technology-driven company, communication offerings have grown and improved based on needs and technology. These include the weekly FitHabits Blog, started in 2009, that covers information on fitness and health trends and highlights new products. The myFitHabits portal was created in 2011 and provides team members with access to online tools useful in their daily jobs, as well as information on company news, team member recognition, and human resources benefits and programs.

The LT takes an active role in reward and recognition programs to reinforce high performance and a customer and business focus. LT members host and participate in many recognition events; for example, they

- Provide budget-appreciation dollars for celebrations, including
  - Team member birthdays
  - Team member work anniversaries
  - The meeting of quarterly department/corporate goals
- Establish annual customer- and business-focused goals for the Team Member Variable Pay Program
- Recognize team members completing certifications or degrees at all-team-members meetings and provide cash bonuses
- Provide a bonus structure to recognize excellence in postcall surveys
- Recognize team members who support the value of fitness in the community
Recognize the Innovator-of-the-Quarter
Send thank you notes to the homes of team members

1.1b(2) The LT creates a focus on actions through (1) consistently focusing on MVV achievement; (2) setting and fully deploying clear direction and targets (expectations) that drive high performance across a balanced portfolio of objectives developed through the SPP; (3) engaging team members in designing, managing, and improving key systems and processes through ShapeItUp and SustainIt; (4) sharing of performance through the FitHabits scorecard (Figure 2.1-3) and ABs; (5) aligning performance with incentives through the QCP Process (5.2a[4]); and (6) nurturing a culture of exploration to take intelligent risks and to improve with the support of the Innovation Council (6.1c).

These methods provide a robust process to ensure that the company is aligned to the SPP; that a culture is fostered where ideas are sought and new approaches are tested; and that team members become “owners” through intentional involvement in process design, management, and improvement efforts. Key decisions that impact team members are shared through multiple channels (Figure 1.1-2) including social media, which are also used to share FitHabits’ events and knowledge bases with customers.

1.2 Governance and Societal Responsibilities
1.2a(1) FitHabits is a closely held corporation, with stock ownership by 22 team members of the company. The BOD is comprised of seven people, with the CEO/president ex-officio. As a company that started in a garage in Richmond, FitHabits selects BOD members primarily from the community. In addition, a collaborator or supplier is recruited to sit on the board. Occasionally, experts in specific areas are also brought in to strengthen the board. Board members currently bring finance, e-commerce, cyber security, and...
performance excellence backgrounds, as well as overall business knowledge, to their deliberations.

Accountability for LT actions is transparent and communicated through scorecards and the performance review cycle. The reporting of key results is reviewed, analyzed, and managed during the monthly board meetings. In a cycle of refinement in 2012, information was made available via the website for the BOD continuous access to allow for greater and real-time analysis and monitoring for balanced scorecard (BSC) and AP accomplishments. In addition to the BOD review of performance, a deeper analysis is done by the LT and during Step 1 of the SPP, where performance and other data are used to determine improvement opportunities. BOD members sign COI statements. Independent audits are conducted by an external accounting firm. Audit findings are reviewed with the LT and BOD. Internal audits are conducted and results are reviewed through the FitTracking Process (Figure 4.1-1).

Figure 1.2-1 demonstrates how FitHabits achieves key aspects of its governance system.

1.2a(2) The LT members are evaluated using multiple methods. The BOD evaluates the CEO/president’s performance annually based on achievement of organizational goals. In 2014, the BOD refined the executive bonus to be based on financial performance and key quality measures. At the same time, the LT refined the team member bonus to be calculated by the use of a decision matrix based on organizational goals and external recognition (Expert Best Places to Work, Baldrige achievement, and community engagement). The CEO/president evaluates each LT member’s performance, based on QCPs that include values, organizational and department goals, and individual goals. LT members use these evaluation results, team member surveys, and informal inputs to further develop their leadership effectiveness. Evaluation tools and the FHLS (Figure 1.1-1) are reviewed each year during the SPP and during Baldrige-based self-assessments.

The effectiveness of the BOD in fulfilling its roles and responsibilities is assessed through a survey completed by each BOD member. The survey addresses board member preparation and knowledge and the effectiveness of the board in meeting its obligations. The board chairman and the CEO/president review the results and make recommendations to the full BOD for improvements. The CEO/president assigns responsibility for implementing approved recommendations. Improvements in 2012 included online access to all board legal documents and monthly board packets and, in 2014, a formal orientation for new board members.

1.2b(1) FitHabits works closely with its suppliers, from clothing manufacturers to SendPlix, to avoid any adverse societal impacts of its products. Using the Listening and Learning Mechanisms (Figure 3.1-2), the LT defines potential impacts and concerns and includes them in discussions during the monthly or quarterly supplier meetings (6.2b). As an example, in 2014, FitHabits learned that its customers did not want semitransparent materials used in their activewear; this requirement was then written into apparel manufacturers’ contracts.

Due to the customer base and the types of products sold, public concerns are minimal and have never been an issue. In the past, customers expressed concern about products coming from overseas and the potential use of slave or child labor in factories. FitHabits’ resulting Human Rights Policy is utilized to select and annually review Tier 1 and Tier 2 suppliers.

FitHabits has built the conservation of natural resources into its processes and operations. First, suppliers must ship products in recyclable or made-of-recyclable materials. FitHabits then ships all orders in packaging made of recyclable materials. At the FitHabits’ campus in Richmond, lighting and heating/cooling in offices and the warehouse are triggered by motion detectors. Recycling goals are set for each department for paper and metal. A corporate prize is available for any department exceeding its goal.

1.2b(2) Ethical behavior is expected at FitHabits. The LT role models ethical behavior and supports a culture that promotes and ensures ethical behavior in all interactions, starting with the value of “Integrity.” The LT deploys systematic processes including Standard Operating Procedures and Policies (SOPPs) on ethical and legal behavior, leads annual training, and tracks performance. All team members sign a FitFul pledge in business ethics during FitWelcome!, new team member orientation, and then annually
during refresher ethics training. The LT and BOD sign FitFul as well as COI statements. All suppliers sign a Standards of Behavior as part of their certification process (6.2b).

Key processes and measures of ethical behavior are included in Figure 1.2-2. The LT enforces zero tolerance for significant breaches in ethical behavior. The Chief People Officer or the legal counsel investigates all reported potential breaches in ethical behavior. When an investigation reveals that an ethical breach has occurred, progressive discipline, up to and including termination, is initiated.

1.2c(1) During the 2012 SPP, the LT looked at all societal responsibility and community support programs recently completed and planned for the coming year. LT members realized that most of the work fit under a HEALTH (Health, Exercise, Attitude, Training, and Healing) comprehensive portfolio. In a cycle of refinement, this led to the evaluation of new programs against the HEALTH criteria and became a strategic advantage for FitHabits.

Providing the community with access to unbiased fitness information and education, ranging from academic studies to breaking news in nutrition and exercise, is the right thing to do. FitHabits’ online education initiatives, under HEALTH, provide a strong differentiator in the marketplace, support the brand, and build customer loyalty.

To further the contribution to societal well-being, FitHabits works with suppliers to maintain a focus that the majority of products and packaging are “Made in America.”

FitHabits prides itself in being a green company, having taken the step to adopt a board-approved Green Policy Statement. The company deploys a systematic approach to being green, using improved technologies to decrease energy consumption and carbon output (1.2b[2] and Figure 1.2-2). As a result of these efforts, FitHabits has been recognized both locally and nationally as a leader in green innovation (Figure 7.4-11).

To further societal well-being, FitHabits has created a special focus on challenged athletes. This started as an effort to support disabled veterans. As the company started looking at special activewear and athletic shoes for them, the LT saw the needs present in the larger challenged athlete population. FitHabits made a commitment to hiring and supporting challenged athletes in its headquarters geographic area; this included the recent hire of a marketing specialist from the ranks of these athletes. In addition, FitHabits is finalizing several partnerships (in alignment with CC1 and CC3) with national associations such as the Extraeptional Olympics, SteelWoMan, and Our Country Triathletes.

1.2c(2) FitHabits evaluates its key communities annually through the SPP. Key communities are identified as the communities surrounding the FitHabits’ facilities. The coach for community relations chairs a team of members representing each site called the HEALTH Team, which annually selects events and companies to support with funds and/or volunteers. The HEALTH Team considers the HEALTH criteria in evaluating opportunities for support. Each proposed opportunity has to meet at least two of the HEALTH criteria.

The HEALTH Team is responsible for developing an annual plan and budget to present to the LT for approval. In addition to annual support for JoinedPath at each site, a sample of recent events and organizations supported can be found in Figure 1.2-3.

In 2008, FitHabits has also identified a nearby Richmond neighborhood as a key community and annually takes ongoing steps to strengthen it. Representative LT members participate in the local Community Action Committee, leveraging CC1, the

<table>
<thead>
<tr>
<th>Area</th>
<th>Risk</th>
<th>Process</th>
<th>Measure</th>
<th>Goal</th>
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</thead>
<tbody>
<tr>
<td>Waste Management</td>
<td>Landfill</td>
<td>Recycle processes</td>
<td>Tons of material recycled</td>
<td>98% of all waste</td>
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<tr>
<td>Conservation of Materials</td>
<td>Sustainability</td>
<td>Supplier management</td>
<td>% of SKUs comprised of recycled materials</td>
<td>&gt;20%</td>
</tr>
<tr>
<td>Energy Conservation</td>
<td>Global warming</td>
<td>Minimize usage</td>
<td>Equipment use efficiency</td>
<td>&gt;90%</td>
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<tr>
<td>Respecting Team Members</td>
<td>Turnover, disengaged team members</td>
<td>Annual training for all team members</td>
<td>EEOC complaints filed</td>
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<td>Ethical, Legal</td>
<td>Sustainability compliance</td>
<td>Compliance tracking</td>
<td># of suits filed</td>
<td>0</td>
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<tr>
<td>Credit Card Security Web Security (TruthSign)</td>
<td>Sustainability</td>
<td>Tracking</td>
<td>% of compliance training</td>
<td>100%</td>
</tr>
<tr>
<td>ISO (9001, 27001, and 26000 for IT) and 14001 for environmental certification</td>
<td>Compliance</td>
<td>Compliance tracking</td>
<td>Audit findings</td>
<td>0</td>
</tr>
</tbody>
</table>

| Figure 1.2-3: Community Support |
|-------|-------|-------|
| When | Where | Event/Company |
| 2000-16 | All sites | JoinedPath Campaigns |
| 2010-16 | All sites | Walk for Breast Cancer |
| 2008-14 | Richmond | Richmond Now Triathlon |
| 2012-16 | Richmond | River Splash and Dash 5k Trail Run/Fun Run |
| 2013-16 | Richmond | Ponds and Grapes Century Ride |
| 2010-16 | Richmond | FitShoe Events |
| 2011-16 | Richmond | Children’s Hospital Ride-a-thon |
core competency of relationships, to stay abreast of community needs. In 2010, an evaluation of community needs led to the development of Operation FitShoe. An example of FitHabits’ commitment to the neighborhood, Operation FitShoe, now in its seventh year, provides an opportunity to make sure children have new shoes to start school. FitHabits works with its shoe suppliers to provide shoes to FitHabits at cost or for less each year. LT members participate in FitShoe events, providing lemonade and healthy snacks, to help children be fitted with free, new shoes (Figure 7.4-13). Team members volunteer their time to make this an annual success.

FitHabits engages team members in support of communities by providing each team member 16 hours of annual paid volunteer time off. This program, consistent with the FitHabits’ value of Service, allows team members to pursue volunteer opportunities and support organizations and projects that interest them. Team members enter the volunteer hours they contribute in an online system (see Figure 7.4-12), and they are recognized by the LT for exceptional volunteerism with certificates, community service awards, and Evening of Excellence recognition.

FitHabits continuously evaluates and improves the HEALTH approach to community support to focus on causes impacting fitness (CC3) and health, especially in the communities with FitHabits’ facilities. The website also provides information on fitness, health, and nutrition for customers and the general population.

## Category 2 Strategy

### 2.1 Strategy Development

#### 2.1a(1) FitHabits’ five-phase SPP (Figure 2.1-1) is one of the most vital functions used by the LT and BOD to ensure that they are proactive and meeting the needs of key stakeholders. Phase I is FitHabits’ innovative Business Analytics Scanning Process to address the rapidly changing fashion and trends in activewear, customer and workforce requirements, and infrastructure requirements. This approach translates into two key planning horizons, which address the primary elements of FitHabits’ organizational environment:

- Short term, up to 24 months: Primarily focused on fashion trends, the competitor landscape, workforce and customer overall requirements, and supplier relations; and
- Longer term, greater than 24 months: Primarily focused on infrastructure and capital investments.

Because of the nature of the rapid changes in the activewear industry and to remain agile and retain organizational readiness for shifts in trends and the demands of customers, the LT and BOD identified early in FitHabits’ history that two planning horizons provided the company with the critical assessment points to rapidly and effectively respond. These horizons serve the company well to respond effectively to customer and markets shifts.

**Phase I:** Business analysis components consist of two key steps.

**Step 1:** A comprehensive, robust business analytics process, comprised of three parts, occurs twice a year, with updates from various groups within FitHabits. Every six months, Marketing and Sales Team members perform a comprehensive scan of the fashion and activewear trends and provide an extensive analysis of industry trends in retail, Internet shopping, and activewear clothing and footwear design, as well as of any shifts in the competitive landscape and market forces. This analysis is input into Phase II: Strategy Development. Annually, the Chief People Officer conducts an extensive review and summary of workforce challenges, needs, and expectations, as the first step in the Capability and Capacity Planning Model (Figure 5.1-1). Marketing and Sales Team members perform a comprehensive analysis and data gathering from five key focus groups (activewear suppliers, athletic footwear suppliers, team members, trainers, and fitness

<table>
<thead>
<tr>
<th>Phase</th>
<th>Step and Description</th>
<th>When</th>
<th>Who Participates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase I: Business Analysis</td>
<td>1. Business analytics</td>
<td>January</td>
<td>Marketing and Sales Team members, Chief People Officer, COO, all chiefs</td>
</tr>
<tr>
<td></td>
<td>2. Planning retreat</td>
<td>Early February</td>
<td>LT, BOD</td>
</tr>
<tr>
<td>Phase II: Strategy Development</td>
<td>3. Strategy Development Workshop</td>
<td>Late February</td>
<td>LT, BOD</td>
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<tr>
<td></td>
<td>4. SO assignment and initial resource needs assessment (RNA)</td>
<td>March</td>
<td>LT, all chiefs</td>
</tr>
<tr>
<td>Phase III: AP Development</td>
<td>5. AP development (finalized RNAs and AP)</td>
<td>April</td>
<td>LT, all chiefs, AP owners</td>
</tr>
<tr>
<td>Phase IV: AP Deployment and Implementation</td>
<td>6. AP deployment</td>
<td>May–June</td>
<td>All team members</td>
</tr>
<tr>
<td></td>
<td>7. AP implementation and review</td>
<td>July–June</td>
<td>All team members</td>
</tr>
<tr>
<td>Phase V: Strategy Process Evaluation and Improvement</td>
<td>8. Evaluation and strategy improvement process (ShapeItUp)</td>
<td>October</td>
<td>LT, AP owners</td>
</tr>
</tbody>
</table>
coaches) for key collaborators and customers. They analyze the results from the VOC methods, such as the Guppol survey, customer focus groups, and social media (Figure 3.1-2). In addition, data gathered from monthly and quarterly supplier reviews (6.2b) are analyzed to identify supplier requirements, advantages, challenges, and opportunities. These analyses are inputs into Step 2 (below). Annually, the capital and infrastructural needs assessments are conducted by the COO, CFO, and others, as appropriate, to provide inputs to the company’s ability to meet the demands of key areas including inventory management, information technology (IT)/web ordering, and Call Center support. This analysis is input into Step 2.

Step 2: In an annual February two-day planning retreat, the LT and BOD work through Step 2 of the SPP. They review the business analyses from Step 1; they also review the current year’s BSC with strategic challenges, advantages, priorities, and successes and assess their relevance to the current market conditions and FitHabits’ BSC goals. Based on this information, the LT and BOD perform a strengths, weaknesses, opportunities, and threats (SWOT) analysis and identify any emerging critical challenges and opportunities, threats, or weaknesses, including organizational risks or potential blind spots, and any shifts in organizational directions and competencies. Annually, the participants validate the four strategic focus areas (customers, inventory, team members, and finance/growth), which have been constant for the past six years. The key outputs provide the inputs for the LT and BOD to move into Phase II: Strategy Development.

Phase II: Strategic development is conducted in Steps 3 and 4.

In Step 3, the LT and CEO/president meet in late February for a one-day facilitated Strategy Development Workshop. Inputs from earlier retreats are reviewed, and participants discuss and validate key organizational factors, including the vision and mission, current core competencies, potential future core competencies, the three key work systems (KWSs; Figure 2.1-2), any trends in workforce recruitment or retention, any shifts or modifications to the strategic challenges and strategic advantages, planning horizons, and the four strategic focus areas (above). The participants develop (new) or update and/or adjust previous SOs (based on the focus areas).

Step 4: Following this workshop, each SO is assigned an LT member to conduct a formalized resource needs assessment (RNA, see 2.2a(3)). RNAs are conducted within a robust software program, in which data are aggregated and analyzed to ensure resources (both internal and external) are accounted for or put into the resource request funnel (RRF) for future resource needs, such as the identification of a new supplier and/or new product offering. The RNAs are further refined with the AP developments (2.2a).

Data from competitive analyses are updated every three months to ensure that FitHabits is monitoring its market position and addressing any significant changes in a timely fashion. Prior to 2013, FitHabits only reviewed these data annually, but in late 2013, it identified that a relatively new boutique retailer, DZMT, had rapidly taken about 3% of the market in both activewear and athletic shoes in just six months. To improve its market knowledge—and avoid this type of surprise—FitHabits moved to a quarterly update.

Phases III and IV: AP development and implementation (deployment), Steps 5, 6, and 7, are addressed in 2.2a and 4.1b.

2.1a(2) The comprehensive business analytics approach provides timely information and analytics to critical customer- and specific industry-focused strategic opportunities to stimulate innovation in FitHabits’ product lines, technology, and workforce support processes and in being proactive in meeting and exceeding the needs of customers, while at the same time staying ahead of the rapidly changing activewear fashion requirements. Strategic opportunities are vetted and the intelligent risks are stratified based on a set of standardized factors for both external opportunities (products to sell) and internal opportunities (e.g., infrastructure investments) to ensure that appropriate and informed risks are assessed and due diligence conducted before pursuing an identified strategic opportunity. For example, for the mid-2014 business assessment, based on inputs from social media, customers, the activewear market, and suppliers, the LT assessed the growing demands from challenged athletes to have fashionable, practical, and reasonably priced activewear and athletic shoes.

By late fall 2014, two key suppliers were identified who could meet both the product requirements and the manufacturing timeframe to effectively address this new strategic opportunity. A 2016 strategic opportunity for FitHabits involves entering into several sustainable fashion activewear product lines from two emerging minority-owned manufacturers.

2.1a(3) Strategic considerations are part of the comprehensive analysis conducted in Phases I and II. Based on inputs and analyses conducted in Phase I, going into the February workshop (Step 3), the LT members synthesize data and use them as the backdrop for the determinations of strategic challenges and strategic advantages and address any known or potential risks, including changes to the regulatory environment, to organizational success and sustainability that FitHabits needs to consider and address in its next strategic planning cycle. The execution of the plan is accomplished through discussions of the strategic focus areas; in addition, a full RRF is conducted to ensure that resources are available. Through annual ShapeItUp cycles, potential blind spots are assessed and mitigated. For example, prior to 2013, key supplier requirements were not a key consideration in Phase I’s business analytics. Based on the 2012 ShapeItUp evaluation, this was identified as a major flaw in the SPP and thus business analytics for the top-supplier requirement were refined in 2013.

2.1a(4) FitHabits has three KWSs (Figure 2.1-2). These KWSs are annually reassessed and validated in Step 3. During this step, the LT (re)asseses FitHabits’ capabilities and capacity within each KWS and aligns those to ensure that the three core competencies (relationships, innovation, and fitness) are sustained. Processes that are not primary to the business and core competencies of FitHabits are evaluated for outsourcing return on investment (ROI) and supportive functions to the core business. For example, the management of Customer Relations is a primary business; thus there are no outsourced processes within this KWS. However, in Operations and Support, FitHabits currently has two outsourced processes. The first is the Product Shipment Process, managed through key supplier SendPtx. On-time delivery and product shipment are SendPtx core competencies, and through
an exclusive contract and superior relationship with SendPIx, FitHabits is guaranteed 24-hour on-time delivery (Continental United States), with few exceptions, to its customers (Figure 7.1-16). The second outsourced process is the maintenance and upkeep of the structures and housekeeping services in facilities, managed by AFM. All other key work processes (KWs; Figure 6.1-1) are performed by and primary to the core business of FitHabits.

As part of Step 3, future core competencies and KWSs are assessed. For example, in 2013, the KWSs were re-structured from two systems to the current three to create a separate Supplier, Manufacturer, and Collaborator Relations System to further capitalize on the core competencies of relationship and innovation with these key stakeholders, while at the same time not losing the momentum of these core competencies with the customers and workforce.

2.1b(1) Goals for SOs are seen in Figure 2.1-3. Key changes identified in the 2016 strategic plan include a shift to two new suppliers for sustainable fashions and activewear product lines targeted for challenged athletes.

2.1b(2) During Step 4 of the SPP, the LT and BOD conduct an exercise to ensure that the identified SOs strengthen the strategic advantages, leverage core competencies, and help mitigate strategic challenges. Each SO, as appropriate, is assigned short- and long-term goals to ensure that the considerations and needs for each customer group and stakeholders are balanced and aligned to the FitHabits’ mission and vision.

2.2 Strategy Implementation

2.2a(1) Phase III: In Step 5 of the SPP, the LT and coaches develop comprehensive APs to address each SO and ensure that the appropriate APs are developed to effectively address each of the planning horizons. The AP Development Process typically takes four weeks to complete. This compressed timeframe enables the LT and coaches to ensure that all of the various considerations are fully evaluated and resource assessments made (2.2a[3]) to ensure achievement. This shortened timeframe was a critical change the LT made in 2014 to the AP Development Process to instill agility, while at the same time enhancing the ability to make decisions based on facts and critical considerations for each planning horizon.

For example, each SO is assigned an LT owner. Every May, during week 1 of the SPP, each SO owner is tasked with assembling his/her team to identify and develop proposed action plans (PAPs) by horizon to address that SO and complete the RNA (see 2.2a[3]; available on-site [AOS]). Week 2, the PAPs and RNA are compiled, vetted, and discussed to ensure that the entire LT understands and supports the PAPs and the RNA implications. If there are questions or additional work required to ensure buy-in by the entire LT, the SO owner goes back and refines the PAPs and revised action work plan (RAW), and those are brought back in week 3 for final validation and alignment. Week 4, the LT reviews and approves or rejects the PAP; all approved PAPs are converted to APs and become ready for deployment.

The phases of FY2016 APs are shown in Figure 2.2-1. APs are further refined to ensure specificity of tactics. For example, some APs are owned at the LT level; others have more specific tactics and milestones managed by individual coaches; and some APs are very specific with front-line tactics and milestones managed by individual team members and/or teams, as appropriate. The delineation of key APs ensures clear lines of accountability and ownership.

2.2a(2) Annually, all AP information is captured and collated into a one–two-page document called the FitPlan, which is shared with the entire workforce and other stakeholders (Step 6), using the Key Communications Mechanisms (Figure 1.1-2). The annual FitPlan provides for consistent messaging and intended work for the next year. The FitPlan is deployed in late spring of each year to the workforce through three key methods and is specifically aligned to address the specificity of APs.

The two–three weeks following the annual all-team-members meeting, each coach is required to further discuss the FitPlan in his/her weekly staff meeting and daily huddles and address any additional comments to develop Level 2 tactics. All team-member feedback is captured and reviewed at the early June LT meeting to evaluate opportunities for refinements and/or changes to the FitPlan, as well as to align allocated resources (2.2a[3]). In the eight years these deployment steps have been in place, only in the first two years was the FitPlan modified prior to the start of the fiscal year, and both times these modifications were based on team members’ insights to technology advances. Thus, in 2010, the business analytics phase was enhanced to include additional workforce and other stakeholders’ inputs, further reducing an opportunity for blind spots.

In the three weeks leading to the start of the new fiscal year, because of the planning horizon timeframes, the specific APs are addressed as follows:

- Short-term AP owner works with his/her teams to map out the final tactics and milestones to accomplish the AP within the next 6–24 months. If the AP is a carry-over from the previous year, the AP owner updates the AP and aligns work tactics to ensure that the AP will be accomplished in the allotted time. If it’s a new short-term AP, the AP

Table: Key Work Systems and Functions

<table>
<thead>
<tr>
<th>Work System</th>
<th>Functions</th>
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<tbody>
<tr>
<td>1 Customer Relations</td>
<td>Primarily selling and marketing to customers, including the ordering process (Call Center and e-ordering)</td>
</tr>
<tr>
<td>2 Supplier, Manufacturer, and Collaborator Relations</td>
<td>Securing and qualifying suppliers, and maintaining ongoing supplier communications. Maintaining effective supply chain management to ensure appropriate inventory of products to meet the demands of customers and balance the needs of the company</td>
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<tr>
<td>3 Operations and Support</td>
<td>Providing infrastructure support, including facilities and IT, and human capital management</td>
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</table>
### Figure 2.1-3: Strategic Objectives, Action Plans, and Projections

<table>
<thead>
<tr>
<th>Strategic Focus Areas and Objectives</th>
<th>LT Goals</th>
<th>Core Competency-CC, Strategic Challenge-SC, Strategic Advantage-SA Linkages</th>
<th>Examples of BSC FitMeasures</th>
<th>Projected Performance (Figures)</th>
<th>Examples of AP Short Term-ST, Long Term-LT</th>
<th>AP FitMeasures</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Customers:</strong> Delight Always</td>
<td>Improve customer loyalty by 10% through sales interactions and relationships</td>
<td>CC: 1, 2, 3 SA: 1, 3, 4, 6, 7 SC: 1, 2, 5, 6</td>
<td>• Customer engagement</td>
<td>• 7.2-8, 7.2-9, 7.1-4</td>
<td>ST: Reduce abandon call rate</td>
<td>• Abandon call rate</td>
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<td></td>
<td>ST: Increase promotional items per week per supplier</td>
<td>• Promotions ROI</td>
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<td></td>
<td></td>
<td></td>
<td>ST: Increase product offerings for challenged athletes</td>
<td>• % of new offerings</td>
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<td></td>
<td></td>
<td></td>
<td>LT: Expand product portfolio and selections</td>
<td>• % of new product offerings</td>
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<td></td>
<td></td>
<td></td>
<td>LT: Increase collaboration with national and local organizations</td>
<td>• % of new collaborative relationships</td>
</tr>
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<td><strong>Inventory:</strong> Provide the Right Product, Right Time, Always</td>
<td>• Increase warehouse capacity by 50%</td>
<td>CC: 2, 3 SA: 2, 3, 4, 5, 6, 7 SC: 3, 4, 5, 6</td>
<td>• # SKU offered</td>
<td>• 7.1-3, 7.1-25</td>
<td>ST: Improve invoice accuracy</td>
<td>• Invoice accuracy</td>
</tr>
<tr>
<td></td>
<td>• Increase supplier product portfolio options by 25%</td>
<td></td>
<td>• $ cost/square foot</td>
<td>• 7.1-29</td>
<td>ST: Improve uptime of FitWeb</td>
<td>• FitWeb uptime</td>
</tr>
<tr>
<td></td>
<td>• Reduce returns by 20%</td>
<td></td>
<td>• % supplier performance</td>
<td>• 7.1-13</td>
<td>ST: Improve supplier performance and satisfaction</td>
<td>• Supplier performance and satisfaction</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td>• % returns</td>
<td>• 7.1-14</td>
<td>LT: Reduce total cost per square foot</td>
<td>• Total cost per square foot</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• % in-stock rate</td>
<td></td>
<td>LT: Maximize relationship with shipper</td>
<td>• Average shipping cost per order</td>
</tr>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>LT: Increase warehouse capacity</td>
<td>• Warehouse capacity (SKU)</td>
</tr>
<tr>
<td><strong>Team Members:</strong> Be a Team Embracing Fitness</td>
<td>Sustain team members' engagement and alignment to WellFit participation at 80%</td>
<td>CC: 1, 3 SA: 1, 4, 7 SC: 7</td>
<td>• Overall team member engagement</td>
<td>• 7.3-12, 7.3-1</td>
<td>ST: Provide additional participation in WellFit for team members and family</td>
<td>• # of events</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>• High-performing team member retention rate</td>
<td>• 7.3-1</td>
<td>LT: Increase training and development opportunities</td>
<td>• % of team member participation in WellFit</td>
</tr>
<tr>
<td><strong>Finance/Growth:</strong> Increase Financial and Market Position</td>
<td>• Improve net income by 10%</td>
<td>CC: 1, 2 SA: 1, 2, 4, 5, 6 SC: 1, 3, 4, 5, 6</td>
<td>• Net margin</td>
<td>• 7.5-2, 7.5-1, 7.5-9, 7.5-10</td>
<td>ST: Expand portfolio to include additional offerings for challenged athletes</td>
<td>• % of new offerings</td>
</tr>
<tr>
<td></td>
<td>• Improve net margin by 5%</td>
<td></td>
<td>• Net Income</td>
<td></td>
<td>LT: Improve ROI of improvement projects</td>
<td>• ROI from improvement projects</td>
</tr>
<tr>
<td></td>
<td>• Be a top boutique activewear provider in the United States</td>
<td></td>
<td>• Activewear ranking</td>
<td></td>
<td>LT: Reduce total cost per invoice</td>
<td>• Total cost per invoice</td>
</tr>
</tbody>
</table>

**Key:**
- Strategic Challenges: SC1: Emerging competitors and mergers; SC2: Cyber security; SC3: Maintaining an adequate profit margin; SC4: Current warehouse space/inventory constraints; SC5: Maintaining and securing robust inventory selection; SC6: Changing customer demands and expectations; SC7: Retaining skilled team members
- Core Competencies: CC1: relationships; CC2: innovation; CC3: fitness
owner works with his/her teams to map out the tactics and milestones to accomplish the AP within the next 12–24 months.

- Long-term AP owners review quarterly APs that are greater than two years in scope. Occasionally, long-term APs are carried over an additional year (up to five years), as was the case for the new warehouse implementation.

AP achievement is evaluated through periodic reviews (4.1b, Figure 4.1-4), and achievement over time is shown in Figure 7.4-17. Annually, as part of Phase V, the entire SPP is evaluated for its effectiveness, efficiency of resources, and engagement of team members and other stakeholders.

2.2a(3) For each AP, a RNA is completed by the AP owner to ensure that appropriate financial, workforce, and other key resources are available. The RNAs are started within Phase III during week 1 and are finalized by the end of week 3 (2.2a[1]). All of the RNAs are electronically aggregated (in week 2) to assess and determine overall financial and other resource requirements.

Each RNA requires the AP owner to prioritize requested resources against six key criteria elements:

- Strategy Impact
- Market Impact
- Operational Impact
- Workforce Impact
- Financial Impact
- Technology and Innovation Impact

The RNA is weighted and scored using an Impact/Resource Demand Matrix (AOS) to determine an overall RNA score. During week 2 of the AP process, the LT reviews and works with the appropriate AP owners to make resource adjustments to support higher-scoring AP accomplishments and appropriate planning horizons. Financial risks for available resources and/or the reallocation of resources is evaluated based on the overall RAW scores. APs with RNA scores that demonstrate high impact are provided the most resources and oversight; those scoring lowest are re-prioritized and/or removed. By week 4 of the AP process, RNAs are incorporated into the final AP deployment, and teams are made aware of their resource allocations and budgetary constraints.

2.2a(4) As RNAs are developed, the AP owners identify the staffing levels and skills required. The People Team aggregates these forecasts to determine capability and capacity requirements across the company (5.1a[1]). The staffing and skills are translated into requirements for additional headcount or re-deployed team members. They also generate requirements for Learning and Development (L&D) staff to support skill training on new or refreshed competencies.

The entire FitPlan for the next year is shared at an all-team members meeting in the May timeframe. This is followed up with breakout sessions and department meetings where team members can ask questions specific to their areas or jobs to ensure their comprehension and expectations for each of the APs and tactics.

2.2a(5) Examples of FitHabits’ key performance measures to track APs are shown in Figure 2.1-3. These AP measures cascade up to the overall SO, are reflected on the BSC, and are aligned to appropriate planning horizons. For example, AP metrics for the longer-term horizons are primarily tracked on a quarterly-to-semiannual basis, as change in the data is less frequent. AP measures are identified through the MSP (Figure 4.1-2) and appropriate comparatives (Figure 4.1-3).

2.2a(6) Performance projections for the appropriate planning horizons are shown in the figures cited in Figure 2.1-3. FitHabits’ projections are based on historical trends, anticipated changes in the marketplace, and supplier inputs. Performance projections are addressed in each supplier quarterly discussion to evaluate for shifts and/or adjustments. Quarterly, the LT, through data analytics (4.1a), runs a simulation of each competitor’s performance based on market and customer data, and new projections...
of both FitHabits’ performance and key competitors’ projected performance are adjusted. If performance gaps are identified, the SO owner conducts a thorough evaluation, and those findings may warrant revising an AP and/or staying the course.

2.2b FitHabits’ APs can be modified for two basic reasons. The first is based on the assessment and evaluation of AP achievement (per the review process, 4.1b); if the current AP is not within 25% of the expected level of achievement at the end of each identified review, the LT and/or AP owner will evaluate why the AP is off plan and do a course correction to bring it back into scope within the next 1–2 reporting cycles. If after that time, the AP is not yet back on track, a formal AP Modification Team will be formed, and more remedial steps will be assessed and implemented. FitHabits has only had to do this two times in its history, and both times, the AP has been brought back into expected levels by the end of its overall planned horizon.

The second reason for modifying an AP is for major shifts in the marketplace such as competitor acquisitions and/or supplier complications, which are outside of FitHabits’ control or influence. In the three times that this has occurred, FitHabits has been able to recover from one of those by rapidly bringing a different supplier in to fill the void in inventory; however, the other two events involved variations of competitor and/or supplier consolidation, which both resulted in customers shifting away to other options. This resulted in a major upswing in demand for FitHabits’ products that outpaced expectations, and the company found it was a challenge to find the capability to adjust the specific APs for inventory fast enough. Thus, a gap in projected sales and inventory in two reporting cycles could not be adequately absorbed, and AP modifications could not adjust fast enough to meet the increased demands. While several key activewear categories sold out because the competitor and suppliers shifted, FitHabits also saw a slight decrease in customer satisfaction until adjustments could be made. A key learning from these last two events (in 2010 and 2013) resulted in implementing a Browsing Transaction Survey in the FitHabits’ Listening and Learning Methods (Figure 3.1-2) to enable orders for hot items to be flagged so that customers are given personalized service and options for alternatives.

Phase V: The evaluation of the complete SPP is conducted annually during the Fall LT retreat. The last Step (8) in the SPP is an annual evaluation of the effectiveness and efficiency of the entire SPP as part of FitHabits’ ShapeltUp cycle of evaluation and improvement. In each of the last six cycles of improvement, the SPP has been improved. For example, in the following years, the company made these improvements:

- 2010, formalized and standardized Step 5, AP Development, and modified the business analytics Tier 1 process to a biannual assessment
- 2011, differentiated the planning process (Phases I and II) from the deployment and implementation process (Phase IV), and incorporated an evaluation/improvement phase (Phase V)
- 2012, enhanced the environmental scan and SWOT analysis (Phase I) to ensure that blind spots were addressed and comprehensive competitor analysis was conducted semiannually versus annually
- 2013, incorporated the top-10 suppliers into the SPP to align their requirements to FitHabits, and specifically to the SOs to ensure success across the product areas
- 2014, cycle involved applying SustainIt to lean out non-value-added SPP steps and tighten the timeframes between handoffs for each of the first seven steps, reducing the process from nine to six months and enabling it to start in early January and be fully deployed by the end of June for the start of the new fiscal year
- 2015, cycle of evaluation and improvement resulted in a refinement of the SPP visual to mirror that of a 2010 Baldridge Award health care recipient that was benchmarked. Figure 2.1-1 provides a clear visual to ensure a more consistent message of the eight steps to all stakeholders

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**Category 3 Customers**

3.1 Voice of the Customer

3.1a(1) Through the Voice of the Customer (VOC) Process (Figure 3.1-1), FitHabits integrates the VOC Listening and Learning Mechanisms (Figure 3.1-2) (1) with the SPP (Figure 2.1-1) to use customer inputs to set priorities and (2) with the performance review cycle, called the FitTracking Process (Figure 4.1-1), for review and improvement through ShapeltUp, as needed.

Step 1: Listen and Learn from the VOC—FitHabits uses an integrated approach to listen to, interact with, and observe customers, leveraging formal and informal mechanisms. Some of these mechanisms vary across different customer groups and segments, as highlighted in Figure 3.1-2. Data and information obtained are used as described in 3.2a and 4.1a(3). For example, the Advisory Board, selected from a cross section of frequently engaged customers, provides not only early feedback on catalogue layouts but also inputs on product styles and colors.

As an Internet retailer, FitHabits recognized that it is highly dependent on social media for its success and chartered a Social Media Team in 2012. Team members have developed and expanded to all key avenues including Howlookbook, Witter, Zolp, Wicker, Meoswuite, and WitterDeck (3.1a[1]). In early 2011, an online Ratings and Reviews platform was created and integrated into the FitWeb online catalogue and Call Center. After each customer experience, a request for Ratings and Reviews is delivered to the customer. With an over 55% response rate (Figure 7.2-11), this is one of FitHabits’ measures of engagement. Feedback from websites such as Howlookbook and Witter is also monitored for feedback.

Step 2: Analyze and Use the VOC—The Customer Listening Team oversees the aggregation and analyses of all VOC information. Team members aggregate survey information, feedback from Ratings and Reviews, “Notes of Interest” from the website,
“Heard on the Street” reports, and dissatisfaction reports. They also review the conclusions of RBR’s “DataShop: Marketing Now.” This data analytics tool receives customer information from FitWeb and helps FitHabits understand customer requirements, buying trends, and patterns of dissatisfaction.

The enhancements that FitHabits built into the redesign of FitWeb enable the company to track not just buying patterns but browsing episodes by either user identification or an IP address. Further, FitWeb has surveys built into the user experience that are tied to browsing and ease of access, as well as purchasing and ease of transactions. This information goes to the Customer Listening Team for analysis.

Weekly, the Customer Listening Team members distribute “Hot News” bulletins on trends they see to all team members. In 2013, their report on customers asking for tangerine-colored activewear validated early industry reports that Marketing and Sales had received on “tangerine” being the new color of choice. On a monthly basis, the Customer Listening Team presents its analysis to the LT. Annually, the LT reviews and analyzes the VOC feedback as inputs to the SPP.

**Step 3: Improve and Innovate**

Results received from the Customer Listening Team are used in several departments, including Marketing and Sales and the Call Center, to validate or improve existing processes and in the SPP to help prioritize improvements. Annually, BSC results are reviewed against the VOC results to determine the effectiveness of the VOC mechanisms and to suggest improvements. In 2014, the creation of the Advisory Board of frequently engaged customers to provide inputs on catalogues and products started as a result of such analysis.

<table>
<thead>
<tr>
<th>Listening and Learning Mechanisms</th>
<th>E, F</th>
<th>E, P</th>
<th>E, O</th>
<th>A</th>
<th>NYR</th>
<th>L</th>
<th>NFC</th>
</tr>
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<tbody>
<tr>
<td>Advisory Board Survey</td>
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<td>Call Center</td>
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<td>Catalogue Preview Survey</td>
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<td>“Heard on the Street” Reports</td>
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Legend: E-Engaged, F-Frequent, P-Persistent, O-Occasional, A-Advisory Board, NYR-New Year resolutioners, L-Lurkers, NFC-Not customer yet/Former customer/Competitor of competitor.
Step 4: Evaluate, Modify, and Sustain—If VOC results indicate a need for improvement, a ShapeItUp team will be assembled to use Lean and FITTESS tools to address the need for improvements. To ensure the improvements made are sustained, changes are integrated into SustainIt. For example, when improvements were made to service recovery processes as a result of VOC inputs, SustainIt processes made sure that the changes were incorporated into SOPPs, online forms, and daily huddles. These improvements in service recovery led to an increase in customer loyalty (Figure 7.2–10).

To enhance listening and learning mechanisms with customers, the LT made a commitment to gather input from social media by establishing the Social Media Team. FitHabits has used Ratings and Reviews from customers to review their experiences since 2011. FitHabits also has an official presence on HowIlookbook, OurTube, Witter, Zolp, Wckler, Meowsuite, and WitterDeck. The Social Media Team monitors these channels and generates weekly reports that aggregate and trend interest and engagement to help guide marketing efforts and improve customer engagement.

To expand the body of customer information, in 2014, FitHabits introduced the Advisory Board. This group of stakeholders is made up of engaged customers who provide feedback on product selection styles and colors through a monthly online survey. They are encouraged to participate not only to offer their opinions but to receive a chance to win a FitHabits’ gift card in monthly drawings. Their feedback helps ensure that FitHabits offers the merchandise and services that best meet customers’ needs.

3.1a(2) Approaches used to capture the voices of former customers, potential customers, and customers of competitors are shown in Figure 3.1–2. Former customers (those who have not made a purchase within twelve months) are surveyed to understand their views on product quality, availability, and value, as well as their experiences with customer service and FitWeb. Marketing and Sales Team members take the results of these surveys into the semiannual planning efforts. On occasion, there is an opportunity for service recovery, and team members are empowered to follow through to regain a customer. FitHabits listens to potential customers through social media and through FitWeb. As a service to the fitness community, FitWeb provides information on marathons and local fun runs through health or fitness blogs and the “ask-a-fitness-friend” feature. FitWeb captures customer and potential customer information and tracks their interests. Like other online retail companies, FitHabits purchases detailed analytics from third parties that can show the browsing habits of anyone who clicks on FitWeb. Sorting out the existing and former customers, FitHabits can address special promotions to potential customers and customers of competitors, and conduct surveys that are general in nature but can provide actionable data for FitHabits. The Marketing and Sales Team follows up on these efforts.

In addition to social media, FitHabits also listens to potential and former customers through “old fashioned” methods and files information as the “Heard on the Street” reports. When FitHabits’ team members staff events such as the River Fun Run, they collect and report on comments they hear on activewear clothing and athletic shoes, as well as on FitHabits and its competitors. This information is filed on the intranet to be used during the SPP (2.1a[3]) by Marketing and Sales Team members (3.2a[1]) and by supplier management team members (6.2b).

3.1b(1) FitHabits has engaged the Guppol company to gather data on the satisfaction, dissatisfaction, and engagement of customers. Every month, Guppol surveys a statistically valid sample of customers from each of the key customer segments, using questions specific to that segment. Care has been taken to select questions that have high validity and provide information that may be used to drive the company’s progress on its key goals. The Guppol results are used in daily operations across the company and are updated monthly on the FitWeb intranet, with comprehensive reports provided quarterly.

These results are also compared with the daily surveys for browsing transactions, purchasing transactions, Ratings and Reviews, and other listening mechanisms. All surveys help FitHabits understand how well it is meeting its mission of clothing customers for a fit life and delighting them, always.

3.1b(2) FitHabits works with the national athletic media who perform comparative analysis of athletic products and services on behalf of their readers. These reviews function much like JWStrength reviews, as measuring sticks for relative satisfaction with both the company’s brand and its products, as opposed to its competitors and the products and services they provide.

The Marketing and Sales Team uses the brand survey to determine whether customers also purchase products and services from competitors and, if so, how satisfied are they with those products and transactions. Social Media Team members continually scan the media using tools such as WitterDeck as well as their competitors’ HowIlookbook pages to understand how satisfied customers are with FitHabits and their competitors.

3.2 Customer Engagement

3.2a(1) FitHabits captures customer and market information through the comprehensive Listening and Learning Mechanisms (Figure 3.1–2). These data, both formal and informal, are processed through the VOC Process (Figure 3.1–1) to provide inputs to Phase I of the SPP (Figure 2.1–1). The data are also used to understand market conditions and customer requirements, and they are used during SWOT analysis in the refinement or development of new products and strategies. For example, the Social Media Team provides inputs by aggregating all of its input streams to provide a current look at the customer and future customer base. The plan to provide activewear and athletic shoes for challenged athletes started in Witter feeds and was brought into the mid-year business analytics in 2014. Moving through SWOT and comprehensive action planning, a cross-functional team was formed with team members from finance, marketing, supplier management, and L&D and led by a member of the LT to shepherd the planning through an RNA and the hiring of a challenged athlete to work in the marketing of this product line. As the new product line is released, L&D will provide information modules through the Learning Management System (LMS;
5.2b(1)) to introduce the product, as well as provide background information for members of the Call Center.

As FitHabits is a retail company, it is critical that the Marketing and Sales Team members have their “ears” open to the fashion and product marketplaces to learn of new product development and enhancements, as well as trends in the market. Representation at semiannual fashion and annual fitness trade shows provides information on coming trends to use in supplier negotiations. Feedback from the Advisory Board provides insights on activewear and shoe products, as well as on the reception of marketing campaigns and catalogues. All of this input is used by Marketing and Sales to identify ways to exceed the expectations of all the customer and stakeholder groups (P.1b[2]).

In listening to customers, FitHabits is able to identify new product offerings and market segments to enter. The SO to enter the challenged athlete market, as described above, is the latest result of listening methods. Partnering with Exceptional Olympics and Our Warriors, FitHabits is working with its suppliers to provide products to meet the needs of this market. Roll-out of this new product line is scheduled to be completed by Fall 2016.

3.2a(2) Easy transactions are a key customer requirement. Customers want to open the FitHabits’ website, quickly access their section of interest, log into a profile, find help through an online chat or a hotline, and make purchases easily and smoothly. Doing this, they increase their engagement, return to FitWeb often, and recommend FitHabits. Enabling these transactions is the heart of the company, meeting its mission. FitHabits uses VOC methods (Figure 3.1-2) such as surveys, focus groups, and social media to determine and prioritize these customer support requirements. For example, the value of the Advisory Board members was amplified when they participated in focus groups on how FitHabits could support them better.

The recent redesign of FitWeb focused on providing multiple mechanisms for customers and potential customers to access information on products and customer support. Marketing and Sales Team members worked closely with IT to ensure that customer support requirements were considered in the redesign. For example, in 2014, FitHabits released its own mobile app to enable customers to access its website, place an order, or check order status from any mobile device. This customer access was systematically identified using the VOC mechanisms (Figure 3.1-2). Customer key support requirements gathered from those methods led to the development of the online chat function, the online “hotline,” an expanded customer profile, and the online “Notes of Interest,” which provides customers with a tool to send FitHabits a request, a question, an observation, or a complaint. The key support requirements were similar for all customer groups, with the exception of the customer profile. This functionality was limited to engaged customers, not lurkers or NYRs.

Each of the customer support requirements is supported by a SOPP that includes response and resolution times for online and phone hotlines, as well as “Notes of Interest.” All customer interactions have requirements for greetings, messages, and closings. These are deployed through the SOPPs and training for new Call Center and Marketing and Sales Team members. The requirements are also covered in all-team-members meetings, with LT members role playing some of the best and some of the most lacking interactions over the last quarter.

3.2a(3) Understanding FitHabits’ customers today, their browsing and purchasing patterns, and who will be FitHabits’ customers tomorrow is key to FitHabits’ success. As FitHabits began to identify customer groups, the first grouping was easy—those who purchased and those who just looked around. An analysis of IP addresses revealed that the group of nonpurchasers could be clearly segmented into those who came back to FitWeb many times—the lurkers—and those who visited only one or two times. Special promotions and surveys focused on the lurkers, as efforts tried to move lurkers to the customer group. Closer looks at the customer group purchasing patterns showed that about 35% of the customers purchased activewear and/or athletic shoes only in January and then did the same thing the next January. This customer group became the New Year resinators (NYR). The other 65% of customers who purchased products throughout the year became known as the “engaged customers.”

Although customer requirements are similar, customer segmentation allows FitHabits to direct different marketing campaigns and promotions to specific customer groups. In 2015, FitHabits had nearly half a million unique customer exchanges, with 75% of the exchanges with returning customers (Figure 7.2-1).

A new Chief Marketing and Sales Officer in 2014 pushed the company to further understand the engaged customers. The addition of the “DataShop: Marketing Now” sales analytics tool helped segment the engaged customers into three groups: (1) frequent buyers who made purchases almost every month, (2) persistent buyers who mostly made seasonal purchases to stay up with trends, and (3) occasional buyers who made purchases throughout the year on a need-it/replacement basis. This segmentation of engaged customers helped to focus marketing campaigns, particularly those designed to move persistent and occasional buyers into the frequent buyers category.

Lurkers were considered to be potential customers and/or competitors’ customers. Once identified by their IP addresses, lurkers would find FitHabits’ ads popping up online in places like their Howlookbook feeds and in the middle of online magazine articles.

All of the information on customer groups and segments, as well as other market knowledge, is assessed during the semiannual market analytics in Phase 1 of the SPP (Figure 2.1-1). This assessment led to the identification of the strategic opportunity of the challenged athlete market, as described in 3.1a(1). Inputs into the market analytics in 2011 also showed a major push for activewear clothing for adolescent girls by a competitor, which soon after announced an agreement with the Female Seekers of the USA to be a sole supplier for its girls’ activewear. FitHabits considered a similar campaign with another teen company, but the evaluation recommended not pursuing this intelligent risk.
3.2b(1) Since its founding, Fit Habits has believed that if it operates by its values (Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, and Service) that the company will live into its mission: Clothing our customers for a fit life and delighting them, always. The corporate results have agreed with that belief (Figure 7.5-1). The core competencies of relationships, innovation, and fitness have been interwoven in all that has been done, but they shine particularly strong in customer relationships.

Fit Habits has steadily grown a customer base and increased its market share in the boutique online activewear clothing/athletic shoes retail market. Fit Habits has accomplished this using numerous mechanisms to market, build, and manage relationships with customers and the fitness industry. These have included the redesigned Fit Web, as well as the mobile app for smartphones and tablets that enables customers to find products more easily, search an expanded fitness topic resource, have an enhanced user profile, locate fitness events, and use one-click technology to make purchases. The user profile is not just about storing address and credit card information but includes sizing information, favorite colors, and types of clothing previously purchased. This is used by Fit Habits to suggest clothing or shoes that were previously considered by the customer and to display clothing on a virtual mannequin sized similar to the customer, while taking into account the size variations in different products.

Additionally, the mission of the Social Media Team (3.1a[1]) is to enhance relationships with customers and potential customers by providing engaging content on Fit Web, Our Tube, and Witter. Team members also track various sites and applications for information that can be used in marketing and strategic planning. Weekly reports created by this team provide information to the Call Center to be able to help customers be delighted with Fit Habits. The efforts have helped increase customer engagement, as well as to transform a number of lurkers into engaged customers.

To build and enhance the brand of Fit Habits, the Social Media Team blogs on a regular basis, with responses to posts analyzed and responded to, as appropriate. Additionally, Fit Habits advertises in national fitness magazines, such as Ladies’ Fitnow, Men’s Fitnow, Skippin’, GamesIL, and Soccer Women. Sponsorship of fitness events, such as the Walk for Breast Cancer, also supports enhancement of the Fit Habits’ brand. In 2015, Fit Habits made the leap into television advertising during the Women’s Soccer Biggest Event games and worked with XZC on the Race-Around-France.

Fit Habits evaluates and improves all of these mechanisms annually under Sustainability processes and as new strategic opportunities emerge, like the Social Media Team.

To handle all of the data analytics and security needed to run the business, Fit Habits continually scans the development of new technology. On the back-end of the business, Fit Habits selected “Data Shop: Marketing Now” to give Fit Habits the ability to plan, test, and execute online promotions and campaigns of any size or complexity. The software also provides a robust set of predictive and data mining tools.

3.2b(2) Since 2014, Fit Habits has used the Complaint Management Process (Figure 3.2-1) to resolve and learn from complaints by aggregating and disseminating information. This approach ensures that complaints are resolved promptly and effectively and allows for recovery of customer confidence. For example, when a customer indicates online dissatisfaction with an unavailable selection, a ship time, a lost shipment, or any other reason, a customer service specialist will approach the customer online to determine the correct service recovery approach. The customer service specialist is empowered to offer discounts or a coupon for future products, as appropriate. If the situation is resolved instantly, the customer service specialist will record the complaint in the Klagen system, which aggregates and analyzes it to determine if it is part of a trend that needs further attention. If an upper limit on the number of similar complaints is reached, the Klagen will automatically issue a notice via e-mail to the Director of the Call Center, who directs the problems to the correct director for resolution.

If a complaint cannot be resolved instantly, it is recorded in Klagen and escalated to the coach on duty at the Call Center for further investigation. If the coach cannot resolve the complaint, it continues on to a ShapeItUp team with the expectation that the problem will be resolved or action taken within seven days. Final resolution of the complaint is stored in Klagen. Monthly, Klagen issues a report on complaints and resolution times that is reviewed during the Fit Review process (Figure 4.1-4).
4.1. Measurement, Analysis, and Improvement of Organizational Performance

4.1 FitHabits’ comprehensive measurement, selection, review, and improvement of organizational performance are managed through the FitTracking Process (Figure 4.1-1). This process supports FitHabits’ strategic advantage of a focus on continuous improvements and overall achievement of organizational goals and APs. Various subprocesses are addressed below.

4.1a(1) Through several cycles of evaluation and improvement, a robust MSP (Figure 4.1-2) was developed as the second Step of FitTracking, to effectively select, collect, align, and integrate data and information in tracking daily, monthly, quarterly, and annual organizational performance. During Phase III of the SPP when AP development is aligned to specific organizational goals, the LT and AP owners define and propose measures that then are flowed through the MSP to finalize the measure. These measures make up the BSC of key FitMeasures. Outcome and in-process FitMeasures are also selected and differentiated during this process. Department FitMeasures are tracked through department-level dashboards and ABs using the same selection process, and individual FitMeasures are tracked through the QCPs.

Performance data and information are collected and performance analyzed during Step 4 of FitTracking. This step includes analysis of the dashboard FitMeasures, progress of APs, and department and process performance. These data and information are available through the FitTrack Online Portal, which is available to team members based on job responsibilities and supports daily operations and decision making. FitTrack Online is an end-to-end business platform, providing access to the information and analytics needed to implement and deploy actionable information across the company through scorecards and dashboards that reflect appropriate levels and segmentation of FitMeasures outcome and/or in-process metrics.

4.1a(2) A key element of FitTracking (Figure 4.1-1) is the systematic selection of effective and appropriate comparative sources and levels. Once key FitMeasures are selected (Figure 4.1-2), comparative opportunities are identified using the Comparative Selection Process (Figure 4.1-3) based on five key sources. If comparatives exist from these sources, then the FitHabits’ comparative target is set at the top 10%. The comparative is then used on the appropriate dashboards to monitor performance and support operational and strategic decision making. If a comparative source is not available, a meaningful comparative will be determined from historical performance and/or interreliability, and a stretch goal of at least 10% better than prior performance is established and monitored.

Over the past seven years, through cycles of learnings, FitHabits has improved its use of comparatives from less than 10% to greater than 65% comparatives in place for all key FitMeasures (Figure 4.1-4).

4.1a(3) VOC and market data and information are identified from the VOC Process (Figure 3.1-1) and key listening and learning mechanisms (Figure 3.1-2). Market data and information are selected based on key sources of information from purchasing patterns and market analysis from Phase I of the SPP. These VOC data and information are deployed and integrated through APs (2.2a), the L&D System (5.2b[1]), and key work systems and processes (Figure 6.1-1). VOC and market information and measures are systematically evaluated through performance reviews and improvement (Figure 4.1-1); in addition, best opportunities are identified and deployed. This information supports operational and strategic decision making and directly contributes to FitHabits building and sustaining a more customer-focused culture, as...
evidenced by sustained customer satisfaction and engagement results (Figures 7.2-2 through 7.2-6, and 7.2-8 through 7.2-10). Information is captured, analyzed, and trended on a weekly basis and shared across the company. A summary is reported monthly to the LT. Any negative comments are immediately researched and responded to by the Social Media Team. The effectiveness of the online Ratings and Reviews and Complaint Management Process (Figure 3.2-1) is evaluated annually (Step 7, FitTracking).

4.1a(4) Annual evaluation of FitTracking (Step 7; Figure 4.1-1) and frequent, scheduled reviews of organizational performance (Figure 4.1-4) ensure that FitHabits and its performance measurement system (FitTracking) are able to respond to rapid or unexpected organizational or external changes. Each year during the SPP, the LT and AP owners evaluate the dashboards and scorecards for FitMeasures and goals and make necessary changes to support the SOs and address the competitive and regulatory landscape. Frequent, scheduled performance reviews alert the LT and other coaches across the company when a key process or system is not performing to goal; this approach enables timely corrective analysis and action. FitTracking also allows the addition of new FitMeasures throughout the year if a new process is implemented or significant process redesign occurs (6.1b[3]).

4.1b FitHabits’ performance and capabilities are reviewed through Steps 4 and 5 of FitTracking (Figure 4.1-1). This approach to performance analysis and review ensures that

1. FitMeasures are aligned to strategy (improve the business) and/or operations (run the business),
2. performance is assessed using a balanced set of measures,
3. performance results are analyzed to provide the LT and coaches with information for decision making, and
4. improvement plans are developed and implemented.

A variety of robust analyses and analytics, including comparative, quantitative, root cause, trend, variance, and correlation analysis, are conducted.

As shown in Figure 4.1-4, the LT, BOD, and other coaches review FitMeasures, including financial performance, on a regularly scheduled review cycle. FitHabits compares performance, progress, and success to its key competitors, Baldrige Award recipients, and the national top 10% (4.1a[2]), when benchmarks are available. OFIs are identified when a FitMeasure is not meeting expected levels within 5% of the expected range for that specified time period. Frequency of performance reviews at all levels ensures FitHabits’ ability to respond rapidly to changing organizational needs and challenges in the operating environment. This FitReview frequency is evaluated annually, with the latest cycle of improvement in 2015 being the addition of the Best Practice and Improvement Sustainability Review to ensure traction of best-practice implementation across the company (4.1c[1]).

4.1c(1) High-performing areas are identified through analysis, including process, customer feedback, quality, support function, regulatory, and workforce FitMeasures. In Step 6 of FitTracking (Figure 4.1-1), best practices are identified using three criteria:

1. The practice demonstrates evidence of success.
2. The practice positively impacts organizational achievement of strategic goals and objectives.
3. The practice has the potential for replication/adoption to other areas within the company.

Best practices can be identified by any of the FitReview participants (Figure 4.1-4), ShapeItUp teams, or LT.

Once a best practice is identified, the originating area is asked to document its process and/or practice on a SustainIt template. This is sent to all departments with talking points. Coaches are asked to share applicable processes with their teams at the next team meeting. If it is applicable, the expectation is that the best practice is adopted and documented within three months in the SustainIt Portal. Since the inception of this practice in 2012 as a key method for knowledge transfer (4.2), best-practice adoption has gone from less than 5% to a sustained level of 75% or better for the last three years (Figure 7.1-21).
4.1c(2) In Step 3 of FitTracking (Figure 4.1-1), future performance projections are determined as one of the last steps of the Comparative Selection Process (Figure 4.1-3), and projections are integrated into the SPP to systematically project future performance. During the SPP, Step 8, the LT and senior coaches analyze performance review findings and key comparative data in light of historical trends, along with planning horizons and internal capability and capacity factors. Projections are set for the majority of key BSC FitMeasures (key AP, outcome, and financial measures) but are not set for most FitMeasures (primarily in-process measures). Establishing accurate projections is both an art and a science, and FitHabits has improved its projection-setting capability in the last five years to be over 80% accurate, within 2-3% of actual performance year over year.

Because the AP process is integrated into Phases III and IV of the SPP, there are rarely situations where AP projections do not reconcile with projections established in FitTracking, Step 3; however, when this does occur, the LT works with the individual AP owners to review data used to set projections and mutually agree on appropriate projections.

4.1c(3) Performance FitReview findings (Figure 4.1-4) drive the development of priorities for continuous improvement, best-practice identification, and innovation through the SPP (Figure 2.1-1). FitReview findings provide key inputs into the SPP and drive the definition and deployment of APs (for all three planning horizons), improvements, and innovative opportunities. As APs are identified, AP owners and teams are selected. They are responsible for developing the APs to achieve desired improvement.

Improvement initiatives are deployed through the SustainIt Portal to share with the entire workforce. Coaches at all levels use the SOs and APs, along with departmental performance results, to prioritize departmental goals for continuous improvement and work with team members to align goals in their QCPs. Suppliers and collaborators are included on ShapeItUp teams, as appropriate, to ensure organizational alignment.

4.2 Knowledge Management, Information, and Information Technology
4.2a(1) FitHabits’ knowledge management (FitKM; Figure 4.2-1) focuses on consistent collection and transfer of information and knowledge across the company. Information reflecting current performance is shared, as well as best practices, innovations, SOPPs, and OFIs, through the communications mechanisms (Figure 1.1-2). The SustainIt Portal makes information available across the entire company. Improvement opportunities are identified through review of performance measures (Figure 4.1-4).

Knowledge transfer occurs via multiple venues, including coaching, communications mechanisms, team member-to-team member interactions, and mentoring opportunities; there is also two–three weeks of cross training when team members are transferring to other departments and/or leaving the company. Operational performance trends are communicated in daily, monthly, and quarterly reports.

Workforce knowledge is collected and transferred through policies and procedures, SOPPs, Key Communications Mechanisms (Figure 1.1-2), the L&D System (5.2b), training materials, and the SustainIt Portal. Additional information systems (IS)-based shared drives provide access to information within departments and cross-functional groups. Knowledge is also transferred through monthly lunch-and-learn sessions and a dedicated online newsletter for the workforce.

Knowledge is transferred to and from customers through electronic forms, including e-catalogues and paper catalogues, customer inquiries, activewear key information and descriptions, and the “What’s Happening in your Region” section of FitHabits’ website.

Knowledge is transferred to and from suppliers and collaborators using communications mechanisms (Figure 1.1-2). Annually, a
number of key suppliers and collaborators are involved directly with best practices and innovative and improvement initiatives to further the two-way knowledge transfer. These are documented and captured within the SustainIt Portal.

4.2a(2) Organizational learning is systematically embedded in FitHabits’ operations through each of the five foundational elements of the PES (Figure P.2-4) and further enhanced through best-practice sharing (4.1c[1]). Key learnings and critical knowledge are captured and housed within the SustainIt Portal for easy access to information and tracking of approaches that have been adopted in other areas. A LT focus on FitHabits’ culture of excellence helps to sustain the drive for improvements and innovative practices, which encourages new learnings to continuously be embedded in day-to-day operations and strategic direction. For example, learnings from quarterly supplier reviews with a key supplier are often shared with other key suppliers to enhance the products they bring to market as part of FitHabits’ portfolio.

4.2b(1) FitHabits’ IS and web processes ensure that the quality of organizational and customer data is maintained. Weekly, an IS and web report is delivered to all of the LT to provide transparency into IT operations. FitHabits puts a strong emphasis on the integrity, security, validity, and confidentiality of customer and organizational data and information and has systematic and fully deployed approaches to address the data and information properties of its IS and web processes (Figure 4.2-2). Annually, these properties are reviewed to ensure that they are meeting organizational and customer needs. Improvements have resulted; these include the 2012 implementation of a survey for customers and other key stakeholders to gather key IS and web requirements, the 2013 improvement resulting in the accuracy of data capture from customers through improved security features for web-ordering, and the 2014 implementation of third-party assessments from annually to every six months.

4.2b(2) The confidentiality and security of customers’ personal addresses and billing information are a key function of IS services. Data security and sensitivity of information are managed and ensured through leveraging technology and innovation while balancing the needs of all stakeholders. FitHabits utilizes an industry state-of-the-art system that manages technologies and systems to supply relevant and secure information to the appropriate stakeholder. Customer data are stored and maintained through a multilevel secure data warehouse, with customer passwords and PINs that meet the ISO 27001 regulatory compliance. Secure portals exist for team members for real-time information, scorecards, and other improvements and critical knowledge sources, as well as for key suppliers to access real-time information, supply chain tracking, and status of orders (6.2b).

FitHabits ensures the security of sensitive or privileged data and information through a layered security approach called Defense-in-Depth. Multiple layers of defense operate independently and provide robust protection to the network. Security layers include perimeter firewalls, server and workstation firewalls, server and workstation antivirus and anti-malware software, regular security patches, data and transport encryption where appropriate, and a strong password policy. Security in the customer data system and financial accounting system is controlled through groups, and these groups are assigned the appropriate permissions. Cyber security is verified during annual security audits performed by a cyber security audit vendor, Cyber Vendor, Inc. FitHabits trains all team members annually through a program developed by another vendor specializing in cyber security training, Cyber Company, LLC.

4.2b(3) FitHabits’ IS and web processes, hardware, and software are integrated across all areas and platforms. All IS and web processes are reviewed annually for effectiveness in ensuring that data and information are readily available, timely, and
user-friendly based on customer, supplier, and other stakeholder requirements (verified every two years through an IS/web survey to key customers and stakeholders). In 2014, in response to FitHabits’ customers, a FitHabits’ app was developed to provide access to ordering and order status from any mobile device.

4.2b(4) The nature of FitHabits’ business demands hardware and software reliability, security, and user-friendliness as business critical factors. Key methods and approaches are shown in Figure 4.2-2. System reliability is addressed through duplication of infrastructure components, such as firewalls, domain controllers, routers, switches, and a phone system. Active monitoring of system performance and utilization allows for immediate resolution of bottlenecks. All changes to the core systems go through a rigid deployment process from development to testing, change control, deployment, and monitoring. Reliability, hardware, and software are managed through real-time performance monitoring.

System security is ensured through limited access to sensitive hardware systems via keypads and personalized access badges for authorized personnel. Internet access is secured with a firewall, antivirus software, and Internet content filtering.

Proactive maintenance includes both hardware and software. Hardware is proactively replaced when it is no longer maintainable or does not meet business needs, as identified during the SPP and budgeting process. Workstation operating systems and software are updated monthly, and server operating systems are updated quarterly. Firmware for infrastructure hardware is updated biannually. Enterprise software is updated as needed with the goal of being no more than one major version behind. The cloud-based management system is updated continuously, and FitHabits is always on the most recent version. Fault tolerance is provided through architecture design that minimizes single points of hardware failure and rapid recovery from hardware failure. The network, storage, and servers do not have single points of failure because of a combination of hardware redundancy and software design.

Technology infrastructure hardware such as network, storage, and servers can continue to operate without disruption if any individual component fails. For instance, if a firewall fails, another firewall will assume the functions of the failed firewall without interruption to team members or intervention by the IS Department. In the event of catastrophic failure, FitHabits backed up and replicates essential data. The approach to backup and replication is called 3-2-1 and involves three copies of the data, on at least two different storage platforms, and one off-site backup. FitHabits uses cloud-based platforms in targeted roles such as a Warehouse Management System and anti-spam services to supplement the reliability and robustness of online solutions. The most critical system is the FitWeb Online Catalogue and Ordering System, which is hosted with a cloud provider to ensure the best availability for this critical application. For anti-spam, having a cloud provider ensures that e-mail sent to FitHabits is received and filtered independently for spam, viruses, and malware as part of the Defense-in-Depth approach.

4.2b(5) FitHabits’ IS, web team, and SafetyHabits Committee (6.2c[2]) have developed and implemented extensive contingency planning to ensure the continued availability of critical information, data, hardware, and software in the event of an emergency or disaster. In 2013, FitHabits implemented an annual risk-based assessment to identify and prioritize an Emergency Operations Plan (EOP). The EOP outlines and addresses five levels of hardware/software emergencies based on business/customer impact and likelihood of occurring. Level 1 being the most damaging contains two key issues: physical damage to the IT servers and a cyber breach of customer data. Firewalls are tested daily for integrity and monitored 24 hours a day for any types of cyber attacks, spam, and suspect activity. IS performs regular nightly systemwide backups of critical customer, supply chain, company, and team member information and data. Regular testing and drills are conducted to ensure that policies and procedures are in place and team members are prepared and trained on effective and timely response (see Figure 7.1-28). Debriefings are held after drills to solicit participant feedback, assess plan effectiveness, and develop APs to address opportunities.

To ensure emergency availability of on-site systems, an independent disaster recovery datacenter stores a replica of critical data. A fully functional datacenter, with backup servers, is available for use at the independent disaster recovery facility. For cloud-based systems, such as the Warehouse Management System and the FitWeb Online Catalogue and Ordering System, the service contract includes requirements for disaster recovery capabilities.

For key systems, including e-mail, the catalogue and ordering system, and network file shares, Sauvegarder software replicates the entire server every 15 minutes, and services can be restored within minutes, if needed. For less-critical systems, nightly backups are copied to the backup servers.
### Category 5 Workforce

#### 5.1 Workforce Environment

**5.1a(1)** Before the start of the SPP, the People Team completes Step 1 of the Capability and Capacity Planning Model (Figure 5.1-1), analyzing the current workforce composition by assessing skills, competencies, production, and engagement levels. The results of this step are reviewed in the business analytics of the SPP Phase I. Through the business analytics and the planning retreat, the Chief People Officer notes changes in capabilities that may be needed in the next year and shares that with the People Team to develop the future state, primarily looking at organizational capabilities, in Step 2. For example, when the planning began on the rewrite and transition of FitWeb in 2010 to provide for customer ease of use as well as increased security and firewalls, it was clear that human resources professionals and cyber security IT expertise would be needed. In the SPP Phase III, the APs and RNAs are completed and provide inputs to the People Team on needed capabilities and capacity levels. The People Team aggregates the needs in the RNAs to determine capability requirements in terms of knowledge, skills, abilities, and specific competencies and capacity needs by assessing the amount of work and the number of people required for each role, in Step 3.

In Step 4, FitHabits assesses capacity against benchmarks to evaluate if targets are consistent with best performers in the industry. This step was added in 2013 after benchmarking with two other call centers and adjusting the staffing levels to match industry benchmarks. That helped increase the satisfaction levels of the Call Center team members. Where possible, staffing levels are benchmarked and adjustments are made as appropriate to enable operational efficiencies across the company. In Step 5, strategies are developed to achieve desired levels of organizational capability and capacity, and the recruitment, hiring, and placement occurs during Step 6. Staffing levels are seasonal at FitHabits, with an increase in capacity needed in the early fall through the holiday season and early January to accommodate product sales, returns, and the increase with NYRs. Contract team members primarily for the Call Center and warehouses help to address the capacity needs. In Step 7, progress toward meeting the forecasted capabilities and capacities is monitored and reviewed for the mid-year, and adjustments are made. As part of SustainIt, the People Team annually evaluates and improves the Capability and Capacity Planning Model.

**5.1a(2)** FitHabits’ leaders learned early in the company’s history that, as author Jim Collins said, having the “right people on the bus” was critical for the company’s success. In the 2009 SPP, faced with engagement scores that were lower than goal and a high turnover rate, the LT selected “team member recruitment and hiring” as a strategic opportunity. The Chief People Officer led a cross-functional team in the design, testing, and implementation of a new recruitment and hiring process, using Targeted Selection, a behavioral-based interviewing process (7.3a[1]). The new process also includes a listing of key skills, competencies, and behaviors needed for each job. This change has created a “slow to hire and quick to fire” situation but it has been effective. In three years, the process helped improve team member engagement (Figures 7.3-12 and 7.3-13) and retention results (Figure 7.3-1).

Understanding the gaps in capability and capacity identified through the RNAs, the People Team uses multiple approaches to recruit candidates. The approaches include sending/posting announcements to FitWeb, online recruitment sites, professional associations, social media, and print media. FitHabits’ need for technical skills requires specialized recruiting approaches.

To recruit diverse team members to the workforce, FitHabits actively seeks candidates from various nationalities, cultures, backgrounds, and lifestyles. To meet diversity goals, recruiters reach out to programs, such as

- Moms Back to Work, a nonprofit group helping mothers who want to return to the professional workforce, and

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**Figure 5.1-1: Capability and Capacity Planning Model**

1. Evaluate a current workforce composition. Where are we today?
2. Determine future state of workforce. Where do we need to be?
3. Forecast workforce capability and capacity needs.
4. Review forecast against benchmarks.
5. Develop plan to close gap between current and future requirements.
6. Implement recruiting/hiring/onboarding strategies.
7. Monitor results. Evaluate and modify processes, as needed.
StartFit, an in-house internship program designed to expose high-performing college students to the business, while giving them the opportunity to develop their professional skills.

The recruiters actively participate in veteran job fairs, local community college job fairs, and the City University job fairs that focus on minorities. In addition, the recruiters also look to local and challenged athlete events sponsored by FitHabits. Team member referrals also contribute to the pool of applicants. Last year, 22% of all new team members were referred by another team member, an indicator of high engagement (Figure 7.3-3).

Job candidates complete an online application that requires them to pledge to accept the values (Figure P.1-1). Recruiters screen applications and forward qualified applicants to the hiring coaches, who conduct interviews to assess technical skills, job-specific competencies, and values-fit. If the fit looks good, the hiring coach schedules a People Team interview. Using behavioral-interviewing techniques, the team assesses teamwork and team fit with the candidate and, if the feedback is positive, an offer is made.

New team members participate in the FitWelcome! orientation program that starts their onboarding process. With a focus on the value of Fun, FitWelcome! is led by one of the founders and includes signing the FitFul pledge (1.2b[2]). At the end of orientation, a “FitBuddy” from another work team picks the new team member up, takes him/her to the work area, and makes introductions to all in the group, including the coach who takes the new team member to his/her desk or work station to start the onboarding process.

After realizing in 2013 that the retention of first-year team members was lower than the overall retention rate, the Chief People Officer implemented a Standardized Onboarding Process, utilizing ShapeItUp. Some of the tools created to facilitate onboarding include the following:

- Onboarding Inside Track, a central repository of information for new team members, who often had difficulty tracking information from multiple sources, that is available online from the team member portal.
- FitBuddy, a resource for the new team member during the onboarding period and throughout employment at FitHabits. The FitBuddy is selected from a work team similar to the one that the new team member will be joining. The FitBuddy serves as a resource for policies, procedures, and paperwork and is encouraged to set up weekly meetings with the new team member.
- Lunch with the FitHabits’ CEO/president. Monthly, the CEO/president invites everyone who joined FitHabits in the last 30 days or so to join her for lunch. She elaborates on the founding of the company, including some of her favorite corporate accomplishments. She talks about senior coaches’ open-door policy and gives new team members a copy of her business card with her home phone number.

Since implementing the Standardized Onboarding Process, retention of first-year team members has improved and looks to eventually be trending higher than overall retention (Figure 7.3-1).

5.1a(3) FitHabits organizes the workforce into functional departments, such as the Call Center or IS, and also into cross-functional teams, either standing or project-based, to accomplish the work of the company through the APs. SOPPs are reviewed annually to support the processes of the company.

By aligning the SOs through the APs and the departments to team members’ QCPs, FitHabits reinforces a customer and business focus. This alignment enables team members to be engaged with the success of FitHabits as they achieve their goals and exceed performance expectations (5.2a[3]).

5.1a(4) FitHabits prepares the workforce for changing capability and capacity needs through several mechanisms. First, the LT leads the focus on transparency, planning, and disciplined execution of APs. Since the early days of the company, the LT has shared financial and business planning information during the quarterly all-team-members meetings. Team members know when the company is expanding or holding steady through a rough period. In addition, FitHabits prepares the workforce for changes through the L&D System, SustainIt efforts, and the QCP Process (5.2a[4]). The QCP Process provides team members with a vehicle to identify personal, professional, and educational goals and enables leadership coaching through quarterly discussions.

FitHabits has never had layoffs. Consistent low performers who are unable to meet the standards of the high-performing culture are encouraged to seek employment elsewhere.

The workforce expands temporarily through the fall and into the new year to accommodate the increase in sales, shipping, returns, and NYRs. Continuity of processes is ensured for both permanent and seasonal team members through training, education, frequent communication, SOPPs, and cross-training.

5.1b(1) Providing team members with a healthy, secure, and accessible work environment is important to FitHabits. The lighting of the parking lots was modified in 2012 based on team members’ concerns. A change in forklift training that greatly reduced injuries was made in 2013 after a ShapeItUp analysis. Processes and policies are supported by SOPPs and reinforced during senior coach rounding and training to minimize and address other health and safety requirements, which vary by job category (Figure P.1-3). Performance measures and improvement goals are shown in Figure 5.1-2.

5.1b(2) FitHabits offers a variety of services and benefits. The company offers choices, shown in Figure 5.1-3, in benefits and retirement packages so team members can tailor plans to meet their needs. The LT reviews these benefits annually and makes adjustments, as necessary.

FitHabits is proud of its WellFit Program, implemented in 2008, that provides team members with financial rewards for engaging in healthy and responsible behaviors. The on-site FitCenter at headquarters, which opened in 2006, is available free of charge for team members and at a small fee for family members. The FitCenter provides not only classes and workout areas but healthy lifestyle coaching and personalized health assessments for team members and their families.
5.2 Workforce Engagement

5.2a(1) The MVV lays the foundation for FitHabits to foster an organizational culture characterized by open communication, high-performance work, and an engaged workforce. This foundation is strengthened through the core competencies of relationships, innovation, and fitness. With the MVV, the core competences are introduced during FitWelcome! and are part of the QCP Process. The LT ensures a culture of open communication and transparency through the approaches demonstrated in Figure 1.1-2. FitHabits makes the promise to team members that they will be part of a winning team.

Senior coach rounding provides opportunities to share messages with the workforce but also to listen to their concerns. The LT aggregates this information and found, in 2014, a desire for more company performance information. ABs showing corporate goals and performance, as well as department goals and performance, modeled after a Baldrige Award recipient, were installed in each department. The LT ensures that team members are engaged in worthwhile work and are empowered to make decisions. FitHabits increases its value as a workplace by investing in training and coaching, and it provides ongoing support by listening, communicating, and ensuring transparency. In return, FitHabits asks for the workforce’s commitment to the core values, 100% effort, work/life balance, and a continuous desire to learn and improve.

The FitHabits’ culture is based on the diverse ideas and background of the workforce. To build this culture, FitHabits recruits for diversity, encourages open communications and new ideas, and offers programs—including StartFit (5.1a[2])—to provide flexible working arrangements.

5.2a(2) Using an annual team member survey, FitHabits leverages Guppol (3.1b[1]) to determine and assess the key elements that affect workforce engagement. Through extensive research, benchmarking analysis, and correlation studies, Guppol identified the survey questions that most effectively measure workforce engagement. The LT also reviewed inputs from the communications mechanisms (Figure 1.1-2) and past engagement results to define engagement factors for job categories. The factors were validated through QCP discussions, huddles, annual team member survey action planning, and all-team-members meetings.

5.2a(3) In 2012, the team member surveys began focusing on questions that serve as indicators of workforce engagement and on questions to identify specific areas for improvement and of interest to FitHabits. This survey provides segmentation of results by job categories, departments, job roles, tenure, ages, and genders to enable the company to determine the engagement factors for different workforce groups and segments. The vendor also provides benchmark data for the generic questions that can be specified by industry and size of company, providing best-in-class comparisons.

In addition to the formal team member survey, FitHabits also assesses workforce engagement using indicators such as retention (Figures 7.3-1) and safety results (Figures 7.3-7). Correlating the results from the formal and informal measures with results in customer engagement and financial measures helps to indicate potential issues. For example, in 2013, a drop in warehouse team member engagement scores tied with increases in product ship time, creating a drop in customer satisfaction. Through FITTESS analysis, the LT determined that the heavy use of contract staff in the warehouses was creating a morale issue. The LT made the decision to eliminate the use of contract staff and add permanent positions in the warehouses and, as a result, by late 2014, team member engagement increased, product ship times met goals, and customers were delighted once again (Figure 7.2-1).
5.2a(4) FitHabits drives high-performance work and workforce engagement through the QCP Process. Established in 2013, the QCP Process replaced a traditional performance management system. It helps FitHabits align organizational goals to individual performance to fully leverage the strategic advantage of highly engaged team members. In Phase III of the SPP (Figure 2.1-1), department coaches meet with individual team members to establish goals that are aligned with the SPP, APs, and department goals. Individual growth goals for the team member are also included in the QCP. Department measures will be tracked on dashboards and ABs; individual team members track goals on their QCPs.

Quarterly, each coach meets with his/her team members to review progress on the goals and provide coaching and feedback to enhance the team member’s learning and performance. The QCP may be updated with revised goals. On a yearly basis, the annual performance review (APR), held early in the second quarter, is the culmination of the QCP Process. The APR highlights the team member’s most significant accomplishments, contributions, and strengths, as well as opportunities to reach a higher level of performance in the next year. Team members are compensated by a formula that includes individual goal performance and department performance. Annual bonuses from the Team Member Variable Pay Program are distributed at the discretion of the LT and are based on achievement of the strategic goals. In 2014, the FitInnovator bonus was implemented to support the core competency of innovation and is given to team members who have outstanding contributions in intelligent risk taking or innovation.

Recognition is important at FitHabits. There are company celebrations when the sales and processes of “Black Friday/Cyber Monday” are successful or when the “Countdown to Christmas” is over. There are department and team celebrations when certain goals are reached or when a group goes “above and beyond” to make something happen for an internal or external customer. FitArrow awards are used for peer-to-peer recognition when help was appreciated. Other approaches to rewards and recognition at FitHabits include the following:

- Recognition bonuses for certification achievements and degree completion
- Personal recognitions (birthdays, weddings, births, long-term illnesses, bereavement)
- Anniversary: annual certificate
- Anniversary: FitHabits’ jacket at three years
- Referral bonus for when a team member recommends a new team member, and the new team member reaches a six-month anniversary
- Summer event for Family, Friends, and Fun (“FitF3”)

The approaches to reward and recognition are evaluated each year using the results of the annual team member survey and the communications approaches (Figure 1.1-2). The People Team reviews the survey results and, if the approaches to benefits, specifically reward and recognition, have dropped, a ShapelItUp initiative is started. In 2015, learning from a Baldrige Award recipient, the LT started collecting information from team members on reward and recognition by asking coaches to strongly encourage team members to complete a form on the intranet entitled, “How I want to be recognized.” Information from this form enables the coach to understand the individual’s preference for recognition and, when aggregated, will help the LT understand the preference of team members as a group.

5.2b(1) As FitHabits grew, it was easy to hire friends and friends of friends to fill available openings. But suddenly, the founders realized that they didn’t have the right skill sets to grow the company. To figure out what skills FitHabits needed, they worked with an organizational development consultant to define the competencies for each job. Knowing the competencies required for a job certainly helped in the hiring process, but it also led to the development of competency-based training plans for each team member, including the CEO. The competencies for each job are available online to use in career development. In 2004, FitHabits acquired the LMS to track the competencies for each job, the training available for those competencies, and individual training plans for team members.

Today, the L&D System includes the LMS and the curricula to support organizational needs and the personal development goals of the workforce. The L&D System includes training targeted to each staffing level, from new team member to senior coach, as well as the process-specific SOPPs. It also includes criteria for the Talent Development Program. FitHabits introduces new team members to the MVV, core competencies, and strategic challenges in FitWelcome! and reinforces them in other classes. A role-specific competency-based training plan is given to each new team member at the end of the orientation. The competencies could require HazComm training in the warehouses and negotiation skills in supplier management. One of the first tasks with the coach is for the new team member to review in which competencies he/she will need training. That information goes into the team member’s QCP and to the L&D Team who enter it into the LMS. This input, along with the learning and development needs associated with APs, is identified during the SPP (2.1a[1]) and helps define the training programs offered that year.

In addition, in 2013, the L&D System was refined to fully align to the FHLs. This change was driven primarily by inputs gathered during rounding from new coaches who felt that they didn’t have all the tools they needed to be successful at FitHabits. For example, an assessment of new coaches in 2012 showed the need for more training and practicums in coaching their team members. L&D piloted a new program to address this need and, based on the evaluations after three months, added the program to the leadership curriculum.

Training that supports PI and innovation is required of all team members. With a toolbox containing a comprehensive set of Lean and FITTTESS tools (ShapelItUp), team members start with a one-day orientation in their first six months that covers the urgency and needs of PI as well as an overview of the Baldrige Excellence Framework. Then, as they become engaged with their primary teams and cross-functional teams, they take additional PI tool training for up to four days. In 2015, Modern Training magazine named the PI program a “Hall of Fame Outstanding Training Initiative.”

The FitWelcome! orientation discusses ethics and ethical business practices, and team members sign the FitFul pledge. Team members take a refresher ethics course and sign the pledge annually.
The L&D System is highly integrated with the FitKM (Figure 4.2-1), and the online L&D curriculum is available via the LMS. Working in teams helps ensure that key information does not reside with one team member. If a team member leaves or retires, time is scheduled to transfer knowledge to other team members. Departing team members complete a checklist indicating that knowledge has been transferred.

5.2b(2) FitHabits evaluates the effectiveness and efficiency of the L&D System. As each course is designed or entered into the LMS, the evaluation process is identified, based on the Kirkpatrick model. Informative or overview courses are evaluated through participant reaction surveys. Skill-based training is evaluated by a demonstration of the skill at the end of the course and then another demonstration in the work area after 90 days. These behavioral evaluations can indicate a problem in the training approach or in the need for additional or different training. Other training programs, such as coaching or performance evaluation, are evaluated by a survey of the participants, after they have had a chance to practice the new skill.

Organizational results in each department are impacted by the effectiveness of the training in helping team members acquire skills to help them complete their work. Some training, such as the PI training, crosses multiple departments and helps in the achievement of the APs.

The L&D Department summarizes the evaluation results, as well as the efforts in training development or course acquisition, to determine the department scorecard. The results also point to opportunities to improve specific training courses or curriculum.

5.2b(3) Career progression for team members is managed through the QCP Process, coaching, and encouragement for team members to achieve their professional and personal goals. A change in the QCP Process in 2014 added a section on career aspirations. The coach and team member discuss ways to achieve the aspiration and document that in the QCP. Support for continuing education is available with tuition reimbursement, certification reimbursement, and modified work schedules to support outside classes.

Succession planning for coaches, senior coaches, and other LT members starts with the QCP Process. Feedback from the 2013 team member survey led the LT to create the Talent Review System. Annually, each coach reviews the talents of their team members to identify coaches or potential coaches who are ready to advance or will be in the near future. Using the identified competencies for the next level, the coach works with each individual on a plan to acquire needed competencies. Each senior coach uses these results to develop formal two-deep succession plans.

Category 6 Operations

6.1 Work Processes

6.1a(1) FitHabits determines key work process (KWP) and product requirements (Figure 6.1-1) using its listening and learning mechanisms (Figure 3.1-2), regulatory requirements, ISO requirements, strategic and operational requirements, and supplier and collaborator inputs received through the communications mechanisms (Figure 1.1-2). Key suppliers participate on a number of ShapeItUp teams, as well as the Advisory Board and other customer focus groups, which are used when determining and validating customer requirements as key products and fashions shift. These inputs are analyzed by ShapeItUp teams in the Innovate phase and tested in the Test phase of FITTESS. If the ShapeItUp teams identify requirement changes, these are also reviewed and validated by the CEO/president and senior coaches in a regular performance review meeting (Figure 4.1-4). Key product and process requirements for FitHabits’ work processes are reviewed annually during the SPP to ensure strategic alignment and ongoing operational focus on meeting and exceeding these requirements.

6.1a(2) FITTESS (Figure 6.1-2) provides a disciplined approach to design and innovate FitHabits’ KWPs to meet requirements and ensure that products meet and exceed customers’ expectations and requirements.

New KWPs or those selected for improvement in the SPP are designed and innovated with the guidance from FitHabits’ Master Black Belt. In Step 1 (Focus), each strategic PI project is intended to drive achievement of strategic and operational objectives and begins with a charter defining key elements that includes the project objective or goal, a business case linking the project to a strategic or operational objective, process measures associated with cycle time, and a timetable for tracking achievements. To align the project with strategic or operational objectives, the business case must include alignment to one of the core competencies and address a strategic challenge.

In Step 2 (Innovate), new technology, organizational knowledge, benchmarking, customer and service excellence expectations and requirements, and the potential need for agility are incorporated into the design, revisions, and innovation of work processes:

- New technology is often tied to efficiency and supports or results in refinement of an existing KWP. Once it has been determined that acquiring a new technology meets customer or organizational needs, processes associated with the technology are developed or refined using FitHabits’ PES tools and methodologies (P.2c).
### Figure 6.1-1: Key Work Systems, Work Processes, Requirements, and Measures

<table>
<thead>
<tr>
<th>Key Work Systems</th>
<th>Key Work Processes</th>
<th>Key Requirements</th>
<th>Key FitMeasures and Figures (Additional measures AOS)</th>
</tr>
</thead>
</table>
| **Customer Relations System** | Marketing | Timely, quality, relevant, effective communications, timely promotions | - Customer loyalty (7.2-10)  
- Customer satisfaction overall and by competitors (7.2-2 and 7.2-3)  
- Promotions ROI—overall (7.1-1, 7.1-2; by event AOS)  
- Active # of customers overall (7.2-1)  
- % Abandoned cart strategies (AOS) |
| **Product Merchandising (Sales)** | Product selection, product availability, competitive pricing, financial performance | - Average sales per customer encounter (7.1-4)  
- Gross sales (7.5-3)  
- Revenue sales by team member (7.1-7)  
- % products "Made in America" (7.1-19) |
| **Call Center (Order and Issue Resolution)** | Time per encounter, timeliness, accuracy, satisfaction, ease to do business with | - Abandoned call rate (7.1-8)  
- Total sales per call (7.1-4)  
- Phone uptime (7.1-12)  
- Ease of doing business with (7.2-7)  
- Average seconds to answer and first-call resolution (AOS) |

<table>
<thead>
<tr>
<th>Key Work Systems</th>
<th>Key Support Processes</th>
<th>Key Requirements</th>
<th>Key Measures and Figures</th>
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| **Supplier, Manufacturer, and Collaborator Relations System** | Supplier Communications | Timely, effective | - Supplier satisfaction (7.1-29)  
- Supplier performance (7.1-29) |
| **Supply Chain Management** | Quality products, cost effective, fill rates, selection, inventory availability | - Inventory turns (7.1-30)  
- In-stock rate (7.1-14)  
- Inventory turns per supplier (7.1-31)  
- # of products per supplier (AOS)  
- % of recycled shipping materials used (7.1-18)  
- # available products—overall; by segment (AOS)  
- product return rate—overall (by supplier AOS) |
| **Fulfillment** | Timely, accuracy, getting the right product to the right customer every time | - % Returns (7.1-13)  
- Cost per invoice (7.1-15)  
- 24-hour shipping guarantee (7.1-16)  
- Cost of returns (7.1-13)  
- Product return rate (7.1-13)  
- Shipping accuracy (7.1-17)  
- Shipping package quality (7.1-18) |

| Operations and Support System | Finance and Accounting | Accuracy, integrity, timely | - Net margin (7.5-2)  
- Invoice accuracy (7.1-17)  
- Responsiveness to customers (7.2-7)  
- Net income (7.5-1)  
- Gross sales overall (7.5-3)  
- Gross sales by product line (7.5-3)  
- Days cash on hand (7.5-6) |
| **Performance Improvement** | Timely, engages customers and suppliers, ROI | - ROI from improvement projects—overall (7.1-21; by project AOS)  
- ISO corrective actions, preventative actions (7.1-22) |
| **Information Technology** | Ease of use, uptime, secure, accurate information | - FitWeb speed (homepage load time; 7.1-23)  
- FitWeb uptime (7.1-23)  
- e-order uptime (7.1-12)  
- # of cyber attacks (7.1-24)  
- IS audit compliance rates (7.1-24) |
| **Facilities Management** | Clean, adequacy of space, effective work space | - Total cost per square foot (7.1-25; additional segmentation AOS)  
- % preventative maintenance on time (7.1-25) |
| **Workforce Management** | Engaged team members, effective climate, safe and productive environment, learning opportunities | - Direct labor cost per invoice (7.1-27)  
- Total cost per invoice (AOS)  
- Training and development hours per FTE (7.3-25)  
- Team member retention (7.3-1)  
- Team member satisfaction/engagement (7.3-12) |

Key: In Red = BSC and/or AP key FitMeasures
Organizational knowledge is integrated into work process design by selecting a cross-functional team with the diversity in experience and knowledge to achieve an optimized outcome, including team members who work directly with the process. Knowledge about the new or revised process is shared with team members through communications mechanisms (Figure 1.1-2), learning methods (Step 4, FITTESS, and 5.2b), and SustainIt efforts, as well as the cultural focus on PE (P.2c).

Customer and service excellence are addressed in Step 2 of FITTESS. Through benchmarking in the activewear and athletic shoes industries, as well as in other sectors, the company has identified opportunities to excel in services and best practices. These efforts contribute to CC2 (innovation). To capitalize on CC1 (relationships) and to include key customer groups, FitHabits targets specific projects through focus groups or direct interaction on ShapeItUp teams and/or key suppliers to provide direct knowledge, engagement, and inputs into the design and/or revisions of processes and products.

The potential need for agility is integrated into Step 2 and then tested in Step 3 of FITTESS to monitor process results for indication of the need to refine, redesign, or innovate the process if it is not meeting design expectations for the KWP or customer requirements.

6.1b(1) The design of a KWP using FITTESS and supported with documented SOPPs, work instructions (Step 5, FITTESS), and team member education (Step 4, FITTESS) ensures that the day-to-day operation of the process meets key requirements. The design of new processes includes in-process measures to monitor progress towards achieving the optimized outcome. Performance of these KWP/s and key support processes (KSPs) is monitored through performance reviews (Figure 4.1-4). In addition, key indicators and other statistical, productivity, and expense measures are used by coaches and team members to track daily operations and review during daily SustainIt efforts. Key performance measures and in-process FitMeasures for control and improvement of KWP/s are shown in Figure 6.1-1.

6.1b(2) Supplier, Manufacturer, and Collaborator Relations, and Operations and Support, two of FitHabits’ KWSs, are considered supportive systems to the Customer Relations System. The KSPs embedded within the KWSs are determined during the SPP. The KSPs (Figure 6.1-1) provide for effective supplier relations and operational and support functions. These KSPs are designed, implemented, and managed to meet requirements with the same rigor as the KWP/s, as outlined in 6.1a and 6.1b(1).

6.1b(3) FitHabits improves its work and support processes and product offerings to enhance customer experiences and feedback, as well as to sustain organizational success. Product and process OFIs are identified and managed through the five elements of the PES (Figure P.2-4). OFIs are identified from annual Baldrige feedback reports, ISO internal and external audits, customer reviews and feedback (3.1), supplier reviews and feedback (6.2b), and operational and strategic performance reviews (4.1b). Improvement efforts are managed through the use of ShapeItUp cross-functional teams, which often include customers and/or suppliers to capitalize on CC1, Lean and FITTESS, SustainIt efforts, and a culture of performance excellence. Cross-functional teams promote innovative thinking and opportunities for benchmarking from other industries.

Process improvement recommendations are derived from data analysis; strategic targets; best-in-class benchmarks; regulatory agencies; and feedback from customers, suppliers, and team members. When KWP/KSP and product key measures are underperforming as identified during performance reviews, the process owner is required to evaluate the process and identify barriers and OFIs and/or innovation (CC2). An AP is created and monitored through SustainIt efforts to drive achievement of the desired outcome. Work process improvements, best practices, and lessons
learned are shared across the company through the key communications mechanisms (Figure 1.1-2), knowledge transfer methods (4.2a), and the L&D System (5.2b). Performance reviews and SustainIt efforts are used to review successes and opportunities on a regular basis and consider process standardization (Step 6, FITTESS) to reduce variability in processes.

6.1c FitHabits’ innovation is supported by an Innovation Council, which ensures a systematic process for soliciting ideas for new strategic opportunities, selecting the most promising ideas, performing small-scale testing, and evaluating and sharing what is learned. This follows the FITTESS Process and is incorporated into SustainIt efforts across the company. In 2013, innovation concepts learned from attending various ASQ seminars and workshops were integrated into the FITTESS Process, and Step 2 was revised from “Identify” to “Innovate” to encourage and sustain innovative thinking and concepts into every process and product design and revision project. Assessing risks associated with improvement efforts was also integrated into Step 2 to ensure that appropriate opportunities are identified, evaluated for impact, and resourced appropriately.

As teams identify innovative improvement efforts, anticipated ROI and resource requests (Step 2, FITTESS) are required to move forward. Reviewed through the Innovation Council, the two primary resources required for the majority of FitHabits’ innovative ideas and improvements are time and marketing resources. For example, the intelligence task to add activewear specifically designed for challenged athletes required significant research and engagement time with suppliers and targeted customer groups, and then additional marketing resources to adapt FitHabits’ website and e-catalogue to accommodate special requirements for the specific activewear lines.

FitHabits continues to build an environment tolerant of failure for the sake of learning and innovation. At the point of small-scale testing (Step 3, FITTESS), if the results are not tracking to the expected improvements identified in the project charter, pursuit of the opportunity is discontinued. Support for higher-priority opportunities is evaluated in the next performance review to ensure continued alignment with strategic and operational opportunities.

In addition, to support innovative ideas from across the company, the FitInnovator bonus was added in 2014 (5.2a[4]) to support the core competency of innovation and is given to team members who have outstanding contributions in intelligent risk taking or innovation.

6.2 Operational Effectiveness

6.2a FitHabits controls the overall costs of its operations and work and support processes through the PES (P.2c) and FitTracking (4.1b). Processes are designed using ShapeItUp and FITTESS tools, with methods that specifically address the cycle time, productivity, efficiency, and effectiveness of each process and the impact these may have on team members and the company’s overall capabilities and capacity. Key in-process FitMeasures (Figure 6.1-1), such as cycle time and productivity, are regularly monitored (daily, weekly, monthly, etc.) per the performance review cycle via FitTracking by senior coaches, coaches, and team members. When indicators identify underperformance, the process owner is required to evaluate the process and identify barriers and OFIs and/or innovative interventions. The participants in the various performance analyses and reviews (Figure 4.1-4) help to create a better understanding of performance gaps. An AP is created and monitored, including factors related to product returns (Figure 7.1-13), warranty costs, rework, and service errors (Figure 7.1-17), to drive achievement of the desired outcomes.

When developing KWP and KSPs (especially evident in Step 3, Figure 6.1-2), FitHabits prevents rework and errors using ShapeItUp, FITTESS, and SustainIt efforts integrated into the PES; these efforts include process and value stream mapping for projects focused on waste reduction and process efficiencies. This approach allows early recognition of potential rework and errors and their avoidance as a system, with KWPs/KSPs designed and refined before implementation (Steps 3–6, FITTESS). Additional tools utilized during the design and testing include FMEA, RCAs, and benchmarking to help drive prioritization and standardization of (re)design efforts. When “optimal” processes are designed, process steps that create rework and potential errors are avoided, yielding cost avoidance and ensuring excellence in meeting customer and operational requirements. The cost of inspections, tests, and audits is minimized through good process design and SustainIt efforts. Costs associated with ongoing inspections and audits are minimized through hardwiring error-proofed steps into the design of KWPs and KSPs. For example, in 2009, the entire supply chain of activewear clothing and athletic shoes went to the standardized use of barcode technology, from being received in the warehouses, to customer ordering, to team members picking products from shelves, to packaging, and finally to shipment. While this technology was a significant investment, the ROI has resulted in significant decreases in rework and wrong product shipments, and improvement in customer and team member satisfaction (Figures 7.1-17, 7.1-13, 7.2-2, and 7.3-12). This refinement resulted in meeting the needs of customers while controlling the overall costs of operations. Annually, as part of Step 7 (FITTESS), each KWP and KSP is reviewed for additional opportunities for improved cost effectiveness and operational efficiencies. For example, in 2015, Finance streamlined its accounts receivable (AR) processes to make improvements overall and reduce Days in AR (Figure 7.5-5).

6.2b The FitHabits’ Supplier Management Team manages the supply chain using SupplyFit (Figure 6.2-1). With innovation as a core competency, FitHabits works closely with its suppliers. A Supplier Certification Program, based on seven key criteria elements (Figure 6.2-2), provides distinctive advantages for suppliers. Once certified, suppliers enter a collaborative relationship with FitHabits called the Innovative Reverse Product Identification and Capture Process (SA2). This process enables FitHabits to work directly with suppliers to design, manufacture, and deliver customer-specific and specialty products for key customer groups in a cost-effective and timely manner. FitHabits meets with suppliers on a regular schedule (either monthly and/or quarterly) to review performance, performance metrics, and customer feedback. Suppliers share information on their sales trends as well as on new fabrics and activewear designs. FitHabits also provides
the contract with them is terminated. For example, in 2014, a supplier’s production of several key activewear garments no longer was meeting quality and selection specifications. FitHabits worked with the supplier for over nine months to bring it in congruence with contractual requirements but was not successful. In early 2015, the contract and relationship with that supplier were terminated.

6.2c(1) FitHabits provides a safe operating environment by assessing environmental factors through a company-wide safety committee. The SafetyHabits Committee, which is comprised of two senior coaches, two coaches, and four team members from different units including IS and the warehouses, monitors data, identifies OFIs, manages risk, and coordinates risk re-education. Environmental safety regulations and ISO standards are monitored and safety plans created to address them. Based on an annual hazard vulnerability analysis (HVA; 6.2c(2)), monthly environmental and operational audits are performed to identify potential areas of risk. If risk areas are identified, they are analyzed and RCAs are performed to understand them and mitigate the issues. Annually, these plans are evaluated and updated as needed to address organizational, facility, and/or regulatory changes. Goals are established and tracked through performance reviews and incorporated into SustainIt efforts. The committee monitors injury rates, lost work days, and restricted workdays. An ongoing Facilities Maintenance Program maintains fire projections in all FitHabits’ facilities to prevent a fire or limit the effects if one was to occur. Additional training for areas such as forklift operations and ergonomics (Figure 5.1-2) is provided to all team members at the time of onboarding and annually, as appropriate.

6.2c(2) FitHabits’ Emergency Management System (EMS) utilizes a best-practice HVA tool, benchmarked from a previous Baldrige Award recipient. HVA identifies potential emergencies and analyzes the likelihood of those emergencies occurring and their impacts on the operations, work systems, and services to customers. The EMS is also part of the SafetyHabits Committee’s responsibility. This committee evaluates the HVA annually to gain understanding of internal and external vulnerabilities and focus resources, readiness, and planning efforts to ensure preparation, readiness, and response for disasters and emergencies. Contingency plans are developed for mitigation, preparedness, response, and recovery. Drills with all areas and shifts of team
members, as well as testing of the entire system, are conducted every six months. Outcomes are evaluated, and the SafetyHabits Committee addresses OFIs. SafetyHabits also addresses continuing operations and business recovery in conjunction with IS (4.2(b)(5)) should a major disaster or emergency occur. Roles of specific departments or individuals are outlined and assessed for timely and effective implementation of emergency response and potential impact to operations. The committee works directly with the IS Department to ensure continuity of services or minimal interruption of services in the event of an emergency or disaster. In 2015, the SafetyHabits Committee tested the company’s and several key suppliers’ capabilities in addressing a “mock” product recall of a major activewear product. This mock exercise resulted in the identification of both effective processes in place, as well as several gaps for both FitHabits and the suppliers, which have since been addressed. Since that first exercise, two additional key suppliers have requested to participate in the next opportunity slated for late 2016.

Category 7 Results

FitMeasures are presented for key areas of importance to the success and sustainability of the company. FY2016 projections (short term) are provided, with additional long-term projections AOS. Top-decile comparatives are provided where available and are represented as “best practices.” Limited competitive comparatives are provided due to the lack of availability and/or proprietary information. Additional segmented data for areas such as specific warehouses, suppliers, product groups, workforce groups, etc., are AOS.

7.1 Product and Process Results

7.1a Providing targeted product promotions is a critical customer delighter and enables FitHabits to engage and retain its customers. Promotions ROI is a positive influencer of FitHabits’ business, and beneficial year-over-year ROI is demonstrated in Figure 7.1-1. The significant growth rate of promotions as a percentage of overall uptake and by product area is shown in Figure 7.1-2, with both activewear and athletic shoes sustaining a rate of 2–5% year over year.

In addition to promotions, FitHabits continuously works with its key suppliers to bring to market new product offerings in each of its two product areas; these offerings are measured by SKU (Figure 7.1-3). In addition, a SO is to grow warehouse capacity (Figure 2.1-3), as evidenced by the growth of SKUs that FitHabits offers daily to its customers.
with options for more personalized service; for example, they can always talk with a trained team member P2P. Another option is through FitHabits’ secure e-ordering system. While overall the percentage of e-orders continues to grow (Figure 7.1-5), customers spend more per encounter when ordering through the P2P option. The Call Center is customers’ preferred method of doing business with FitHabits (Figure 7.1-5). Additional Call Center metrics are available to team members every 15 minutes, with hourly and daily formats for call management, staffing, coaching, and performance improvement efforts. These measures are AOS. Note that Sratsa.com best in class is comparable to the industry’s “top-quartile” performance.

FitHabits’ overall growth in sales continues to be extremely strong in both of its product categories (Figure 7.1-6). With the recent expansion into specialized products for challenged athletes (new products available scheduled through Fall 2016), growth sales projections in activewear will reach over $700 million for FY2016.

FitHabits’ success is dependent on its highly skilled team members and their continued ability to engage in and sustain positive relationships with customers. Sales per team member continue to increase (Figure 7.1-7). The decrease in sales per team member seen in FY2014 was planned. This was due to two major events occurring in FY2014: (1) Call Center upgrades in technology, requiring additional training and additional time per customer encounter; and (2) facilities expansion resulting in FitHabits utilizing additional temporary team members and overtime to aid in this transition.

As Call Center volume remains strong, the overall abandoned call rate continues to decrease (Figure 7.1-8). In FY2013, the Call Center expanded its staff and enhanced its team member training, which reduced the percentage of abandoned calls. In addition, the FY2014 Call Center technology upgrade provided state-of-the-art technology for team members to more effectively manage call volumes, while at the same time significantly reducing the abandoned call rate. Note that Sratsa.com best in class is comparable to the industries “top-quartile” performance.
While Call Center volumes remain strong, the average time for P2P customer encounters (as measured in minutes) for both orders and issues remains positive, as demonstrated by the continued improvement in customer engagement (Figure 7.1-9). This demonstrates a strong ability of team members to provide positive service recovery when dealing with customer issues such as returns (Figure 7.1-13). The LT translates these strong results to team members: “more time with your customers translates into higher customer engagement and higher sales . . . a win-win.”

A Call Center efficiency measure is the total average cost of a P2P customer encounter (Figure 7.1-10). FitHabits’ Call Center efficiency has been better than a Sratsa.com best practice (comparable to industry “top-quartile” performers) for the past three years. Another Call Center efficiency measure is phone and e-order uptime (Figure 7.1-12).

An additional performance measure is the effective use of the total square footage owned and leased by FitHabits. In FY2014, the expansion of new warehouse space resulted in a significant decrease in sales/square footage, which resulted in a ShapeITup improvement project being launched. Through careful study and analysis of the work flow of various departments and areas, significant consolidation and more effective use of space were implemented. This freed up space to other areas of the company to enable growth in SKU and warehouse capacity. With the growth rate of new product offerings and additional SKUs being managed, per its projection, FitHabits has regained its momentum in total sales/square foot at the best practice rate (projected; Figure 7.1-11). Note that Sratsa.com best in class is comparable to the industries “top-quartile” performance.

Two key management measures of the Fulfillment Department are reducing returns from all customer orders, while at the same time reducing the cost of handling those returns (Figure 7.1-13); for both measures, FitHabits is making progress. These efforts are augmented by the Call Center and e-ordering system to enable the customer to order the right product at the right size (and color, and style, etc.), reducing returns and dissatisfaction. When products are returned, FitHabits’ barcode technology and relationships with suppliers have enabled the company to reduce its overall cost of handling those returns, while at the same time exceeding customers’ expectations with replacement items and/or refunds and coupons for future orders.
In ensuring effective supplier relationships and warehouse inventory management, FitHabits’ in-stock rate is projected for FY2016 to be at the industry best practice rate of 99% (Figure 7.1-14). Note that Sratsa.com best in class is comparable to the industries “top-quartile” performance.

Fulfillment cost per invoice and average shipping cost per invoice are important efficiency indicators for the KWP Product Merchandising (Sales; Figure 6.1-1). For both indicators, FitHabits is at or nearing best-practice levels for the industry (Figure 7.1-15).

The following four measures (Figures 7.1-16 through 7.1-19) are monitored as customer requirements and delighters, as well as environmentally sustainable practices. In three of these four measures, FitHabits is at or nearing best-practice performance levels. As a boutique company within a large market space, FitHabits is seen as a market leader, and by all accounts (based on Advisory Board and customer focus group interviews and comments), it far outpaces any of its four key competitors in these four indicators.

FitHabits’ 24-hour shipping guarantee (Continental United States), while not unique in the total market space, makes it the only boutique activewear distributor to provide this guarantee. In FY2016, the rate is projected to be at 99% or better (Figure 7.1-16).

Shipping and invoice accuracy (Figure 7.1-17), as well as packaging quality and percentage of packaging made from recycled materials (Figure 7.1-18) and percentage of products “Made in America” (Figure 7.1-19), demonstrate sustained performance at or near best-practice performance levels. FitHabits continues to work with its athletic shoes suppliers to improve on its ability to increase this rate within the product line. Note that Sratsa.com best in class is comparable to the industries “top-quartile” performance.

The time from product order to shipping is a key contributor in meeting the 24-hour shipping time guarantee. Pick lines (for efficiency in finding products in a warehouse) are another indicator of this guarantee. These two indicators, shown in Figure 7.1-20, demonstrate the superb contributions by FitHabits’ team members to reduce overall order-to-ship time, while improving the number of pick lines per hour.
7.1b(1) To drive process effectiveness, FitHabits uses its PES (P.2c) to identify key improvement efforts, manages those through its ShapeItUp efforts and tools, sustains the best practices, leverages the knowledge across the company, and maintains the performance gains through its SustainIt approach and tools. The cumulative year-over-year ROI from those focused performance improvement projects are shown in Figure 7.1-21. These savings have contributed to a strong profit margin (see Figure 7.5-2).

Every FitHabits’ KWP is subject to extensive ISO standards, including, at a minimum, annual internal audits. These audits have resulted in corrective actions (reactionary). But the real value FitHabits has leveraged with its ISO work is moving from the reactionary corrective action findings to the proactive preventative action initiatives. By mid FY2012, FitHabits moved from being in a reactionary mode to a proactive stance (Figure 7.1-22). These efforts directly support FitHabits’ ability to deliver exceptional value to its customers, team members, suppliers, and other stakeholders, as well as innovative and leading solutions as a boutique distributor, as evident by many of its key results being at or near best-practice performance levels in its market space.

FitWeb is a critical resource for the company and enables customers to view products and order and track shipments. FitWeb’s home page speed and uptime (Figure 7.1-23) are critical success factors that are managed daily by IS team members.

FitWeb and the overall IS security against cyber attacks are monitored daily. IS audits to ISO 27001 security and PCI DSS audit findings are shared with the LT quarterly to ensure the highest level of data integrity and customer security (Figure 7.1-24).

As a KSP, Facilities Management is an important function that is often undervalued. As FitHabits has grown its footprint with new warehouse space, the Facilities Team has done an outstanding job in managing the overall facilities, grounds, and key warehouse equipment, resulting in reduced overall facilities’ cost per square foot, which is projected to be at a best-practice level for FY2016. FitHabits is also nearing a 100% rate on completing all preventative maintenance on time (Figure 7.1-25).

FitHabits is very conscious about the environment and has sustained zero EPA violations over the past six years from its operations (Figure 7.1-26). This augments FitHabits’ efforts in increasing its use of recycled packaging (Figure 7.1-18) and working with suppliers to improve the percentage of products “Made in America” (Figure 7.1-19).
Overall process efficiency is measured by total direct labor cost per customer invoice (Figure 7.1-27). FitHabits is projected to outperform the best-practice performance level in FY2016.

7.1b(2) The safety and well-being of FitHabits’ team members are important to the sustainability of the company. FitHabits’ emergency preparedness is focused on providing evacuation drills for all team members on all shifts to ensure appropriate and timely response (Figure 7.1-28). Annually, five drills per site are conducted. Each drill is evaluated for its effectiveness and efficacy in meeting its specified criteria and objectives. OFIs are reviewed by the LT, and actions are taken to improve and sustain overall efforts.

7.1c Supplier and collaborator relationships are key to all jobs at FitHabits. While a coach oversees day-to-day management and regular supplier meetings, almost every LT member and team member regularly interacts with key stakeholders and values these relationships to ensure the continued and sustained ability to delight FitHabits’ customers. A delighted FitHabits’ customer is a delighted supplier customer. FitHabits works diligently to create a strong supplier/manufacturer relationship to ensure a win-win. These efforts are evident in sustained supplier satisfaction and FitHabits’ annual evaluation on individual supplier performance to contractual obligations and expectations (Figure 7.1-29). Each individual supplier performance rating is reviewed with the supplier on an annual basis or more frequently, if warranted. These results are AOS.
A key supply chain efficiency and effectiveness measure is the warehouses’ ability to turn the inventory. Reducing inventory on the floor is a significant expense and one that needs to be monitored daily. Inventory turns overall and for each warehouse are shown in Figure 7.1-30 and by key supplier in Figure 7.1-31.

Product recalls are a supplier’s and distributor’s worst nightmare. FitHabits has been fortunate and diligent to ensure that it has sustained strict supplier requirements in order for a manufacturer to become a FitHabits’ supplier and to maintain being a FitHabits’ supplier through effective management and strict oversight of the expectations. This relationship has resulted in zero product recalls in the past three years (Figure 7.1-32). FitHabits believes that this is also a result of its efforts to push for more products that are “Made in America.” The recalls in FY2010 and FY2012 were of products made overseas and resulted in two of the three suppliers involved being removed from the FitHabits’ supplier list.

7.2 Customer-Focused Results

7.2a(1) Clothing our customers for a fit life and delighting them, always. That mission statement drives FitHabits to meet and exceed customer expectations. Armed with the core competencies of relationships, innovation, and fitness, the team members at FitHabits approach each customer encounter to fulfill the mission statement.

As the number of customer encounters at FitHabits has increased dramatically over the past six years, the percentage of returning customers has had a gentler but steady increase (Figure 7.2-1). FitHabits finds that the old adage that it is easier to sell again to an existing customer than it is to make a new customer is true in its business as well. The increase of returning customers from around 55% to nearly 80% is a trend that FitHabits plans to increase.

Overall customer satisfaction has also increased—from nearly 92% to 94% (Figure 7.2-2). Satisfaction is highest in the activewear market, reflecting the creativity and value of the products of FitHabits’ suppliers.

In a very competitive marketplace, FitHabits consistently surpasses its competitors in overall customer satisfaction (Figure 7.2-3).
FitHabits measures the satisfaction of its customers by their requirements (Figure 7.2-4). This helps FitHabits know how to prioritize improvements. For instance, while customer support has increased, it does not yet meet the Sratsa.com top-10% benchmark. Customer satisfaction with product selection has equaled or exceeded the Sratsa.com top-10% benchmark consistently.

Returns are rarely positive experiences in the retail world. Providing no-cost return shipping labels and following up with the customer after a return have kept satisfaction levels with returning an order over 90% since 2010 (Figure 7.2-5).

Whenever there is a computer glitch or a problem for a customer in placing an order, there are opportunities for FitHabits’ team members to provide the extra step in customer service. When satisfaction was below 90% for several years, a new service recovery process (3.1a[1]) was implemented in 2013, bringing this satisfaction to over 95%.

Promotions overall, including new product offerings and “Made in America” labels, have had increasing satisfaction levels since 2011 (Figure 7.2-6); however, it was clear then that FitHabits was not providing sufficient new products on its website to keep customers interested and satisfied. The Supplier Management Team took up the challenge to work with suppliers to balance new products online, replenish product levels, and decrease re-stock fees. The results are seen in the increase in satisfaction, starting in 2012.

In 2013–2015, while satisfaction with the ease of doing business with FitHabits was high at 88% to 90%, it did not meet the Sratsa.com top-10% benchmark. A cross-functional team worked through a ShapeItUp initiative and developed new processes at the end of 2015. Early results show an increase in satisfaction (Figure 7.2-7).

7.2a(2) FitHabits’ customer engagement levels exceed the competitors’ levels and meet the Sratsa.com benchmark (Figure 7.2-8). When segmenting FitHabits’ customer groups, frequent purchasers, as might be expected, have the highest levels of satisfaction, exceeding the Sratsa.com top-10% benchmark (Figure 7.2-9).

Considering engagement as the likelihood of customers to recommend FitHabits, the company’s score has been 97% for the past four years, just short of the benchmark at 100% (Figure 7.2-10). In addition, catalogues have remained a strong feature of the online shopping experience, and for the past six years, catalogues have received 97% levels of approval.
FitHabits gently entered the social media world, starting with Ratings and Reviews in 2011 (3.1a[1]; Figure 7.2-11). The Social Media Team has moved FitHabits firmly into social media, including HowIlookbook (Figure 7.2-12), Witter, and OurTube. Retail Global has tracked trends in social media, showing that FitHabits is a top-10 watched OurTube channel in the retail market (Figure 7.2-13).

The use of the “DataShop: Marketing Now” sales analytics tool helps FitHabits understand customer patterns, including returns and complaints. The Footwear Marketing Team reviewed the results on returns in 2010 and 2011 and worked with the Footwear Supplier Team on product information and trends to convey to the footwear suppliers. The significant drop in returns, starting in 2012, is the result of the negotiations with the footwear suppliers (see Figure 7.1-13).

Overall dissatisfaction has decreased from 2010, based on all of the improvements discussed above as well as the enhancements to the website (Figure 7.2-14).

7.3 Workforce-Focused Results

7.3a(1) A key component of FitHabits’ mission is the empowerment of the workforce through engagement, teamwork, and professional development. FitHabits creates a team member climate that supports these empowerment elements through the
core competency of relationships and the SO “Be a Team Embracing Fitness” (Figure 2.1-3).

The key workforce capability and capacity performance measure for FitHabits is the retention of team members. The results reflected in Figure 7.3-1 are for the retention of team members overall, identified high-performing team members, and first-year team members. The low retention of new team members was analyzed through a ShapeItUp project in 2013, and various improvements were made, including the revised FitWelcome! orientation program and the FitBuddy program.

Over the past two years, through ShapeItUp, the time to fill job vacancies in number of days was cut by over 60%, surpassing the Agency for People Management (AFPM) 75th percentile (Figure 7.3-2). This improvement enables the People Team to meet the requirements of internal customers. In 2014, Targeted Selection, a behavioral interviewing process that looks at all “targets” of success (knowledge, skills, experience, competencies, and motivational fit) was implemented. The process not only identifies what to look for in a candidate but also how to manage an interview to ensure that the hiring managers are getting to the best data from the candidates so they can make the best hiring decisions. This recruiting process is also attributed to the increase in first-year retention of team members (Figure 7.3-1).

A sign of team members’ engagement is their willingness to refer friends and family to apply for jobs at FitHabits (Figure 7.3-3). In 2013, a referral bonus was awarded to the “referring team member” after a new team member passed a six-month work anniversary.

Unscheduled absences negatively impact FitHabits’ ability to meet its vision. Additionally, they are often an indicator of workforce dissatisfaction. FitHabits has maintained consistently low levels of unscheduled absences (Figure 7.3-4).

The improvement in overtime hours as a percentage of total payroll is evidence of the success of capability and capacity planning (Figure 7.3-5). Overtime hours at FitHabits are currently half of the Bureau of Labor Statistics benchmark and reflect a favorable four-year trend.

As evidence of how the company supports diversity (Figure 7.3-6), FitHabits has been ranked near the top of Assortment Magazine’s top 50 companies in the United States for the past six years.

**7.3a(2)** FitHabits has complied with all regulations of the ADA, including creating access for all in new buildings and refitting leased buildings, as needed. FitHabits has also complied with all regulations of the EEOC and has not had a violation in the history of the company.
After a spike of injuries in 2013 (Figure 7.3-7), the SafetyHabits Committee reinforced the training process and materials. Committee members made presentations across the sites, successfully bringing the injury rate to almost half of the OSHA benchmark. The trend for claims for workers’ compensation (Figure 7.3-8) followed the injury rate.

A 2011 FitHabits’ review of training records showed decent completion rates for new hires but poor completions for the annual refresh training required of all team members. When 2013 started off with a number of accidents, the SafetyHabits Committee worked with the LT to make coaches accountable for team member safety training completions (Figure 7.3-9).

Training in safety beyond the basics is required of a number of jobs. For team members who work in the warehouse, training in HazComm, lockout/tagout processes, and portable fire extinguishers is important for their safety (Figure 7.3-10). Similarly, the team members who drive forklifts in the warehouse need to be certified annually (Figure 7.3-11).

7.3a(3) FitHabits measures team member engagement and satisfaction through team member referrals as well as the results of the annual team member survey (Figure 7.3-12).
The survey gives FitHabits the ability to look across tenure groups and functional groups of team members. The low retention rates of first-year team members from 2010 to 2012 were reinforced in their low engagement scores. As the People Team made changes to support first-year team members, results were seen in retention and engagement (Figure 7.3-13).

The engagement of team members increased relatively consistently across different job categories over a six-year period. The engagement results for the Call Center have been the highest. When this group was studied in 2014 to find lessons to share with other groups, the continual, mostly positive customer contact that team members’ had was the key driver to their engagement. The LT could easily see how they impacted the FitHabits’ mission by delighting customers (Figure 7.3-14).

Several results tie directly to team member requirements. Open, transparent, and frequent communication has been a part of the FitHabits’ culture since the founding days. Results from communications mechanisms (Figure 1.1-2) such as senior coach rounding, leader thank yous, CEO updates, as well as the information on myFitHabits homepage, show high levels of engagement, surpassing the benchmark (Figure 7.3-15).
Teamwork has also been a hallmark of the FitHabits’ culture and is seen as one of the values (Figure 7.3-16). The addition of Targeted Selection behavioral interviewing and selection process uses teaming skills and behaviors as a guide in selecting new team members.

The transparent communication methods, such as the deployment of the FitPlan (2.2a[2]) and QCP Process (5.2a[4]), keep all team members informed and aligned with the goals and objectives of FitHabits. In addition to benefits offered, this helps increase team members’ pride in their work, as well as their engagement (Figures 7.3-17 and 7.3-18).

While recognition has never appeared as a key workforce requirement, the LT is convinced that recognition of the workforce is an important factor in the engagement of team members (Figure 7.3-19). A recognition budget is annually included in the FitPlan.

Recognizing a trend appearing nationally, in 2010, the LT was concerned about the low participation in the 401K plan (Figure 7.3-20). This seemed to be tied to the young workforce at FitHabits. With the People Team, the LT mounted a campaign in 2011 to increase participation, focusing on the corporate matching aspect. In 2015, recognizing that participation was still below a best practice, the LT scheduled a senior coach rounding in April to focus on the value and benefits of having a 401K.

With fitness as a core competency, FitHabits encourages all team members in Richmond to participate in the activities of the FitCenter and for team members in Irving and Portland, subsidized membership in a local fitness center. In 2012, the LT tied such participation to a reduction in the cost of health insurance for that team member, seeing the corporate contribution for health care lower for fit team members who practiced healthy behaviors. Participation has now surpassed the AFPM best practice (Figure 7.3-21).

7.3a(4) Another key requirement of team members was the ability to grow in their jobs. Figure 7.3-22 shows the percentage who felt they had the opportunity to grow. While a number of opportunities were available, the introduction of the QCP Process brought feedback from the workforce to the LT and helped team members become aware of opportunities.

Of particular interest to the IS/Operations Support Departments was professional development tied to some particularly technical jobs, as well as overall development. The introduction of the QCP Process in 2013, in addition to the hiring of a new CIO and several technical system directors, helped focus the company
The L&D Department reviews each new training module or course to determine the level of evaluation. Following the Kirkpatrick model, all training gets evaluated at Level 1, or smile sheets. These data are used to determine if the training facilities are comfortable or the online programs load quickly. Some training receives Level 2, or skill achievement; can the student meet the objectives at the end of the training? The answer helps determine whether the student needs additional training or the training is not effective. Other training is evaluated at some period after the training occurred to determine whether the training was effective. Figure 7.3-26 shows a sample of courses and the levels of evaluations they receive. More information is AOS.

To help with team member professional growth, FitHabits provides tuition reimbursements to help team members continue their education and receive degrees (Figure 7.3-27). The COO is a

on the development needs of the technical staff. Results have continued to improve (Figure 7.3-23).

As a business started in a garage shop, FitHabits has always had a practice of promoting from within the existing staff, as long as capabilities were met. The results for internal promotions exceed the best practice, with the exception of 2013 when there was a conscious decision to bring in new talent to support the website and system security (Figure 7.3-24).

FitHabits has been a long-time believer in the value of effective, focused training. Taking a tip from a 2001 Baldrige Award recipient senior leader who said, “What if you don’t train them and they stay?” the LT invested early in a LMS to track training (Figure 7.3-25). As the system became more versatile, LT members found it would also deliver online training and track evaluation data. More information is available AOS.
big proponent of this program, as she completed an MBA through tuition reimbursement and this gave her the background for her current job. Each year, the opportunity for higher education is a topic during senior coach rounding.

In some cases, certifications are required rather than degrees. This is particularly true in technical areas such as in IT and quality. FitHabits supports this education as well. Team members who complete either a degree or certification are recognized during all-team-members meetings, and they receive a bonus. The LT is proud that, over the last six years, 43 degrees and 234 certifications were awarded to FitHabits’ team members (Figure 7.3-28).

7.4 Leadership and Governance Results
7.4a(1) The growth and success that FitHabits has enjoyed can be tied to the successful approaches that the leaders, or coaches, use for communicating and listening to team members. Figures 7.4-1 and 7.4-2 present results of annual team member surveys.

ABs posted in each department keep team members updated on the company. Through frequent and transparent communication methods, including rounding, team members see a strong focus on action from their coaches (Figure 7.4-3).

Senior coach rounding (Figure 7.4-4) started in FitHabits in 2009, after the CEO/president saw a demonstration of its effectiveness at a Baldrige Award recipient hospital. The practice was quickly adopted at FitHabits in 2010 and became part of the culture by 2012.
Team members have a high confidence level that their leaders model the FitHabits' MVV (Figure 7.4-5).

**7.4a(2)** As evident in 7.5, FitHabits continues to exhibit its values of Balanced and Integrity.

Because FitHabits is a private corporation, the BOD has fiduciary responsibility to ascertain that FitHabits is financially sound and following common accounting practices and all applicable laws and regulations (Figure 7.4-6).

Results of the BOD survey (1.2a[2]) are reviewed annually (Figure 7.4-7), and recommendations to strengthen the BOD are made. A recent improvement included a request to have the CIO present a briefing to the BOD on Internet security that focused on changes in the industry and on plans to keep the FitHabits’ network secure. FitHabits is proud of the recognition it receives from companies and publications (Figure 7.4-8). Some of the recognition, such as the recycling awards, is a result of ShapeItUp improvement initiatives. Others, such as the Hall of Fame recognition from Modern Training for the PI training curriculum (5.2b[1]), are the result of the outstanding work done by team members every day at FitHabits.

**7.4a(3)** FitHabits prides itself on not only meeting minimum regulatory and legal requirements but working to surpass them (Figure 7.4-9). In the areas of Internet and network security, IT staff members have participated in industry roundtables and utilize best practices to help FitHabits stay on the leading edge of the newest standards and keep the network from breaches or other incursions.

### Figure 7.4-6: Financial Audits

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Three Sisters Finance</td>
<td>pass</td>
<td>pass</td>
<td>pass</td>
<td>pass</td>
<td>pass</td>
<td>pass</td>
</tr>
<tr>
<td>Internal Financial Audits</td>
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<td>pass</td>
<td>pass</td>
<td>pass</td>
<td>pass</td>
</tr>
</tbody>
</table>

### Figure 7.4-7: Board Survey

<table>
<thead>
<tr>
<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>I understand the role and responsibilities of the FitHabits' BOD.</td>
<td>95%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>BOD membership includes the skills and representation needed to effectively represent the interests of FitHabits.</td>
<td>95%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>The strategic plan is consistent with the mission of FitHabits.</td>
<td>95%</td>
<td>85%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>BOD decision making is done effectively.</td>
<td>85%</td>
<td>100%</td>
<td>100%</td>
<td>90%</td>
<td>90%</td>
<td>100%</td>
</tr>
<tr>
<td>BOD committees effectively prepare the board to act on key issues.</td>
<td>90%</td>
<td>90%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>Policies are in place that effectively prevent conflicts of interest on the part of BOD members.</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
<tr>
<td>I have the time, energy, and level of commitment to be an active and engaged member of this BOD.</td>
<td>90%</td>
<td>90%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
</tr>
</tbody>
</table>
FitHabits takes corporate ethics very seriously. New team members complete an ethics unit during FitWelcome!, and all team members and coaches have refresher training each year (Figure 7.4-10). Each person signs both a FitFul pledge on ethics and a COI statement. In its short history, FitHabits has not had an ethics case filed.

The results shown in Figure 7.4-11 have qualified FitHabits to receive an Energy Star rating, an EPA measurement of energy efficiency. FitHabits received this news in April 2016, as this application was finalized.

All team members at FitHabits are encouraged to support community organizations and events, whether officially sponsored by FitHabits or not. Each team member is allocated 16 hours annually for this support (1.2c[2]). In 2015, 82% of all team members contributed almost 12,000 hours to their communities (Figure 7.4-12).

FitHabits is involved in helping communities with a number of events and resources. The pinnacle event is the annual shoe give-away for elementary school children, Operation FitShoe, which provides FREE shoes to children (1.2c[2]). Working with
its shoe suppliers, FitHabits gets shoes at cost or less from its suppliers to provide for the event. FitHabits estimates the average pair of shoes, between the discounted and free shoes, costs the company $10. Starting with one local elementary school in 2010, the program has expanded to three schools, helping approximately 1,500 children have new shoes to start the school year (Figure 7.4-13).

In addition to Operation FitShoe, a number of other events have been supported by FitHabits, including the Walk for Breast Cancer at all three sites (Figure 1.2-3). In 2016, FitHabits will support six events, providing team members to staff events and other resources, totaling nearly $65,000 (Figure 7.4-14).

FitHabits is a supporter of JoinedPath at each of its sites. Team member participation and contributions have risen steadily since 2010 (Figure 7.4-15). FitHabits was awarded the JoinedPath Platinum Award in 2013 for having over 90% of the workforce participating and has continued to receive this award every year since then.

**7.4b** FitHabits uses two primary mechanisms for tracking the achievement of organizational strategy and APs: (1) the BSC provides a high-level, strategic view of organizational performance relative to each focus area (Figure 7.4-16); and (2) drill-down measures associated with the APs provide more tactile detail.

FitHabits establishes aggressive APs, with the target to complete the short-term APs at a minimum of 85% completion by their established timeframes (Figure 7.4-17). In setting these aggressive plans, senior coaches are aware that some APs, because of competing priorities, resource allocation, and strategic agility, will not meet this 85% target. In these cases, a senior coach works with the assigned AP owner to make appropriate adjustments. An AP completion rate of less than 70% is not acceptable.
7.5 Financial and Market Results

7.5a(1) As the overall economy has recovered, so too has the market for activewear products. As a small boutique business, FitHabits’ strong financial results are a strategic imperative, and customers interested in fitness and health have contributed to its success.

FitHabits has implemented and sustained key initiatives and processes to ensure superior customer service, a culture of excellence, strong sales in activewear and athletic shoes, and highly engaged team members and suppliers. These efforts have ensured critical strategic advantages (Figure P.2-3) in the marketplace, which have enabled FitHabits to demonstrate extremely strong performance in its net income (Figure 7.5-1) and net margin (Figure 7.5-2). Competitor comparisons are not available.

The overall rate of sales growth (Figure 7.5-3) is a direct contributor to the company’s strong net income and net margin. As FitHabits has continued to grow, the overall sales growth rate remains strong and is keeping overall pace with the market. While FitHabits’ overall athletic shoes sales remain strong, the overall growth rate has slowed as additional competitors come into the market and the overall market continues to be saturated with options.

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**Figure 7.4-16: Balanced Scorecard**

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Scorecard FitMeasures</th>
<th>2014 Results</th>
<th>2015 Results</th>
<th>Figure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>Customer Engagement</td>
<td>95%</td>
<td>95%</td>
<td>7.2-8</td>
</tr>
<tr>
<td></td>
<td>Sales $ per Customer Encounter</td>
<td>$107</td>
<td>$155</td>
<td>7.1-4</td>
</tr>
<tr>
<td>Inventory</td>
<td># SKU Offered</td>
<td>368,228</td>
<td>390,521</td>
<td>7.1-3</td>
</tr>
<tr>
<td></td>
<td>$ Sales/Square Foot</td>
<td>$272.29</td>
<td>$449.64</td>
<td>7.1-11</td>
</tr>
<tr>
<td></td>
<td>% Supplier Performance</td>
<td>96.5%</td>
<td>97%</td>
<td>7.1-29</td>
</tr>
<tr>
<td></td>
<td>% Returns</td>
<td>10%</td>
<td>5%</td>
<td>7.1-13</td>
</tr>
<tr>
<td></td>
<td>% In-stock Rate</td>
<td>98%</td>
<td>98%</td>
<td>7.1-14</td>
</tr>
<tr>
<td>Team Members</td>
<td>Overall Team Member Engagement</td>
<td>80%</td>
<td>82%</td>
<td>7.3-12</td>
</tr>
<tr>
<td></td>
<td>High-performing Team Member Retention Rate</td>
<td>93%</td>
<td>93%</td>
<td>7.3-1</td>
</tr>
<tr>
<td>Finance and Growth</td>
<td>Net Margin</td>
<td>22.67%</td>
<td>35.70%</td>
<td>7.5-2</td>
</tr>
<tr>
<td></td>
<td>Net Income</td>
<td>$93M</td>
<td>$241M</td>
<td>7.5-1</td>
</tr>
<tr>
<td></td>
<td>Activewear Clothing Ranking</td>
<td>#1</td>
<td>#1</td>
<td>7.5-9</td>
</tr>
<tr>
<td></td>
<td>Athletic Shoes Ranking</td>
<td>#4</td>
<td>#3</td>
<td>7.5-9</td>
</tr>
</tbody>
</table>

Color Key: Green = Exceed Strategic Target for Yr by > +3%; Yellow = Achieved Strategic Target for Year by ±2%; Red = Below Strategic Target for Yr by > –3%

**Figure 7.4-17: Percentage Action Plan Accomplishment by Each Focus Area (Target is 85% or greater)**

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td>95%</td>
<td>80%</td>
<td>84%</td>
</tr>
<tr>
<td>Inventory</td>
<td>100%</td>
<td>90%</td>
<td>85%</td>
</tr>
<tr>
<td>Team Members</td>
<td>72%</td>
<td>95%</td>
<td>90%</td>
</tr>
<tr>
<td>Finance and Growth</td>
<td>79%</td>
<td>82%</td>
<td>88%</td>
</tr>
</tbody>
</table>

FitHabits’ ability to pay its suppliers on time is a key contributor to supplier satisfaction and performance. For the past four years, FitHabits has outperformed its competitors in the rate to successfully pay its suppliers on time, as shown by Baseline & Rich’s PayUp Rating (Figure 7.5-4).

FitHabits’ days in accounts receivable have remained strong and perform better than Baseline & Rich’s top-quartile performers,
nearing the top-decile performers (Figure 7.5-5). For a boutique company in today’s market, FitHabits is very proud of its ability to continually meet its obligations.

FitHabits’ days cash on hand has consistently outperformed Baseline & Rich’s top-quartile performers and in FY2016 is projected to be at or near the top-decile-performers’ level, with over 280 days cash on hand (Figure 7.5-6). This strong cash position enables access to funds, allowing the agility for FitHabits to take advantages of opportunities quickly as they arise and support planned investments in new projects such as warehouse expansion.

FitHabits’ special focus area is to continue to expand its support of challenged athletes and to provide a wide selection of activewear products specifically designed for these athletes (1.2c[1]). Over the past three years, FitHabits has been fortunate to experience a strong overall growth rate of these targeted products (Figure 7.5-7); more growth is expected with the additional specialized products for challenged athletes launching through Fall 2016.

In addition to ensuring it pays its suppliers on time, FitHabits also knows that it is imperative to file complete quarterly tax filings on time (Figure 7.5-8). As a privately held company, FitHabits has never been subjected to an Office of the Inspector General or IRS audit or investigation.
7.5a(2) Market share data are difficult to obtain, as the activewear market is saturated with companies that provide a multitude of fitness products, services, nutritional items, etc. In the past five years, FitHabits has hired Market Analyzer, LLC to analyze annual reports from publicly reported companies, conduct market research on the privately held competitors, and engage with Sratsa.com and SCM Compare to help identify the statistically sound market positions of FitHabits’ key competitors in its two product areas (Figure 7.5-9). Market Analyzer, LLC also does analysis to identify FitHabits’ overall market position (Figure 7.5-10). FitHabits remains in the number one position in Internet net sales of activewear products versus its four boutique competitors; it is number three in sales of athletic shoes (Figure 7.5-9).

FitHabits remains the market leader in overall Internet sales in comparison to its four boutique competitors. Large IR/BS retain the majority of the market share (Figure 7.5-10).
Baldrige Performance Excellence Program

Created by Congress in 1987, the Baldrige Program (http://www.nist.gov/baldrige) is managed by the National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce. The program helps organizations improve their performance and succeed in the competitive global marketplace. It is the only public-private partnership and Presidential award program dedicated to improving U.S. organizations. The program administers the Presidential Malcolm Baldrige National Quality Award.

In collaboration with the greater Baldrige community, we provide organizations with

- a systems approach to achieving organizational excellence;
- organizational self-assessment tools;
- analysis of organizational strengths and opportunities for improvement by a team of trained experts; and
- educational presentations, conferences, and workshops on proven best management practices and on using the Baldrige Excellence Framework to improve.

Foundation for the Malcolm Baldrige National Quality Award

The mission of the Baldrige Foundation is to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program and to support organizational performance excellence in the United States and throughout the world. To learn more about the Baldrige Foundation, see http://www.baldrigepe.org/foundation.

Alliance for Performance Excellence

The Alliance (http://www.baldrigepe.org/alliance) is a national network of Baldrige-based organizations with a mission to grow performance excellence in support of a thriving Baldrige community. Alliance members contribute more than $30 million per year in tools, resources, and expertise to assist organizations on their journey to excellence. Alliance member programs also serve as a feeder system for the national Baldrige Award.

American Society for Quality

The American Society for Quality (ASQ; http://www.asq.org/) assists in administering the award program under contract to NIST. ASQ’s vision is to make quality a global priority, an organizational imperative, and a personal ethic and, in the process, to become the community for all who seek quality concepts, technology, or tools to improve themselves and their world.

For more information:
www.nist.gov/baldrige | 301.975.2036 | baldrige@nist.gov

The ratio of the Baldrige Program’s benefits for the U.S. economy to its costs is estimated at 820 to 1.

99 Baldrige Award winners serve as national role models.

2010–2014 award applicants represent 537,871 jobs, 2,520 work sites, over $80 billion in revenue/budgets, and more than 436 million customers served.

364 Baldrige examiners volunteered roughly $5.5 million in services in 2014.

State Baldrige-based examiners volunteered around $30 million in services in 2014.