2016
FitHabits Case Study
Feedback Report
The *FitHabits Feedback Report* is a fictional Baldrige Award feedback report developed by a team of experienced Baldrige examiners who evaluated the *FitHabits Case Study* against the 2015–2016 Baldrige Criteria for Performance Excellence, conducting an Independent Review and a Consensus Review. The *FitHabits Case Study* describes an online distributor of unique and high-end activewear clothing and athletic shoes that promotes a customized, high-touch shopping experience for its customers. 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.

FitHabits scored in band 5 for both process items and results items. An organization in band 5 for process items demonstrates effective, systematic, well-deployed approaches responsive to the overall requirements of most Criteria items. The organization demonstrates a fact-based, systematic evaluation and improvement process and organizational learning, including innovation, that result in improving the effectiveness and efficiency of key processes. For an organization that scores in band 5 for results items, results address most key customer/stakeholder, market, and process requirements, and they demonstrate areas of strength against relevant comparisons and/or benchmarks. Improvement trends and/or good performance are reported for most areas of importance to the overall Criteria requirements and the accomplishment of the organization's mission.

July 1, 2016

Ms. Grace Lee
FitHabits
12501 R&D Boulevard
Building 101
Richmond, VA 23223

Dear Ms. Lee:

Congratulations for taking the Baldrige challenge this year! We commend you for your commitment to performance excellence as demonstrated by your applying for the Malcolm Baldrige National Quality Award (MBNQA), the nation’s highest award for organizational excellence.

The enclosed feedback report, which was prepared for your organization by members of the volunteer Board of Examiners in response to your application, describes areas identified as strengths and opportunities for possible improvement and shows your organization’s scoring. The report contains the examiners’ observations about your organization, but it is not intended to prescribe a specific course of action. In some cases, the comments do not cover all areas to address within a Criteria item; instead, the examiner team collectively identifies your most significant strengths and your most important opportunities for improvement. Please refer to the “Preparing to Read Your Feedback Report” introductory section for suggestions about how to use the information contained in your feedback report.

We are eager to ensure that the comments in the report are clear to you so that you can incorporate the feedback into your planning process to continue to improve your organization. As direct communication between examiners and applicants is not permitted, please contact me at (301) 975-2361 if you wish to clarify the meaning of any comment in your report. We will contact the examiners for clarification and convey their intentions to you.

The feedback report is not your only source of ideas about organizational improvement and excellence. Current and previous Baldrige Award recipients can be potential resources for your organization’s efforts in any performance dimension addressed by the Criteria. Information on contacting Baldrige Award recipients is enclosed. The 2016 award recipients and any organizations recognized for category best practices will share their stories at our annual Quest for Excellence® Conference, April 2–5, 2017. Current and previous award recipients also participate in the two Baldrige regional conferences held each year.

In addition to the Baldrige Award, we offer an evaluation/feedback service called the Baldrige Collaborative Assessment that allows organizations to work collaboratively with examiners and drill down on areas of their operations for which they would like focused feedback. The assessment includes
immediate face-to-face feedback followed by a written report. Information of this assessment and other Baldrige Program activities and offerings can be found on our website at www.nist.gov/baldrige.

In approximately 30 days, you will receive a survey from the Judges Panel of the MBNQA. As an applicant, you are uniquely qualified to provide an effective evaluation of the materials and processes that we use in administering the Baldrige Program. We value your feedback on this and other experiences, so please complete the judges’ survey!

Thank you for participating in the Malcolm Baldrige National Quality Award process this year. Best wishes for continued progress in your organization’s quest for excellence.

Sincerely,

Robert G. Fангmeyer, Director
Baldrige Performance Excellence Program

Enclosures
FitHabits
Preparing to read your feedback report . . .

Your feedback report contains Baldrige examiners’ observations based on their understanding of your organization. The examiner team has provided comments on your organization’s strengths and opportunities for improvement relative to the Baldrige Criteria. The feedback is not intended to be comprehensive or prescriptive. It will tell you where examiners think you have important strengths to celebrate and where they think key improvement opportunities exist. The feedback will not necessarily cover every requirement of the Criteria, nor will it say specifically how you should address these opportunities. You will decide what is most important to your organization and how best to address the opportunities.

If your organization has not applied in the recent past, you may notice a change in the way feedback comments are now structured in the report. In response to applicant feedback, the Baldrige Program now asks examiners to express the main point of the comment in the first sentence, followed by relevant examples, in many cases resulting in more concise, focused comments. In addition, the program has included Criteria item references with each comment to assist you in understanding the source of the feedback. Each 2015 feedback report also includes a graph in Appendix A that shows your organization’s scoring profile compared to the median scores for all 2015 applicants at Consensus Review.

Applicant organizations understand and respond to feedback comments in different ways. To make the feedback most useful to you, we’ve gathered the following tips and practices from previous applicants for you to consider.

- Take a deep breath and approach your Baldrige feedback with an open mind. You applied to get the feedback. Read it, take time to digest it, and read it again.

- Before reading each comment, review the Criteria requirements that correspond to each of the Criteria item references (which now precede each comment); doing this may help you understand the basis of the examiners’ evaluation. The 2015–2016 Baldrige Excellence Framework containing the Business/Nonprofit Criteria for Performance Excellence can be purchased at http://www.nist.gov/baldrige/publications/business_nonprofit_criteria.cfm.

Scott McIntyre, Managing Partner
PricewaterhouseCoopers (PwC) Public Sector Practice
2014 Baldrige Award Recipient

Using Baldrige to improve was, I think, one of the smartest things we did in our business. It really gave us a touchstone, it really gave us an opportunity to learn about [how the Baldrige framework and criteria for excellence] could be adapted to our organization ... and to constantly measure ourselves and evaluate how we’re doing.

Malcolm Baldrige National Quality Award—2016 Feedback Report
• Especially note comments in **boldface type**. These comments indicate observations that the examiner team found particularly important—strengths or opportunities for improvement that the team felt had substantial impact on your organization’s performance practices, capabilities, or results and, therefore, had more influence on the team’s scoring of that particular item.

• You know your organization better than the examiners know it. If the examiners have misread your application or misunderstood information contained in it, don’t discount the whole feedback report. Consider the other comments, and focus on the most important ones.

• Celebrate your strengths and build on them to achieve world-class performance and a competitive advantage. You’ve worked hard and should congratulate yourselves.

• Use your strength comments as a foundation to improve the things you do well. Sharing those things you do well with the rest of your organization can speed organizational learning.

• Prioritize your opportunities for improvement. You can’t do everything at once. Think about what’s most important for your organization at this time, and decide which things to work on first.

• Use the feedback as input to your strategic planning process. Focus on the strengths and opportunities for improvement that have an impact on your strategic goals and objectives.

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_The real value in applying for this award is in the rigorous evaluation process. The constructive feedback from Baldrige helps us improve the way we do business._

*Mike Levinson, City Manager*
*City of Coral Springs*
*2007 Baldrige Award Recipient*

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_The Baldrige requirements ... expose the gaps that you have within your operating structure, your governance, how you conduct business. So once you identify those gaps, you take the steps to resolve them. ... There’s no question that Baldrige has assisted and made MEDRAD a better company on all fronts._

*Samuel Liang, President and CEO*
*MEDRAD (now Bayer HealthCare Radiology & Interventional)*
*2003 and 2010 Baldrige Award Recipient*
KEY THEMES

Key Themes—Process Items

FitHabits (FitHabits) scored in band 5 for process items (1. 1–6.2) in the Consensus Review of written applications for the Malcolm Baldrige National Quality Award. For an explanation of the process scoring bands, please refer to Figure 6a, Process Scoring Band Descriptors.

An organization in band 5 for process items typically demonstrates effective, systematic, well-deployed approaches responsive to the overall requirements of most Criteria items. The organization demonstrates a fact-based, systematic evaluation and improvement process and organizational learning, including innovation, that result in improving the effectiveness and efficiency of key processes.

a. The most important strengths or outstanding practices (of potential value to other organizations) identified in FitHabits’ response to process items are as follows:

- FitHabits’ mission to delight customers always is supported by approaches that drive customer-focused excellence. A systematic Voice of the Customer (VOC) Process with a variety of sources provides actionable market intelligence to the Strategic Planning Process (SPP), as well as actionable information for targeting current, former, and potential customers (Figure 3.1-1). This process and the Social Media Team support the Customer Relations Work System, which helps FitHabits manage customer relationships and build its brand image. Operationally, Focus, Innovate, Test, Train, Execute, Share, Sustain (FITNESS) is used to design work processes to meet customers’ requirements, and a recently redesigned website and mobile app provide greater online functionality, ease of use, and cyber security for customers. To assess the effectiveness of its Customer Relations processes, FitHabits uses the Guppol survey, supplemented with browsing and transaction data, to assess and analyze customer satisfaction, dissatisfaction, and engagement. These integrated processes, directed at customer acquisition, retention, and loyalty, exemplify FitHabits’ core competency of relationships and support the achievement of its mission.

- FitHabits’ approaches to selecting organizational metrics and collecting, analyzing, and reviewing organizational data and information support fact-based operational and strategic decision making. Strategic-level approaches are a semiannual comprehensive market scan and an analysis of competitive and market forces that may impact short- and long-term strategic decisions. With the fact-based Capability and Capacity Planning Model (Figure 5.1-1), FitHabits makes strategic workforce decisions by evaluating the current workforce state and future workforce needs to accomplish the strategy. After determining strategic objectives (SOs), FitHabits systematically selects key performance measures (FitMeasures) via the FitTracking Process, as well as relevant comparisons. FitMeasures are tracked using a balanced scorecard (BSC) and department dashboards and then analyzed to support organizational performance reviews and decision making, using nine review forums with various audiences and frequencies. Operationally,
periodic performance reviews and in-process measures support daily SustainIt efforts. These management practices reinforce FitHabits’ culture of continuous improvement and may lead to improved customer, operational, financial, and societal performance.

- FitHabits’ management system focuses on creating a successful organization by consistently delivering value and results. Using integrated leadership processes, such as succession planning and creating a culture of positive team member experiences, the Leadership Team (LT) builds an organization that delights customers both now and in the future. The annual SPP aligns SOs with short- and longer-term action plans (APs) that address strategic challenges and advantages, as well as core competencies (Figures 2.1-1 and 2.1-3). The SPP also includes an approach to help FitHabits balance the competing needs of stakeholder groups. To help ensure an appropriate focus on its objectives, FitHabits conducts a robust resource needs assessment (RNA), which helps identify and allocate appropriate resources to support APs. In addition, FitHabits systematically designs its day-to-day key work processes to continually meet customer expectations and deliver value for stakeholders. Work process requirements are developed using a wide variety of inputs to help balance value for key stakeholders. The Performance Excellence System (PES; Figure P.2-4) reinforces FitHabits’ focus on success by systematically improving organizational fitness and process efficiency and effectiveness through ShapeItUp and SustainIt.

- FitHabits’ communication and workforce-focused approaches reinforce its values and demonstrate a commitment to valuing people. For example, quarterly coaching plans (QCPs) for team members are designed to support the achievement of both company and personal growth goals. These QCPs are integrated with compensation and recognition processes, as well as the Talent Review System, which helps FitHabits plan for succession and career progression and helps team members meet their personal and professional aspirations. Goals and processes for workforce health and security and a safe operating environment, as well as a variety of tailorable services and benefits, also demonstrate a commitment to the well-being of the workforce. In addition, the LT surveys employees annually to determine drivers and levels of engagement. Engagement is reinforced through LT communication with and recognition of team members.

b. The most significant opportunities, concerns, or vulnerabilities identified in FitHabits’ response to process items are as follows:

- It is unclear how FitHabits makes meaningful changes in its product and service offerings, identifies strategic opportunities, and pursues intelligent risks. For example, no approach is evident for identifying market needs and requirements for adapting product offerings to attract new customers or expand relationships with current customers. Further, it is unclear how FITTESS incorporates the concept of product excellence. It is also unclear how FitHabits leverages the Innovative Reverse Product Identification and Capture Process and input from key collaborators to meet customer
requirements for innovated and on-trend activewear and athletic shoes. More broadly, the SPP does not appear to include systematic steps for stimulating innovation and intelligent risk taking or for identifying strategic opportunities. In addition, it is unclear how FitReview findings are translated into priorities for innovation. Finally, it is unclear how the Innovation Council manages the overall portfolio of strategic initiatives or how financial and other resources are allocated to innovation. To reinforce and develop its core competency of innovation, FitHabits may benefit from integrated and well-ordered approaches to identifying innovation opportunities and evaluating intelligent risks.

- FitHabits has opportunities to build on alignment to ensure that the components of its management system are fully interconnected, including consideration of key external stakeholders, as appropriate. For example, it is unclear how FitHabits involves key suppliers and partners that deploy APs in the SPP to ensure that they achieve the key SOs. It is also unclear how FitHabits manages the risks associated with the plans, particularly supplier-related APs. Similarly, the Emergency Management System (EMS) does not appear to consider the impact of emergencies or continuity of operations related to key suppliers or warehouses. In addition, it is not clear how VOC listening and analysis processes (Figures 3.1-1 and 3.1-2) are used to adapt product offerings to meet customer requirements or expand customer relationships. Also unclear is how the Learning and Development (L&D) System and the team workforce structure reinforce and capitalize on FitHabits’ core competencies. Finally, how FitHabits correlates L&D outcomes with other key business results is unclear. By moving beyond aligned plans and processes to mutually reinforcing, integrated approaches, FitHabits may advance its culture of performance excellence.

- FitHabits has opportunities to enhance its capacity for transformational change and flexibility in operations. For example, it is not clear how the SPP addresses FitHabits’ needs for transformational change or organizational and operational agility to set and deploy priorities for change initiatives. Later in the SPP, projections of performance across the full short- and long-term planning horizons are not evident, which may limit FitHabits’ ability to rapidly respond to market and competitive changes. It is also not clear how FitHabits uses the reviews of its BSC and dashboards to respond rapidly to the need for transformational change. In addition, it is not evident how FitHabits blends data and information from its various internal and external resources to build new knowledge. By developing its capacity for agility and transformational change, FitHabits may enhance its ability to respond to emerging competitors and mergers, as well as changing customer expectations.

**Key Themes—Results Items**

FitHabits scored in band 5 for results items (7.1–7.5). For an explanation of the results scoring bands, please refer to Figure 6b, Results Scoring Band Descriptors.

For an organization in band 5 for results items, results typically address most key customer/stakeholder, market, and process requirements, and they demonstrate areas of
strength against relevant comparisons and/or benchmarks. Improvement trends and/or good performance are reported for most areas of importance to the overall Criteria requirements and the accomplishment of the organization’s mission.

c. Considering FitHabits’ key business/organization factors, the most significant strengths found in response to results items are as follows:

- FitHabits demonstrates good performance relative to industry and best-practice comparisons for many key results. For example, days accounts receivable and days cash on hand compare favorably to the top-quartile level (Figures 7.5-5 and 7.5-6), and a 5-star ranking—accomplished by no major competitor—affirms FitHabits’ ability to pay suppliers on time (Figure 7.5-4). These financial outcomes are supported by best-practice cost-control results that are at or near the top-decile benchmark (Figures 7.1-15 and 7.1-27). Customer engagement levels have consistently reached the top 10% benchmark, and best-in-class customer service metrics, such as abandoned call rate and e-order uptime (Figures 7.1-8 and 7.1-12), help sustain customer engagement. Overall team member engagement and other workforce-focused results have attained or exceeded best-practice levels (Figures 7.3-12, 7.3-25, and 7.3-27). Results for workforce safety and well-being also meet or exceed benchmarks or best-practice levels (Figures 7.3-7, 7.3-8, and 7.3-21). This good performance relative to comparisons demonstrates progress and strength in FitHabits’ key strategic focus areas of finance, customers, and team members.

- FitHabits reports good performance in many customer-focused results. Overall customer satisfaction has increased over five years, and satisfaction and engagement levels exceed those of FitHabits’ four major competitors and the benchmark (Figures 7.2-2, 7.2-3, and 7.2-8). Furthermore, results for likelihood to recommend, a key indicator of customer loyalty, are just short of the 100% benchmark, and social media results show that FitHabits has grown its presence and engagement levels online (Figures 7.2-10 and 7.2-11 through 7.2-13). These results are supported by improvements in results for customer-facing processes, such as average total time per P2P order, abandoned call rate, Call Center phone and e-order uptime, service recovery, and satisfaction with returns (Figures 7.2-5, 7.1-8, 7.1-9, and 7.1-12). FitHabits has experienced no security breaches in the past six years, even as the number of cyber attacks has increased a hundredfold, and audit results show no findings over the same period (Figure 7.1-24), demonstrating protection of vital customer data and information. These favorable customer-focused results indicate progress toward FitHabits’ vision to be the #1 Internet-preferred activewear and shoe resource in the nation.

- Good and improving results in many of FitHabit’s key workforce measures substantiate its strategic advantage of highly engaged team members. Overall engagement and engagement by team member tenure show beneficial trends, with significant engagement improvements for team members with less than one year of service (Figures 7.3-12 and 7.3-13). Key indicators of workforce capability and capacity, such as
retention, recruiting time to fill, and referrals, all show beneficial trends over five years (Figures 7.3-1 through 7.3-3). Creation of a learning environment for team members is demonstrated by increases in average training hours per FTE, tuition reimbursements, and number of degrees and certifications (Figures 7.3-25, 7.3-27, and 7.3-28). These results are reinforced by increased positive engagement responses for team members’ opportunity to grow and professional development (Figures 7.3-22 and 7.2-23). Results also indicate good levels and beneficial trends for senior coaches’ effectiveness in communicating key messages, listening, and focusing on action (Figure 7.4-1-3).

d. **Considering the FitHabits’ key business/organization factors, the most significant opportunities, vulnerabilities, and/or gaps (related to data, comparisons, linkages) found in response to results items are as follows:**

- FitHabits does not provide performance results for several areas of importance to key customer, market, and process requirements. For example, results are not presented for strengthening FitHabits’ core competencies. In particular, results for process innovation and taking intelligent risks are missing. With respect to the relationship core competency, FitHabits reports limited customer dissatisfaction results, including results for customer complaints. Furthermore, no results for senior coaches’ communication and engagement with customers are provided. Missing workforce-focused results include those for some workforce services and benefits, such as spot bonuses, smoking cessation, stress management, and alternative work schedules. Results for the Talent Review System and Talent Development Program, leader development, skills and staffing needs by workforce groups, and the effectiveness of the L&D System are also not reported. To reinforce its core competencies of relationships and innovation, FitHabits may benefit from tracking and managing additional results in these areas.

- FitHabits may have an opportunity to gain deeper understanding of its results through additional segmentation. For example, customer satisfaction and engagement results are not segmented by the customer segments of engaged customers, lurkers, and New Year Resolutioners (NYRs) or by engaged-customer subgroups (frequent, persistent, and occasional purchasers). Some workforce results are not segmented by the diversity of the workforce or by workforce groups and segments, including contract workers. Finally, financial results by customer group or product line are limited. Further segmentation of these results may uncover opportunities to increase market share or customer satisfaction and engagement, identify the distinct needs and expectations of different workforce groups, and understand profitability and performance across all products and the customer base, thereby addressing the strategic challenge of maintaining an adequate profit margin.
DETAILS OF STRENGTHS AND OPPORTUNITIES FOR IMPROVEMENT

The numbers and letters preceding each comment indicate the Criteria item requirements to which the comment refers. Not every Criteria requirement will have a corresponding comment; rather, these comments were deemed the most significant by a team of examiners.

Category 1  Leadership

1.1 Senior Leadership

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

• a(1,3) Through FitHabits’ evolving Leadership System (FHLS), the LT sets direction, deploys FitHabits’ vision and values, and creates an environment to achieve the mission. The system includes steps to cascade SOs, develop QCPs linked to performance reviews and demonstration of values, integrate values into supplier and collaborator business meetings, and use departmental Accountability Boards to help improve performance.

• a(3) Multiple, integrated leadership approaches to build an organization that is successful now and in the future may help FitHabits in becoming the #1 Internet-preferred activewear and shoe resource in the nation. For instance, the succession-planning tool—aligned with the FHLS in 2013—has identified leadership competencies for team members, coaches, and senior coaches. Additionally, listening and responding to drivers of team member engagement help build a culture to delight customers always.

• b(1) The LT reinforces high performance and builds relationships via key communication mechanisms to gather information from and share information with multiple audiences (Figure 1. 1-2). New methods such as the FitHabits Blog and myFitHabits portal allow frank, two-way communication, and actions like sending thank-you notes to the home and recognizing team members completing certifications or degrees reinforce high performance and may strengthen relationships with highly engaged team members.

• a(2) LT members lead by example as they demonstrate a commitment to legal and ethical behavior and promote an organizational environment that requires it. Actions include communicating with full transparency in legal and ethical matters, signing the Code of Conduct and FitFul Pledge, and promoting the organizational value of Integrity during FitWelcome!, combined with the new annual team member survey to determine perceptions of ethical conduct.
OPPORTUNITIES FOR IMPROVEMENT

- a(1), b(1) Methods for the LT to communicate with key customer groups or the Advisory Board are not apparent. LT dialogue with key customers through social media or other communication methods may strengthen the core competency of relationships.

- b(2) It is not clear how the LT includes a focus on creating and balancing value for customers and collaborators in setting performance expectations. For example, it is not clear how customer and collaborator requirements are included in the QCPs. Without an approach in this area, FitHabits may not keep up with changing customer demands and expectations.
1.2 Governance and Societal Responsibilities

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- FitHabits’ integration of societal well-being and support of key communities into its strategy and daily operations demonstrates its core competencies of fitness and relationships. For example, via the Health, Exercise, Attitude, Training, and Healing (HEALTH) portfolio and criteria, FitHabits provides unbiased fitness information and education to shoppers and the community. This information is a differentiator in the marketplace. Furthermore, FitHabits’ new focus on challenged athletes has been integrated into team member hiring and collaborator partnerships.

- FitHabits’ evolving, systematic approaches to responsible governance support its value of Integrity. For example, the seven-person Board of Directors (BOD), partially composed of members of key stakeholder groups, integrates performance reviews into the BSC structure; progress toward APs is communicated transparently to team members; and internal audit results are reviewed through the FitTracking process. Succession planning for the LT makes use of the Talent Development Program.

- Systematic linking of LT and BOD performance evaluations with the FHLS helps FitHabits align leadership performance with organizational outcomes. For example, the CEO’s evaluation is integrated with organizational goals via the QCPs, including key quality and financial outcomes as modified in 2014. Additionally, surveys are used in conjunction with outcomes to further develop leadership effectiveness for both the LT and the BOD.

- Systematic approaches to promote and ensure ethical behavior are deployed to team members via standard operating procedures and policies (SOPPs) and orientation, and to suppliers as part of supplier certification. The Chief People Officer or legal counsel investigates reports of potential breaches of ethical behavior, and issues are addressed through progressive discipline. Additionally, measures of compliance tracking are in place to gauge performance, which may help support FitHabits’ value of Integrity.

OPPORTUNITIES FOR IMPROVEMENT

- It is not evident that FitHabits has fully deployed its approaches to promote legal and ethical behavior to interactions beyond team members and suppliers to interactions with customers and collaborators. FitHabits’ organizational sustainability may benefit from leveraging relationships and defining a more comprehensive approach in this area.

- It is unclear how FitHabits addresses adverse societal impacts or anticipates public concerns with products and operations. For example, it is not clear how FitHabits
leverages listening and learning mechanisms (Figure 3.1-2) to address adverse potential environmental impacts of operations or issues that could affect brand recognition. Additionally, approaches for preparing for these impacts through effective supply-chain management are not clear. Defining these potential impacts may help FitHabits stay ahead of changing customer demands and expectations, a strategic challenge.

- a(1) Beyond selecting BOD members who are primarily from the community or are experts in specific areas, approaches to selecting board members are not clear. Clearly defined criteria or capabilities for BOD members, who are key participants in the SPP, may reinforce ethics and transparency for this closely held company.
Category 2  Strategy

2.1 Strategy Development

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(1)** FitHabits develops its strategy and aligned APs annually through a systematic approach (Figure 2.1-1) that is continuously improved and addresses its strategic challenges, strategic advantages, and core competencies (Figure 2.1-3). SOs are assigned to a LT member, who conducts an RNA. Information eventually feeds the Capability and Capacity Model (Figure 5.1-1), aligns with key work systems (KWSs; Figure 2.1-2), and is monitored through FitMeasures (Figure 4.1-4). A review step has led to cycles of improvement over six years.

- **a(3)** FitHabits uses a comprehensive business analytics process to understand changing industry trends and market forces, which may leverage strategic advantages and help mitigate strategic challenges. Twice annually, the Marketing and Sales Team scans changes in fashion and activewear styles and analyzes broader industry trends in retail, Internet shopping, and activewear/footwear designs. The team also assesses shifts in the competitive landscape and market forces, workforce challenges, and customer needs and expectations to help inform the SPP.

- **a(4)** FitHabits has defined three KWSs central to the business and/or aligned with its core competencies: customer relations; supplier, manufacturer, and collaborator relations; and operations and support. During the SPP, FitHabits assesses and validates the KWSs and evaluates processes for potential outsourcing. Through this annual review, the work systems were restructured in 2013, and several processes were outsourced to suppliers with the necessary core competencies.

- **b** FitHabits’ SOs address its strategic challenges and leverage strategic advantages and core competencies. The strategic focus areas, objectives, and key short- and longer-term APs (Figure 2.1-3), including long-term goals, include planned changes, such as the shift to two new suppliers for sustainable fashions and activewear targeted for challenged athletes. A step in the SPP helps ensure that the SOs balance the competing needs of FitHabits and its stakeholder groups.

OPPORTUNITIES FOR IMPROVEMENT

- **a(2)** It is not clear how the SPP stimulates innovation, including how FitHabits identifies strategic opportunities and decides whether they are intelligent risks; beyond two examples (challenged athletes and minority-owned suppliers), strategic
opportunities are not identified. A defined approach for stimulating innovation within the SPP may allow FitHabits to stay ahead of its competition in the rapidly changing online marketplace.

- a(1,3), b(2) It is not clear how FitHabits’ SPP and review of analytics address several key elements of planning: (1) how input is solicited and considered from the Advisory Board and the community; (2) how FitHabits identifies and mitigates potential blind spots; and (3) how FitHabits identifies needs for transformational change, enhances organizational and operational agility, and prioritizes change initiatives. Including these key elements in the SPP may enhance FitHabits’ ability to develop and execute an effective strategy.
2.2 Strategy Implementation

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(3,4)** RNAs ensure that APs are supported by appropriate financial, workforce, and other resources. Resource requests are prioritized against six impacts (strategy, market, operational, workforce, financial, and tech/innovation), weighted, and scored. The People Team aggregates RNA forecasts to determine workforce capability and capacity needs. Supporting the strategic focus area of team members, staffing and skills needs translate into requirements for additional headcount, redeployed people, and/or skills development.

- **a(1,2)** Helping to ensure SO accomplishment, FitHabits systematically develops and deploys long- and short-term APs to address each SO (Figure 2.2-1), with refinements in 2010 and 2014. LT members assigned as SO owners guide and refine AP development (Figure 2.1-3). APs are deployed to the entire workforce and other stakeholders (Figure 1.1-2), and department meetings address questions and develop Level 2 tactics.

- **a(5)** FitMeasures (Figure 2.1-3) are identified with the Measurement Selection Process (MSP; Figure 4.1-2), aligned to SOs, and tracked through the BSC. The MSP includes selection of relevant comparisons, and with the FitTracking Process (Figure 4.1-1), FitHabits tracks AP execution on a frequency appropriate to the AP horizon.

- **b** In line with its Agile value, FitHabits systematically modifies APs to ensure that they remain agile and flexible to meet business needs, and now uses a Browsing Transaction Survey to anticipate changed requirements. APs may be modified if they are not progressing as planned or if projected changes in the marketplace require modification. The AP Modification Team provides a focused effort to bring nonprogressing plans back to expected levels or modify them to meet their intended purpose.

OPPORTUNITIES FOR IMPROVEMENT

- **a(2,3)** It is not clear how FitHabits deploys APs to key suppliers and partners; manages the risks, particularly supplier risks, associated with the plans; or ensures that key outcomes can be sustained. Considering the importance of suppliers (e.g., SendPlx) to FitHabits’ success, approaches in these areas may support goal achievement and the core competency of relationships.

- **a(6)** Projections of performance across FitHabits’ full short- and long-term planning horizons are not evident, which may limit FitHabits’ ability to respond to changes in its market and competitive position. Given the impending merger of two key competitors,
quantifying the potential impact of the merger over both horizons may help avoid negative impacts on market share performance.
Category 3  Customers

3.1  Voice of the Customer

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

• a(1) The systematic VOC Process (Figure 3.1-1) supports FitHabits’ strategic advantage of superior customer service. A variety of sources provide aggregated data to inform the SPP of actionable intelligence. Sources of VOC data and information (Figure 3.1-2) include all defined customer segments, as well as noncustomers and competitors. The Customer Listening Team regularly deploys VOC learning to Marketing and Sales, the Call Center, and the LT to improve processes and eventually SOPPs.

• a(2) By obtaining actionable information from former, potential, and competitors’ customers (Figure 3.1-2), FitHabits increases its knowledge of changing customer demands/expectations, a strategic challenge. In a 2011 improvement, potential customers and competitors’ customers were targeted through social media and FitHabits’ website. This information is used by the Marketing and Sales and Supplier Management teams and serves as input into the SPP.

• b(1) FitHabits’ approaches to assessing customer satisfaction and engagement help sustain its strategic advantage of superior customer service. The Guppol survey is used to help determine customer satisfaction, dissatisfaction, and engagement, with a statistically valid sample of customers surveyed with targeted questions monthly. Results are updated monthly and used in conjunction with daily surveys for browsing and purchasing transactions, Ratings and Reviews, and other listening mechanisms to improve the customer experience.

• b(2) FitHabits’ three-pronged approach to gain and analyze information on customer satisfaction relative to satisfaction with competitors may help mitigate the strategic challenge of emerging competitors. The approach includes external (leveraging national athletic media), internal (a brand survey), and social media elements, with the Social Media Team scanning social media to assess levels of customer satisfaction and brand loyalty with FitHabits and competitors providing similar products.

OPPORTUNITIES FOR IMPROVEMENT

• b(1) It is not clear how the Guppol survey data, information, and insight capture actionable information by market segment to use in exceeding customer expectations and securing long-term engagement. Without such information, FitHabits may miss segment-specific opportunities for improvement and innovation, a core competency.
b(2) It is unclear how FitHabits obtains information on customer satisfaction relative to organizations that are not direct competitors (e.g., other Internet retailers) or outside FitHabits' market niche (e.g., large retailers) or to best-in-class Internet retailers. Considering the strategic challenge of emerging competitors and mergers, FitHabits may benefit from obtaining information on customer satisfaction relative to satisfaction with such retailers outside the activewear/athletic footwear Internet market.
3.2 Customer Engagement

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(1)** Use of the VOC process (Figure 3.1-1) to gather information aids FitHabits in meeting customer and market requirements. The information serves as input to a SWOT analysis that identifies opportunities to adapt existing products and services or develop new ones. Cross-functional teams—and in some cases, customer representatives—guide new products through the development approach. In 2014, a product line targeting a new customer segment, challenged athletes, resulted from this process.

- **b(1)** FitHabits’ approach to building and managing customer relationships, and to managing and enhancing its brand image, is aligned with a core competency, the mission, and a KWS. These are supported by the VOC Process (Figure 3.1-1) and the Social Media Team. Multiple mechanisms—which are improved annually—include the redesigned FitWeb, a new mobile app, social media, national magazine ads, and an expanded fitness topic resource.

- **a(3)** Leveraging the core competency of relationships, FitHabits analyzes browsing and purchasing patterns to identify current and anticipate future customer segments and to target marketing to each segment based on behavior. For example, special promotions, surveys, or digital ads attempt to convert lurkers into engaged customers. All customer groups and segments are assessed during semiannual market analytics, and Marketing Now is used to focus marketing campaigns.

- **a(2)** Meeting a key customer requirement identified as the “heart of the company,” the provision of easy electronic transactions enables FitHabits to build and manage customer relationships. Information from VOC mechanisms serves as the basis for evidence-based business decisions, allowing continual improvement of ease of use and the online experience. Enhancements include a mobile app and the redesign of FitWeb, which now includes an online chat function, an online hotline, an expanded customer profile, and online “Notes of Interest.”

OPPORTUNITIES FOR IMPROVEMENT

- **b(2)** It is unclear how FitHabits’ management of complaints enables recovery of customers’ confidence and enhancement of their satisfaction and engagement. For example, how FitHabits verifies or measures the effectiveness of resolution is unclear. Without such an approach, FitHabits may miss opportunities to use complaint resolution to rebuild or enhance customer relationships, a core competency.
• a(1) It is not evident how FitHabits uses its VOC approaches (Figures 3.1-1 and 3.1-2) to identify and adapt product offerings to enter new markets, attract new customers, and expand customer relationships. For example, it is not clear how insights and trends from trade shows are translated into the product portfolio or how product features are differentiated from those of competitors. An approach in this area may help address FitHabits’ strategic challenge of meeting changing customer demands and expectations.
Category 4  Measurement, Analysis, and Knowledge Management

4.1  Measurement, Analysis, and Improvement of Organizational Performance

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range.  
(Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

• a(1)  FitHabits supports its strategic advantage of focus on continuous improvement through its FitTracking Process (Figure 4.1-1), which integrates definition of goals and APs from the SPP with selection of appropriate measures. The process also incorporates selection of comparative data, performance analysis and reviews, and best practice identification. The systematic tracking of these measures allows for performance measurement, analysis, review, and improvements toward the achievement of FitHabits’ key organizational results and SOs.

• a(2)  Understanding its performance objectively compared to others supports FitHabits’ management of the strategic challenge of emerging competitors and mergers. With the Comparative Selection Process (Figure 4.1-3), FitHabits determines appropriate and effective comparative sources and levels for key FitMeasures. It draws from five key comparative sources, with the target set at the top 10% and included in appropriate dashboards to monitor performance. FitHabits has increased its use of comparatives for key FitMeasures from 10% to 65% (Figure 4.1-4).

• a(3)  FitHabits uses VOC and market data to support its mission to delight customers always. The VOC process (Figure 3. 1-1) and key Listening and Learning Mechanisms (Figure 3.1-2) serve as an input to the SPP. Information is captured, analyzed, and trended weekly and shared across the company, with a monthly summary report to the LT and the Social Media Team researching and responding to negative comments. Information is deployed through APs, the L&D System, and KWSs.

• b  FitHabits’ organizational performance review processes help reinforce its strategic advantage of a focus on continuous improvement. Steps 4 and 5 of FitTracking involve multiple performance reviews. Nine different forums are defined for reviewing organizational performance, with various audiences and frequencies (Figure 4.1-4). Performance analysis and review methods help ensure that measures are aligned with strategy, performance is assessed using a balanced set of measures, performance results are analyzed, and improvement plans are developed and implemented.

OPPORTUNITIES FOR IMPROVEMENT

• b, c(3)  It is not clear how FitHabits uses performance reviews to respond rapidly to the need for transformational change or how it uses findings from performance reviews to
develop priorities for innovation. For example, how FitReview findings are translated into priorities for innovation or the need for transformational change is not evident. Since innovation is a core competency and organizational value, clearly defined processes for innovation may support the development of future products and services.

- a(3) It is not clear how FitHabits uses VOC information in building a more customer-focused culture or in operational decision making, other than as an input into the SPP. For example, how FitHabits uses Guppo customer satisfaction data—other than to update the intranet and monitor browsing and purchasing data—to drive evidence-based decision making is not clear. Approaches in this area may inform actions in support of “clothing our customers for a fit life and delighting them, always.”
4.2 Knowledge Management, Information, and Information Technology

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **b(2)**  To meet the cyber security strategic challenge, FitHabits ensures the security of information through a multilevel secure data warehouse, with passwords and PINs that meet ISO 27001 standards, and third-party audit verification. Secure portals exist for all team members and for relevant key suppliers. Layered security protects networks, including perimeter firewalls, server and workstation firewalls, antivirus and antimalware software, regular security patches, and data and transport encryption. All team members receive annual cyber security training.

- **b(5)**  Supporting the strategic advantage of superior customer service, FitHabits ensures that hardware and software systems, data, and information continue to be secure and available through a five-level Emergency Operations Plan, daily testing and 24-hour monitoring of firewalls, and nightly systemwide backups of critical information and data. Testing and drills are conducted, and an independent disaster recovery datacenter stores a replica of critical data. Email, the catalogue, the ordering system, and network files are replicated every 15 minutes.

- **a(1)**  FitHabits’ knowledge management approaches help it meet key customer requirements and maintain its culture of performance excellence. Mechanisms exist for transferring knowledge to the workforce (e.g., Figure 1.1-2, SOPPs, the L&D System, and the SustainIt Portal), to and from customers (e.g., catalogues, inquiries, and FitWeb), and to and from suppliers and collaborators (e.g., Figure 1.1-2, inclusion in improvement initiatives).

- **b(1)**  FitHabits verifies and ensures the quality of data and information through a variety of approaches across multiple technologies to support its vision to be the #1 Internet-preferred activewear and shoe resource in the nation. Approaches are in place for accuracy, integrity, and reliability (Figure 4.2-2). Improvements realized from annual reviews include the implementation of a survey, improved accuracy of data capture for web ordering, and a change in the implementation of third-party assessments from annual to semiannual.

OPPORTUNITIES FOR IMPROVEMENT

- **a(1)**  It is not evident how FitHabits blends data and information from its various internal and external resources to build new knowledge, or how it assembles relevant knowledge for use in its innovation processes, which is identified as a core competency. This may limit the company’s ability to develop new insights that drive innovation.
• a(2) It is not evident how FitHabits sustains its culture of excellence by embedding organizational learning into the way it operates. For example, it is not clear how the five elements of the PES (Figure P.2-4) are used in this manner, or how learnings that are captured and housed in the SustainIt Portal are integrated into processes and measurement systems to ensure that they are systematized for ongoing use by team members.
Category 5 Workforce

5.1 Workforce Environment

Your score in this Criteria item for the Consensus Review is in the 50–60 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(1)** FitHabits’ Capability and Capacity Planning Model (Figure 5.1-1), integrated with the SPP to assess workforce needs, helps address the strategic challenge of retaining skilled team members. With the model, the People Team evaluates the current state of the workforce, forecasts the future state, reviews the forecast against benchmarks, and develops plans to close gaps. The process is reviewed annually; the benchmarking step is a recent addition.

- **a(2)** FitHabits’ recruiting, hiring, and onboarding approaches may aid in the retention of skilled team members in the competitive online boutique athletic market. FitHabits posts positions internally and with a wide variety of external media. After screening, candidates undergo a behavioral-based interview. New team members participate in FitWelcome! A 2013 ShapeltUp analysis resulted in a standardized onboarding process and repository of information for new team members, the introduction of FitBuddy, and a welcome lunch with the CEO.

- **b(2)** FitHabits supports team members through services and benefit choices that may be tailored to meet individual needs, including financial, health, professional development, work-life balance, and others. With the addition of the fitness center and the WellFit Program, these services and benefit choices support FitHabits’ core competency of fitness and may help FitHabits achieve its SO of improving overall employee engagement.

- **b(1)** FitHabits’ approaches to workplace environmental factors respond to the workforce engagement factor of pride in work. Measurable work environmental goals for health, security, and access are segmented by workforce groups (Figure 5.1-2). Improvements in parking lot lighting reduced team members’ concerns, and a ShapeltUp analysis that changed forklift training has decreased injuries. Processes and policies are supported by SOPPs and reinforced in coach rounding and in training.

OPPORTUNITIES FOR IMPROVEMENT

- **a(3)** It is not clear how the functional department/cross-functional team organization of the workforce leverages FitHabits’ core competencies of innovation, relationships, and fitness, or how the approach reinforces customer focus, organizing the workforce to
capitalize on core competencies may help FitHabits leverage workforce management processes to drive the mission to delight customers always.

- a(2) FitHabits’ diversity recruiting goals do not appear to mirror or to be segmented to represent the diverse ideas, cultures, and thinking of FitHabits’ customer community. Ensuring diversity that represents the customer base may provide an opportunity to benefit from the diversity of the customer community to increase opportunities for high performance.

- b Full deployment of workforce climate approaches is not apparent. For example, it is not clear whether benefits such as WellFit are available to team members outside headquarters, whether HEALTH is encouraged for all team members, or whether FitHabits makes accommodations for diverse team members, such as those hired as challenged athletes. Approaches to ensure full deployment across workplace locations and groups may help FitHabits retain skilled team members in the competitive boutique athlete market.
5.2 Workforce Engagement

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(4)** FitHabits supports team member engagement and a cultural focus on performance excellence through its systematic performance review and coaching process. As a result of a refinement in 2013, department coaches and team members use QCPs to set individual goals aligned with strategic APs and department goals, as well as personal growth goals. Additionally, compensation is based on individual and department performance, with various recognition events providing reinforcement.

- **b(1)** The L&D System systematically supports both organizational needs and the personal development of team members. Competencies are defined for each job, leading to competency-based training plans, process-specific SOPPs, and criteria for the Talent Development Program. The L&D System is now aligned to the FHLS and includes training on process improvement and innovation for all team members. This approach supports FitHabits’ workforce engagement factors of opportunity to grow and professional development/technical training.

- **a(2, 3)** To maintain the strategic advantage of engaged team members, FitHabits uses an annual survey to determine the drivers of and assess levels of engagement. Results are segmented by job category and other workforce characteristics, and are compared with best-in-class benchmarks and then validated. Other engagement indicators, such as retention and safety, are compared with customer engagement and financial results to highlight potential issues, which prompted a 2013 shift from contract to full-time positions in the warehouse.

- **b(3)** The use of QCPs and the Talent Review System to manage career progression may help FitHabits retain skilled team members in the competitive boutique athlete market. To enhance this approach, career aspirations were added to the QCP Process. In the Talent Review System, created in 2013, coaches review talents team members’ talents annually to identify team members who are ready to advance.

OPPORTUNITIES FOR IMPROVEMENT

- **b(1)** It is not clear how FitHabits’ L&D System addresses core competencies; supports organizational change, ethics, and ethical business practices; improves customer focus; or ensures the transfer of knowledge from departing or retiring team members. Approaches to leverage learning factors such as evaluation and improvement cycles, ideas from workforce/stakeholders, best-practice sharing, and benchmarking may help
FitHabits reach its vision to become the #1 Internet-preferred activewear and shoe resource in the nation.

- a(1) It is not clear how FitHabits’ culture benefits from the diverse ideas, culture, and thinking of the workforce or how FitHabits ensures that team members are empowered to make decisions. A lack of approaches in these areas may lead to a decline in workforce, community, and customer satisfaction and lower customer and workforce engagement.

- b(2) FitHabits does not appear to have an approach for evaluating the L&D System’s impact on workforce engagement and other key business results, as evaluation appears to be limited to course surveys and skill-based training evaluations. Systematically correlating L&D outcomes with key results—and identifying opportunities for improvement in the L&D System and in workforce engagement—may help FitHabits maintain its strategic advantage of a highly engaged workforce.
Category 6  Operations

6.1  Work Processes

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **a(2)** FitHabits’ systematic approach to designing its key work processes ensures that they meet requirements and provide customer value. FITTESS (Figure 6.1-2) aligns process design and improvement with an identified business case associated with an SO and one or more core competencies and process measures. The process integrates organizational knowledge from cross-functional teams and leverages the core competency of relationships by incorporating key customer inputs to embed service excellence into processes.

- **a(1)** Through a systematic process to determine key product and process work requirements, FitHabits ensures effective work process design. ShapeItUp teams analyze inputs from multiple sources—including VOC mechanisms; regulatory, ISO, strategic and operational requirements; and Advisory Board, supplier and collaborator input—in the Innovate phase of FITTESS (Figure 6.1-2), and the inputs are evaluated in the Test phase. The CEO, LT, and senior coaches review and validate the requirements annually.

- **b(3)** Building on FitHabits’ culture of performance excellence, the PES (Figure P.2-4) systematically drives improvement. Cross-functional ShapeItUp teams, which may include customers and suppliers, use PES tools to address opportunities for improvement (OFIs) identified through Baldrige assessments and ISO, supplier feedback, and internal reviews. Process owners identify underperforming areas and develop APs to address improvements. Best practices and learning are shared through the SustainIt Portal and key communication mechanisms, and are incorporated into the L&DD curriculum.

- **b(1)** FitHabits’ method for process implementation ensures that the day-to-day operation of work processes meets key requirements, thus supporting high performance. FITTESS (Figure 6.1-2) addresses team member training on new designs and includes documentation in SOPPs and work instructions. Monitoring of processes and in-process measures by coaches supports daily SustainIt efforts.

OPPORTUNITIES FOR IMPROVEMENT

- **a(2)** Beyond benchmarking within the industry, it is not evident how FitHabits incorporates product excellence into FITTESS to ensure that it can meet changing customer demands and expectations. For example, it is not apparent how FitHabits
uses the Innovative Reverse Product Identification and Capture Process or input from key collaborators on the latest research on product development and new trends in fitness to help meet the customer requirement for a wide variety of on-trend activewear and athletic shoes.

- It is not evident how the Innovation Council manages FitHabits’ overall portfolio of strategic opportunities, thus leveraging the core competency of innovation. The process to make financial and other resources available to pursue innovation opportunities is not clear, nor is it evident how FitHabits decides to pursue intelligent risks or discontinue pursuing opportunities based on priority.
6.2 Operational Effectiveness

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5a, Process Scoring Guidelines.)

STRENGTHS

- **b** FitHabits uses its core competency of relationships and the systematic SupplyFit (Figure 6.2-1) to qualify, measure, and sustain its interactions with key suppliers. The process includes regular performance reviews and biannual qualification visits, as well as methods to sustain the relationship. An annual review identifies improvement opportunities. Close coordination with suppliers may help FitHabits address its strategic challenges related to inventory management.

- **a** FitHabits’ focus on continuous improvement helps drive process efficiency and effectiveness. All key work and support processes are evaluated annually for potential improvement using FITTESS. Overall costs of operations are controlled through systematic error-proofing during design; regular monitoring of work processes through FitMeasures; and use of PES tools, including ShapeltUp and SustainIt, to help prevent rework and errors.

- **c(2)** The EMS helps FitHabits prevent and recover from disasters or emergencies. The annual hazard vulnerability analysis identifies potential issues, including for information systems; analyzes the likelihood of occurrence and the impact on the organization and customers; and prepares contingency plans for mitigation, preparedness, response, and recovery. Drills are held with all areas and shifts every six months, and the SafetyHabits Committee evaluates the outcomes and addresses OFIs.

- **c(1)** FitHabits systematically provides team members with a safe operating environment. The SafetyHabits Committee coordinates companywide efforts by developing and evaluating annual safety plans that address risks related to facilities and organizational and regulatory changes, appropriate training, prevention, and root-cause analysis. Measures are included as part of SustainIt.

OPPORTUNITIES FOR IMPROVEMENT

- **c(2)** It is unclear how the EMS addresses continuity of operations and maintenance of a robust inventory in the event of disasters or emergencies that affect warehouse operations or key suppliers. For example, beyond a “mock” test in 2015, it is not evident how FitHabits works with suppliers to ensure that supply-chain disruptions do not affect the meeting of customer requirements, especially overnight delivery. In such cases, this may damage FitHabits’ core competency of relationships with both suppliers and customers.
• a  It is not evident how FitHabits' initiatives to improve process efficiency and effectiveness consider and balance customer needs and requirements, such as prompt delivery or customer support. This may hinder FitHabits' core competency of relationships.

• b  It is not evident how the Reverse Product Identification and Capture Process functions within SupplyFit (Figure 6.2-1). No description of the process is apparent, making it unclear how FitHabits capitalizes on this strategic advantage to ensure effective operation of its supply chain.
Category 7  Results

7.1  Product and Process Results

Your score in this Criteria item for the Consensus Review is in the 70–85 percentage range. (Please refer to Figure 5b, Results Scoring Guidelines.)

STRENGTHS

• a  Several results demonstrate superior customer service, a strategic advantage. FitHabits addresses increasing demands from consumers for better and more personalized customer service, as shown by improvements in Average Total Time per P2P Order, commensurate with an increase in customer engagement (Figure 7.1-9). Higher service levels are supported by a decrease in the abandoned call rate to about one-fourth of the best-practice rate and by Call Center phone and e-order uptime of 100%, the latter of which is best-in-class (Figure 7.1-12).

• b(1)  Results for cyber security, a strategic challenge, and IS audit compliance indicate no security breaches in the past six fiscal years, even while cyber attacks increased a hundredfold. Audits for ISO 27001 security and the Payment Credit Industry Data Security Standard show no findings over the same period, and the IS audit compliance rate has been at 100% for the past two fiscal years (Figure 7.1-24), demonstrating effective protection of vital data and information.

• b(1)  Beneficial trends and good performance relative to comparisons for many process effectiveness and efficiency results indicate that FitHabits is addressing its strategic challenge of maintaining an adequate profit margin. For example, cost per invoice has decreased by about 20% over four years and is at the best-practice level (Figure 7.1-27). Other examples are 30% and 40% improvement, respectively, in Total Cost per P2P Customer (Figure 7.1-10) and Average Fulfillment Cost per Invoice (Figure 7.1-15). Fulfillment and shipping costs are at or near the top decile.

• c  FitHabits balances some favorable supply-chain management results with addressing its challenge to maintain a robust inventory selection. Supplier satisfaction improved from 85% to 91% over five years, exceeding the top-decile benchmark, with a corresponding improvement in overall supplier performance (Figure 7.1-29). Inventory Turns Overall and by Warehouse (Figure 7.1-30) show a beneficial trend, with all warehouses nearing the top-decile level. In addition, there have been no product recalls in the past three years (Figure 7.1-32).

OPPORTUNITIES FOR IMPROVEMENT
• **b(1)** Results are not reported for one of FitHabits’ core competencies, innovation. This may make it difficult for FitHabits to understand the success of its efforts to drive breakthrough improvements in operational performance.

• **a, b(1)** None of the customer-focused product and service results presented include comparisons to FitHabits’ four key competitors, and some process effectiveness and efficiency results do not include comparative data. Given that the Sratsa best-in-class levels reflect only the 25th percentile, comparisons with competitors may help FitHabits understand its relative performance in meeting customer requirements and in becoming the #1 Internet-preferred activewear and shoe resource in the nation.

• **c** Results for FitHabits’ key supply-chain requirements (Figure P.1-6) are not reported. For example, no segmented results are presented to indicate supplier performance against the requirements for on-time and accurate delivery, including for the major shipping partner, or for meeting sizing and quality specifications.
7.2 Customer-Focused Results

Your score in this Criteria item for the Consensus Review is in the 50–60 percentage range. (Please refer to Figure 5b, Results Scoring Guidelines.)

**STRENGTHS**

- **a** FitHabits’ customer satisfaction and dissatisfaction results demonstrate success in delighting customers always. For example, overall customer satisfaction has improved over five years and exceeds that of each of its four major competitors and the comparison by four or more percentage points (Figures 7.2-2 and 7.2-3). Overall dissatisfaction has improved from 8.5% to 6.0% since 2010 due to ongoing improvements (Figure 7.2-14).

- **a(1)** Satisfaction with service recovery, a key indicator for reclaiming customer satisfaction and loyalty that builds on the core competency of relationships, has improved from 88% to 95% over five years due to the implementation of a new process (Figure 7.2-5). During the same period, satisfaction with returns increased from 89% to 93% after the provision of no-cost shipping labels and customer follow-up after each return.

- **a(2)** Results for customer engagement, which is critical in maintaining and growing market share, demonstrate beneficial levels and trends. For example, customer engagement levels exceed competitors’ levels and meet the benchmark (Figure 7.2-8); likelihood to recommend, a key indicator of customer loyalty, has been at 97% for the past four years, just short of the 100% benchmark (Figure 7.2-10); and social media results (Figures 7.2-11 through 7.2-13) show that FitHabits has grown its online presence and engagement levels.

**OPPORTUNITIES FOR IMPROVEMENT**

- **a** Customer satisfaction and engagement results include limited segmentation by the customer groups delineated in P.1b(2) (engaged customers, lurkers, and NYRs) or for the engaged customer segments of frequent, persistent, or occasional purchasers (Figure 3.1-2). Without this type of information, FitHabits may be missing opportunities for improvement and innovation to increase market share or improve satisfaction and engagement.

- **a(1)** Results for customer dissatisfaction are limited to those for one overall indicator (Figure 7.2-14). Results for additional indicators of dissatisfaction, such as customer complaints, may enable FitHabits to better understand its performance with respect to key customer requirements and identify opportunities for improvement.
a(2) Some social media marketing results do not include competitor information. For example, Social Media Connections: Howlookbook “Likes” (Figure 7.2-12) gives results for only one of six social media outlets and does not include comparisons with competitors. Without such information, FitHabits may not be able to gauge how it is faring in social media marketing and may be vulnerable to market surprises such as the one cited in 2.1a(1).
7.3 Workforce-Focused Results

Your score in this Criteria item for the Consensus Review is in the 50–60 percentage range. (Please refer to Figure 5b, Results Scoring Guidelines.)

STRENGTHS

- **a(3)** FitHabits’ workforce engagement results indicate strengthening of its strategic advantage of highly engaged team members. Overall engagement has increased from about 71% to about 82% over five years and exceeds the best-practice benchmark (Figure 7.3-12). Engagement by team member tenure also shows beneficial trends for all five cohorts, most significantly for the newest team members (Figure 7.3-13). Similarly, overall engagement has increased for all segments reported (Figure 7.3-14).

- **a(2)** Workforce health and safety results show improvement, in some cases to 100% or benchmark levels. For example, improvements have lowered worker compensation costs from 6% to 2% of payroll (Figure 7.3-8), and injury rates are better than the benchmark (Figure 7.3-7). Safety, hazard communication, and lockout/tagout training, as well as forklift safety certifications, have been at 100% for two years (Figures 7.3-9 through 7.3-11). In addition, participation in WellFit has exceeded the benchmark for three years (Figure 7.3-21), supporting the goal of 80% participation.

- **a(1)** FitHabits demonstrates beneficial trends in its capability and capacity results for the workforce overall and some key segments. For example, first-year retention (Figure 7.3-1), which relates to a strategic challenge, improved from below 65% to more than 85% over three years as a result of improvements, including revising the orientation program and introducing behavioral interviewing. Recruiting Time to Fill and Referrals (Figures 7.2-2 and 7.3-3) also show beneficial trends.

- **a(4)** Good levels and beneficial trends for workforce development results demonstrate a learning environment for FitHabits’ team members. Average training hours per FTE and tuition reimbursements have both increased and are better than the best-practice levels (Figures 7.3-25 and 7.3-27); the number of degrees and certifications has nearly doubled (Figure 7.3-28). These results are reinforced by results for perceptions of opportunity to grow and of professional development, with the latter increasing from 68% to nearly 90% (Figures 7.3-22 and 7.3-23).

OPPORTUNITIES FOR IMPROVEMENT

- Workforce-focused results are missing for selected benefits, such as spot bonuses, smoking cessation, stress management, and alternative work schedules (Figure 5.1-3), as well as for the Talent Review System and Talent Development Program, leader development, skills and staffing needs, and the efficiency of the L&D System. Tracking
these results may help FitHabits understand how well it is meeting current and future workforce needs.

- Some workforce capability and capacity, climate, and development results are not segmented by the diversity of the workforce or by workforce groups and segments, including contract workers. Segmenting results in this way may help FitHabits identify the distinct needs and expectations of different workforce groups and reinforce its strategic advantage of an engaged workforce.

- Some workforce-focused results, such as those for workforce retention (Figure 7.3-1), unscheduled absences (Figure 7.3-3), and engagement (Figures 7.3-13 and 7.3-14), do not include relevant external comparisons. Comparing these results to those of other, appropriately selected organizations may help FitHabits move beyond measuring the creation and maintenance of a productive, caring, engaging, and learning environment for all members of its workforce to adequately measuring and analyzing its performance within its competitive environment.
7.4 Leadership and Governance Results

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5b, Results Scoring Guidelines.)

STRENGTHS

- **a(1)** In results for senior coaches’ communication with the workforce, beneficial trends and good performance relative to benchmarks support the strategic advantage of highly engaged team members. Results indicate best-practice-level effectiveness in communicating key messages, listening, and focus on action (Figure 7.4-1 through 7.4-3). In addition, Senior Coach Rounding (Figure 7.4-4) shows sustained high performance, meeting the level of the Baldrige Award recipient benchmark.

- **a(5)** Results for several initiatives demonstrate FitHabits’ commitment to fulfilling its societal responsibilities. For environmental concerns, FitHabits reports beneficial trends for Recycling, Equipment Efficiency, and Percent of SKUs Recycled (Figure 7.4-11). Volunteer time, Operation FitShoe results, community support, and JoinedPath participation and contributions (Figures 7.4-12 through 7.4-15) all show sustained levels, demonstrating FitHabits’ strong relationships with the communities it supports.

- **a(2,3,4)** Sustained beneficial trends are demonstrated in most measures of governance accountability, law and regulation, and ethics. For example, awards earned by FitHabits (Figure 7.4-8), Corporate Compliance (Figure 7.4-9), Financial Audits (Figure 7.4-6), and the Board Survey (Figure 7.4-7) indicate governance accountability and compliance with regulations, ISO industry and quality certifications, and internal and network security standards.

- **b** FitHabits demonstrates achievement of its strategy and APs, per BSC results and the percentage of APs accomplished (Figures 7.4-16 and 7.4-17). This performance may help FitHabits attain its vision to be the #1 Internet-preferred activewear and shoe resource in the nation.

OPPORTUNITIES FOR IMPROVEMENT

- **a(1), b** Key leadership results are missing for areas such as senior coaches’ communication and engagement with customers, strengthening of core competencies and taking intelligent risks, and stakeholder trust in the LT. Examples are results for some key communications mechanisms (Figure 1.1-2) that may be linked to customer engagement, as well as measures of success in projects involving intelligent risk. Given FitHabits’ core competencies of relationships and innovation, such results may help improve LT engagement with customers and create greater organizational sustainability in a unique market.
• FitHabits provides no comparisons for key results for governance, law and regulation, ethics, societal responsibilities, or support of key communities. Examples are Volunteerism (Figure 7.4-12), Community Support (Figure 7.4-14), ethics and compliance (Figures 7.4-9 and 7.4-10), and Environmental Concerns (Figure 7.4-11). Leveraging the core competency of relationships to obtain such comparisons may reinforce FitHabits’ values of Integrity and Service to its key stakeholders.
7.5 Financial and Market Results

Your score in this Criteria item for the Consensus Review is in the 50–65 percentage range. (Please refer to Figure 5b, Results Scoring Guidelines.)

STRENGTHS

• **a(2)** Market performance indicates progress toward FitHabits’ vision to be the nation’s #1 Internet-preferred activewear and shoe resource. Among four key competitors, FitHabits rose from the #3 position in 2012 to #1 in 2015 in percentage of Internet net activewear sales and from #4 to #3 in athletic shoes (Figure 7.5-9). During that time, overall market share increased from 6% to 8%, nearly one third of the boutique market (Figure 7.5-10). In addition, new-product-offering SKUs have grown from about 225,000 to about 375,000 (Figure 7.1-3).

• **a(1)** Financial results indicate that FitHabits is addressing its strategic challenge of maintaining an adequate profit margin. Net margin improved from about 1% to more than 35% over five years (Figure 7.5-2). Over the same period, net income improved from nearly zero to nearly $250,000 (Figure 7.5-1). These increases relate to growth in gross sales volumes, which increased from about $100 million to more than $800 million over six years (Figure 7.5-3). Days Accounts Receivable and Days Cash on Hand (Figures 7.5-5 and 7.5-6) compare favorably to the top-quartile level.

• **a(1)** FitHabits’ ability to pay suppliers on time (Figure 7.5-4) earned it a 5-star top ranking from Baseline and Rich from FY2012 to FY2015. No competitor has received this ranking, indicating a strong competitive position for FitHabits in an area that directly affects supplier relationships (a core competency), satisfaction, and performance.

OPPORTUNITIES FOR IMPROVEMENT

• **a** Financial and marketplace results for the athletic shoe product line, cited as a differentiator for many customers, lag the results for activewear. Gross sales for athletic shoes show a much slower growth rate and trajectory (Figure 7.5-3) than for activewear. Addressing lagging performance and slower growth may help FitHabits defend its position in the face of possible competitor consolidation and help fund planned strategic investments.

• **a(1)** Other than those for gross sales, financial results are not segmented by customer group or product line. Segmented results (e.g., by product line, activewear versus athletic shoes, and women’s versus men’s product lines) may allow FitHabits to understand profitability and performance across all products and customers, identify those most prominent in declining performance, and thereby develop APs for mitigation.
APPENDIX A

The spider, or radar, chart that follows depicts your organization’s performance as represented by scores for each item. This performance is presented in contrast to the median scores for all 2016 applicants at Consensus Review. You will note that each ring of the chart corresponds to a scoring range.

Each point in red represents the scoring range your organization achieved for the corresponding item. The points in blue represent the median scoring ranges for all 2016 applicants at Consensus Review. Seeing where your performance is similar or dissimilar to the median of all applicants may help you initially determine or prioritize areas for improvement efforts and strengths to leverage.

[Graph will be added when 2016 applicant data are available.]
APPENDIX B

By submitting a Baldrige Award application, you have differentiated yourself from most U.S. organizations. The Board of Examiners has evaluated your application for the Malcolm Baldrige National Quality Award. Strict confidentiality is observed at all times and in every aspect of the application review and feedback.

This feedback report contains the examiners’ findings, including a summary of the key themes of the evaluation, a detailed listing of strengths and opportunities for improvement, and scoring information. Background information on the examination process is provided below.

APPLICATION REVIEW

Independent Review

Following receipt of the award applications, the award process review cycle (shown in Figure 1) begins with Independent Review, in which members of the Board of Examiners are assigned to each of the applications. Examiners are assigned based on their areas of expertise and with attention to avoiding potential conflicts of interest. Each application is evaluated independently by the examiners, who write observations relating to the scoring system described beginning on page 30 of the 2015–2016 Baldrige Excellence Framework.
Figure 1—Award Process Review Cycle
Consensus Review

In Consensus Review (see Figure 2), a team of examiners, led by a senior examiner or alumnus, conducts a series of reviews, first managed virtually through a secure database called BOSS and eventually concluded through a focused conference call. The purpose of this series of reviews is for the team to reach consensus on comments and scores that capture the team’s collective view of the applicant’s strengths and opportunities for improvement. The team documents its comments and scores in a Consensus Scorebook.

<table>
<thead>
<tr>
<th>Step 1 Consensus Planning</th>
<th>Step 2 Consensus Review in BOSS</th>
<th>Step 3 Consensus Call</th>
<th>Step 4 Post–Consensus–Call Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Clarify the timeline for the team to complete its work.</td>
<td>• Review all Independent Review evaluations—draft consensus comments and propose scores.</td>
<td>• Discuss comments, scores, and all key themes.</td>
<td>• Revise comments and scores to reflect consensus decisions.</td>
</tr>
<tr>
<td>• Assign category/item discussion leaders.</td>
<td>• Develop comments and scores for the team to review.</td>
<td>• Achieve consensus on comments and scores.</td>
<td>• Prepare final Consensus Scorebook.</td>
</tr>
<tr>
<td>• Discuss key business/organization factors.</td>
<td>• Address feedback, incorporate inputs, and propose a resolution of differences on each worksheet.</td>
<td></td>
<td>• Prepare feedback report.</td>
</tr>
<tr>
<td></td>
<td>• Review updated comments and scores.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Figure 2—Consensus Review

Site Visit Review

After Consensus Review, the Judges Panel selects applicants to receive site visits based on the scoring profiles. If an applicant is not selected for Site Visit Review, the final Consensus Scorebook receives a technical review by a highly experienced examiner and becomes the feedback report.

Site visits are conducted for the highest-scoring applicants to clarify any uncertainty or
confusion the examiners may have regarding the written application and to verify that the information in the application is correct (see Figure 3 for the Site Visit Review process). After the site visit, the team of examiners prepares a final Site Visit Scorebook.

<table>
<thead>
<tr>
<th>Step 1 Team Preparation</th>
<th>Step 2 Site Visit</th>
<th>Step 3 Post–Site–Visit Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Review consensus findings.</td>
<td>• Make/receive presentations.</td>
<td>• Resolve issues.</td>
</tr>
<tr>
<td>• Develop site visit issues.</td>
<td>• Conduct interviews.</td>
<td>• Summarize findings.</td>
</tr>
<tr>
<td>• Plan site visit.</td>
<td>• Record observations.</td>
<td>• Finalize comments.</td>
</tr>
<tr>
<td></td>
<td>• Review documents.</td>
<td>• Prepare final Site Visit Scorebook.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Prepare feedback report.</td>
</tr>
</tbody>
</table>

**Figure 3—Site Visit Review**

Applications, Consensus Scorebooks, and Site Visit Scorebooks for all applicants receiving site visits are forwarded to the Panel of Judges for review (see Figure 4). The judges recommend which applicants should receive the Baldrige Award and identify any non-award recipient organizations demonstrating one or more Category Best Practices. The judges discuss applications in each of the six award sectors separately, and then they vote to keep or eliminate each applicant. Next, the judges decide whether each of the top applicants should be recommended as an award recipient based on an “absolute” standard: the overall excellence of the applicant and the appropriateness of the applicant as a national role model. For each organization not recommended to receive the Baldrige Award, the judges have further discussion to determine if the organization demonstrates any Category Best Practices. The process is repeated for each award sector.

<table>
<thead>
<tr>
<th>Step 1 Panel of Judges’ Review</th>
<th>Step 2 Evaluation by Category</th>
<th>Step 3 Assessment of Top Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Applications</td>
<td>• Manufacturing</td>
<td>• Overall strengths/opportunities for improvement</td>
</tr>
<tr>
<td>• Consensus Scorebooks</td>
<td>• Service</td>
<td>• Appropriateness as national model of performance excellence</td>
</tr>
<tr>
<td>• Site Visit Scorebooks</td>
<td>• Small business</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Education</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Health care</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Nonprofit</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 4—Judges’ Review**
Judges do not participate in discussions or vote on applications from organizations in which they have a competing or conflicting interest or in which they have a private or special interest, such as an employment or a client relationship, a financial interest, or a personal or family relationship. All conflicts are reviewed and discussed so that judges are aware of their own and others’ limitations on access to information and participation in discussions and voting.

Following the judges’ review and recommendation of award recipients, the Site Visit Review team leader edits the final Site Visit Scorebook, which becomes the feedback report.
SCORING

The scoring system used to score each item is designed to differentiate the applicants in the various stages of review and to facilitate feedback. As seen in the Process Scoring Guidelines and Results Scoring Guidelines (Figures 5a and 5b, respectively), the scoring of responses to Criteria items is based on two evaluation dimensions: process and results. The four factors used to evaluate process (categories 1–6) are approach (A), deployment (D), learning (L), and integration (I), and the four factors used to evaluate results (items 7.1–7.5) are levels (Le), trends (T), comparisons (C), and integration (I).

In the feedback report, the applicant receives a percentage range score for each item. The range is based on the scoring guidelines, which describe the characteristics typically associated with specific percentage ranges.

As shown in Figures 6a and 6b, the applicant’s overall scores for process items and results items each fall into one of eight scoring bands. Each band score has a corresponding descriptor of attributes associated with that band. Figures 6a and 6b show the percentage of applicants scoring in each band at Consensus Review.
<table>
<thead>
<tr>
<th>SCORE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
</table>
| 0% or 5%   | • No SYSTEMATIC APPROACH to item requirements is evident; information is ANECDOTAL. (A)  
• Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D)  
• An improvement orientation is not evident; improvement is achieved by reacting to problems. (L)  
• No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)                                                                                                                 |
| 10%, 15%, 20%, or 25% | • The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the item is evident. (A)  
• The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the item. (D)  
• Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L)  
• The APPROACH is aligned with other areas or work units largely through joint problem solving. (I)                                                                                                                   |
| 30%, 35%, 40%, or 45% | • An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the item, is evident. (A)  
• The APPROACH is deployed, although some areas or work units are in early stages of DEPLOYMENT. (D)  
• The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L)  
• The APPROACH is in the early stages of alignment with the basic organizational needs identified in response to the Organizational Profile and other process items. (I)                                                                 |
| 50%, 55%, 60%, or 65% | • An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the item, is evident. (A)  
• The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D)  
• A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organizational LEARNING, including INNOVATION, are in place for improving the efficiency and effectiveness of KEY PROCESSES. (L)  
• The APPROACH is aligned with your overall organizational needs as identified in response to the Organizational Profile and other process items. (I)                                                                 |
| 70%, 75%, 80%, or 85% | • An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the item, is evident. (A)  
• The APPROACH is well DEPLOYED, with no significant gaps. (D)  
• Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING, including INNOVATION, are key management tools; there is clear evidence of refinement as a result of organizational-level ANALYSIS and sharing. (L)  
• The APPROACH is integrated with your current and future organizational needs as identified in response to the Organizational Profile and other process items. (I)                                                                 |
| 90%, 95%, or 100% | • An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the item, is evident. (A)  
• The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D)  
• Fact-based, SYSTEMATIC evaluation and improvement and organizational LEARNING through INNOVATION are key organization-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organization. (L)  
• The APPROACH is well INTEGRATED with your current and future organizational needs as identified in response to the Organizational Profile and other process items. (I)                                                                 |

Figure 5a—Process Scoring Guidelines (For Use with Categories 1–6)
<table>
<thead>
<tr>
<th>SCORE</th>
<th>DESCRIPTION</th>
</tr>
</thead>
</table>
| 0% or 5% | - There are no organizational PERFORMANCE RESULTS, or the RESULTS reported are poor. (Le)  
- TREND data either are not reported or show mainly adverse TRENDS. (T)  
- Comparative information is not reported. (C)  
- RESULTS are not reported for any areas of importance to the accomplishment of your organization’s MISSION. (I) |
| 10%, 15%, 20%, or 25% | - A few organizational PERFORMANCE RESULTS are reported, responsive to the BASIC REQUIREMENTS of the item, and early good PERFORMANCE LEVELS are evident. (Le)  
- Some TREND data are reported, with some adverse TRENDS evident. (T)  
- Little or no comparative information is reported. (C)  
- RESULTS are reported for a few areas of importance to the accomplishment of your organization’s MISSION. (I) |
| 30%, 35%, 40%, or 45% | - Good organizational PERFORMANCE LEVELS are reported, responsive to the BASIC REQUIREMENTS of the item. (Le)  
- Some TREND data are reported, and most of the TRENDS presented are beneficial. (T)  
- Early stages of obtaining comparative information are evident. (C)  
- RESULTS are reported for many areas of importance to the accomplishment of your organization’s MISSION. (I) |
| 50%, 55%, 60%, or 65% | - Good organizational PERFORMANCE LEVELS are reported, responsive to the OVERALL REQUIREMENTS of the item. (Le)  
- Beneficial TRENDS are evident in areas of importance to the accomplishment of your organization’s MISSION. (T)  
- Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C)  
- Organizational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, and PROCESS requirements. (I) |
| 70%, 75%, 80%, or 85% | - Good-to-excellent organizational PERFORMANCE LEVELS are reported, responsive to the MULTIPLE REQUIREMENTS of the item. (Le)  
- Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organization’s MISSION. (T)  
- Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative PERFORMANCE. (C)  
- Organizational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements. (I) |
| 90%, 95%, or 100% | - Excellent organizational PERFORMANCE LEVELS are reported that are fully responsive to the MULTIPLE REQUIREMENTS of the item. (Le)  
- Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organization’s MISSION. (T)  
- Industry and BENCHMARK leadership is demonstrated in many areas. (C)  
- Organizational PERFORMANCE RESULTS and PROJECTIONS are reported for most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements. (I) |

Figure 5b—Results Scoring Guidelines (For Use with Category 7)
<table>
<thead>
<tr>
<th>Band Score</th>
<th>Band Number</th>
<th>% Applicants in Band¹</th>
<th>PROCESS Scoring Band Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–150</td>
<td>1</td>
<td></td>
<td>The organization demonstrates early stages of developing and implementing approaches to the basic Criteria requirements, with deployment lagging and inhibiting progress. Improvement efforts are a combination of problem solving and an early general improvement orientation.</td>
</tr>
<tr>
<td>151–200</td>
<td>2</td>
<td></td>
<td>The organization demonstrates effective, systematic approaches responsive to the basic requirements of the Criteria, but some areas or work units are in the early stages of deployment. The organization has developed a general improvement orientation that is forward-looking.</td>
</tr>
<tr>
<td>201–260</td>
<td>3</td>
<td></td>
<td>The organization demonstrates effective, systematic approaches responsive to the basic requirements of most Criteria items, although there are still areas or work units in the early stages of deployment. Key processes are beginning to be systematically evaluated and improved.</td>
</tr>
<tr>
<td>261–320</td>
<td>4</td>
<td></td>
<td>The organization demonstrates effective, systematic approaches responsive to the overall requirements of the Criteria, but deployment may vary in some areas or work units. Key processes benefit from fact-based evaluation and improvement, and approaches are being aligned with overall organizational needs.</td>
</tr>
<tr>
<td>321–370</td>
<td>5</td>
<td></td>
<td>The organization demonstrates effective, systematic, well-deployed approaches responsive to the overall requirements of most Criteria items. The organization demonstrates a fact-based, systematic evaluation and improvement process and organizational learning, including innovation, that result in improving the effectiveness and efficiency of key processes.</td>
</tr>
<tr>
<td>371–430</td>
<td>6</td>
<td></td>
<td>The organization demonstrates refined approaches responsive to the multiple requirements of the Criteria. These approaches are characterized by the use of key measures, good deployment, and evidence of innovation in most areas. Organizational learning, including innovation and sharing of best practices, is a key management tool, and integration of approaches with current and future organizational needs is evident.</td>
</tr>
<tr>
<td>431–480</td>
<td>7</td>
<td></td>
<td>The organization demonstrates refined approaches responsive to the multiple requirements of the Criteria items. It also demonstrates innovation, excellent deployment, and good-to-excellent use of measures in most areas. Good-to-excellent integration is evident, with organizational analysis, learning through innovation, and sharing of best practices as key management strategies.</td>
</tr>
<tr>
<td>481–550</td>
<td>8</td>
<td></td>
<td>The organization demonstrates outstanding approaches focused on innovation. Approaches are fully deployed and demonstrate excellent, sustained use of measures. There is excellent integration of approaches with organizational needs. Organizational analysis, learning through innovation, and sharing of best practices are pervasive.</td>
</tr>
</tbody>
</table>

¹ Percentages are based on scores from the Consensus Review.

**Figure 6a—Process Scoring Band Descriptors**
<table>
<thead>
<tr>
<th>Band Score</th>
<th>Band Number</th>
<th>% Applicants in Band¹</th>
<th>RESULTS Scoring Band Descriptors</th>
</tr>
</thead>
<tbody>
<tr>
<td>0–125</td>
<td>1</td>
<td></td>
<td>A few results are reported responsive to the basic Criteria requirements, but they generally lack trend and comparative data.</td>
</tr>
<tr>
<td>126–170</td>
<td>2</td>
<td></td>
<td>Results are reported for several areas responsive to the basic Criteria requirements and the accomplishment of the organization’s mission. Some of these results demonstrate good performance levels. The use of comparative and trend data is in the early stages.</td>
</tr>
<tr>
<td>171–210</td>
<td>3</td>
<td></td>
<td>Results address areas of importance to the basic Criteria requirements and accomplishment of the organization’s mission, with good performance being achieved. Comparative and trend data are available for some of these important results areas, and some beneficial trends are evident.</td>
</tr>
<tr>
<td>211–255</td>
<td>4</td>
<td></td>
<td>Results address some key customer/stakeholder, market, and process requirements, and they demonstrate good relative performance against relevant comparisons. There are no patterns of adverse trends or poor performance in areas of importance to the overall Criteria requirements and the accomplishment of the organization’s mission.</td>
</tr>
<tr>
<td>256–300</td>
<td>5</td>
<td></td>
<td>Results address most key customer/stakeholder, market, and process requirements, and they demonstrate areas of strength against relevant comparisons and/or benchmarks. Improvement trends and/or good performance are reported for most areas of importance to the overall Criteria requirements and the accomplishment of the organization’s mission.</td>
</tr>
<tr>
<td>301–345</td>
<td>6</td>
<td></td>
<td>Results address most key customer/stakeholder, market, and process requirements, as well as many action plan requirements. Results demonstrate beneficial trends in most areas of importance to the Criteria requirements and the accomplishment of the organization’s mission, and the organization is an industry² leader in some results areas.</td>
</tr>
<tr>
<td>346–390</td>
<td>7</td>
<td></td>
<td>Results address most key customer/stakeholder, market, process, and action plan requirements. Results demonstrate excellent organizational performance levels and some industry² leadership. Results demonstrate sustained beneficial trends in most areas of importance to the multiple Criteria requirements and the accomplishment of the organization’s mission.</td>
</tr>
<tr>
<td>391–450</td>
<td>8</td>
<td></td>
<td>Results fully address key customer/stakeholder, market, process, and action plan requirements and include projections of future performance. Results demonstrate excellent organizational performance levels, as well as national and world leadership. Results demonstrate sustained beneficial trends in all areas of importance to the multiple Criteria requirements and the accomplishment of the organization’s mission.</td>
</tr>
</tbody>
</table>

¹ Percentages are based on scores from the Consensus Review

² “Industry” refers to other organizations performing substantially the same functions, thereby facilitating direct comparisons.

Figure 6b—Results Scoring Band Descriptors
2016 BALDRIGE AWARD APPLICANTS

<table>
<thead>
<tr>
<th>Sector</th>
<th>Total Number of Award Applications</th>
<th>Number of Award Applicants Recommended for Site Visit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Care</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Nonprofit</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Education</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Business–Small Business</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Business–Service</td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>Business–Manufacturing</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>34</td>
<td></td>
</tr>
</tbody>
</table>

BALDRIGE AWARD RECIPIENT CONTACT INFORMATION 1988–2015

Baldrige Award winners generously share information with numerous organizations from all sectors. To contact an award winner, please see http://patapsco.nist.gov/Award_Recipients/index.cfm, which includes links to contact information as well as profiles of the winners.
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.

109 Baldrige Award winners serve as national role models.

2010–2015 award applicants represent 567,434 jobs.

2,665 work sites, over $142 billion in revenue/budgets, and more than 449 million customers served.

349 Baldrige examiners volunteered roughly $5.3 million in services in 2015.

State Baldrige-based examiners volunteered around $30 million in services in 2015.

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