

MINUTES

Malcolm Baldrige National Quality Award Board of Overseers Meeting

Baldrige Performance Excellence Program • National Institute of Standards and Technology

December 6, 2017

Attendees

Overseers: Lloyd Barker, Deborah Bowen, Bennie Fowler, John Jasinski, Reatha Clark King, Elizabeth Menzer, Rulon Stacey (chair)

Judge: John Timmerman, Chair of the Judges Panel

NIST: Jamie Ambrosi, Dawn Bailey, Rebecca Bayless, Jacqueline Calhoun, Walt Copan, Jacqueline Deschamps, Robert Fangmeyer, Barbara Fischer, Ellen Garshick, Robert Hunt, Scott Kurtz, Darren Lowe, Christine Schaefer, LouAnn Scott, Phillip Singerman, Robyn Verner

Foundation for the Malcolm Baldrige National Quality Award: Al Faber, President and CEO

Welcome and Introductions

The meeting began at 8:05 a.m. The minutes from the June 8, 2017, meeting of the Board of Overseers and Judges Panel were approved as written.

NIST Director Walt Copan thanked the overseers for their work. He stated his support for the Baldrige Program as an integral part of NIST and as providing an important service to the nation. He noted that a public-private partnership needs involvement by the President and the Administration. The overseers thanked him for his support.

Report from the Judges Panel

John Timmerman, chair of the Judges Panel for the Malcolm Baldrige National Quality Award, reviewed the 2017 judging process: 24 applications, with 14—a relatively large number—selected for site visits. He noted that Judge Mary Kay Fyda-Mar passed away in October, representing a great loss to her family, the Judges Panel, and the Baldrige community.

Timmerman reviewed the process for judging applicants to recommend as award recipients. For 2017, the judges recommended five organizations: two small businesses (Bristol Tennessee Essential Services and Stellar Solutions, Inc., of California), a city government (City of Fort Collins, Colorado), and two health care organizations (Castle Medical Center, of Hawaii, and Southcentral Foundation, of Alaska). In addition, the judges recommended four organizations for best-practice recognition, which is intended to increase the sharing of best practices and encourage continued participation by the honorees. Timmerman also described minor technical changes to the judging process intended to increase efficiency.

The overseers thanked Timmerman and the panel for their service. They noted, and Timmerman reaffirmed, the importance of obtaining feedback on the process from all applicants and of judging small businesses in accordance with their key business factors.

Report from the Alliance for Performance Excellence

Elizabeth Menzer, chair of the Alliance for Performance Excellence, reviewed the Alliance's national footprint: 32 Baldrige-based programs serving 50 states and Puerto Rico, 1,262 applications received, and 1,921 examiners trained. She noted the successful transfer of responsibility for the former Baldrige Regional Conferences to the Alliance. She outlined three Alliance goals: (1) transform its model to optimize assets and resources, and revitalize its brand; (2) focus on regionalization, consolidation, and partnerships; and participate in Enterprise-wide branding.

The overseers expressed their support for the Alliance's goals and noted their importance to the Baldrige Program, especially where they would result in quality and consistency across the Alliance.

Report from the Baldrige Foundation

Al Faber, President and CEO of the Baldrige Foundation, summarized the Foundation's advocacy and fundraising efforts. Outreach to Congress and the Administration has shown some signs of success. He emphasized the importance of advancing both the public and the private aspects of the partnership that has sustained the Baldrige Program and of obtaining Presidential engagement. He also outlined some new fundraising programs.

Baldrige Program News

Program Director Robert Fangmeyer presented the five award recipients and four category best-practice honorees for 2017. He noted that most of the recipients are small organizations with much to offer.

Fangmeyer reviewed progress on recent initiatives, including those in communications, Baldrige Connect (a referral service for consultants and Alliance Programs), the *Baldrige Cybersecurity Excellence Builder*, and Communities of Excellence. He noted their value in expanding the program's impact. The overseers contributed thoughts on ensuring the strength of these initiatives, as well as venues for promoting them.

Fangmeyer also reviewed the results of the 2017 Federal Employee Viewpoint Survey, which showed high engagement for program employees. The overseers congratulated the program on this engagement and the employees on their commitment, particularly considering the program's resource constraints. In another tribute, Baldrige staff members were to receive three awards at the 45th annual NIST awards in mid-December.

The Board of Overseers and Baldrige staff congratulated overseer Reatha Clark King, who was recently named to the National Association of Corporate Directors Directorship 100 Hall of Fame in recognition of her more than 40 years of service on corporate boards.

Baldrige Award Process Redesign

Fangmeyer gave an update on the program's exploration of a redesign for the Baldrige Award process. In June, the overseers approved the program's pulling together stakeholders to explore a redesign. At that time, the overseers agreed that the process was effective in determining role models but that it was worthwhile to examine the process, with the goals of maintaining or increasing value, making the best use of resources, and shrinking cycle time while maintaining rigor and integrity.

In August, the program gathered stakeholders of all types, interviewed others, and reviewed historic feedback and data. As the result of a human-centered redesign process, two of three task groups

independently identified an opportunity to streamline the application process. The third described a complete Enterprise redesign that the program has deferred, as it would require a completely new business model. For the current effort, the program extended the first idea to create a preliminary prototype for a streamlined award process to pilot in 2018.

The prototype allows compression of the cycle time from eight months to two or three, possibly allowing several waves of applications. In the prototype, (1) an integrated online system would be used for application, examination, judging, and feedback, eliminating the need for a printed application; (2) during Independent Review, examiners would capture their analysis of the applicant; (3) during Consensus Review, examiner teams would reach consensus on this; and (4) during a virtual site visit, the team would hold conversations with the organization as preparation for going on-site, increasing the efficiency of the on-site visit. Still to be determined are whether all applicants would receive an on-site visit and how the judging process would be affected.

The overseers characterized the prototype as customer and market driven. They approved the piloting of the redesigned process in 2018 and supported most aspects, including the proposals to move to an online-only process, simplify the application, give each applicant at least a virtual site visit, shorten the cycle time, and simplify the feedback. They also cautioned the program to consider the downstream consequences of reducing the number of Criteria questions applicants answer in an application, as well as the implications of the redesign on examiner training and Alliance programs. Other considerations were to test the redesign in a focus group with organizations that are not currently close to the process.

Financial Performance and FY2018 Outlook

Fangmeyer reviewed six-year trends in the program's operating revenue, as well as financial results related to changes in products, services, and fees. Overall, the changes led to additional revenue in FY2017. For the first time, program revenues exceeded labor and benefits costs, even as two revenue sources (sponsorships and regional conferences) were transferred to the Foundation and Alliance, respectively (with some return from the fall conference). Three revenue streams (Quest conference fees, examiner training/workshops, and award process fees) reached all-time highs.

As for the program's FY2018 outlook, NIST has supported the program with a low overhead rate, creating significant savings. NIST is exploring other ways to support the program; at the time of the meeting, the FY2018 budget remained in question. Three potential FY2018 financial scenarios exist:

- (1) Partial funding from the federal government and/or the Foundation enables the program to continue providing most of current services and functions.
- (2) Full federal funding permits acceleration and expansion of cybersecurity efforts, support for the Alliance and Communities of Excellence, appropriate resourcing of current activities, and making the Baldrige Framework freely available.
- (3) The program receives no federal funding and reduced support from the Baldrige Foundation, which would likely require the program to contract in size, scope, and operations.

Baldrige Enterprise Strategic Planning

Fangmeyer explained that, since the Baldrige Program's loss of federal funding in 2011, the leaders of the organizations that make up the Baldrige Enterprise—the program, the Baldrige Foundation, the Alliance, and ASQ—have met regularly to enable coordination and collaboration. Recently, the Enterprise leaders

were tasked with creating a proposal for a shared vision and strategy. In preparation, Fangmeyer asked the overseers for their thoughts on the program's must-haves and constraints as the planning takes place.

The overseers stated that there were opportunities to optimize performance and create better coordination among the partners, as well as distinctions that are important to maintain. Their recommendations included the following: (1) before planning, ensure that the partners understand each other's position and history; (2) define the product offered by the Enterprise, and ensure that it is attractive to potential customers in the business community; (2) as much as possible, define non-duplicative roles, and ensure that these roles are high quality and consistent across the Enterprise; (3) include a plan for business development; (4) protect the award's image and legacy as the gold standard for excellence; (5) reduce variability in perceptions of Baldrige; and (6) define customer expectations.

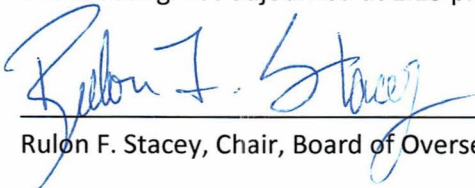
Recommendations for the NIST Director

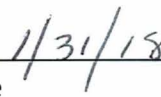
On behalf of the overseers, Stacey delivered the following recommendations to Phillip Singerman, Associate Director for Innovation and Industry Services at NIST.

1. The overseers thanked Singerman for NIST's support of the program. They expressed optimism that the new director is an advocate for the program. They also acknowledged Fangmeyer and the Baldrige staff for their efforts to sustain the program since the loss of federal funding in 2011.
2. In June, the overseers recommended that the program convene stakeholders to explore a revision of the Baldrige Award process to streamline and modernize it while retaining and even increasing its value. Based on the program's report on a preliminary prototype, the overseers believe that now is the time to pilot a modified process, and they fully support these efforts.
3. The overseers are mindful that the Baldrige Enterprise (the program, the Baldrige Foundation, the Alliance for Performance Excellence, and ASQ) would benefit from finding ways to work together better. The overseers join the Foundation board and the Alliance leadership committee is supporting collaboration among the Enterprise partners. In creating a strategic plan for the Enterprise, the overseers recommended that the program consider the future and strive to keep the program modern and relevant while retaining its reputation for quality and integrity.
4. The overseers support the current budget process, which has the potential to improve the program's financial position. They offered help in that process and in regaining Presidential involvement in the award—whether in the form of participating in the award ceremony or arranging a photo opportunity for the recipients.
5. The overseers congratulated the program on the fact that in FY2017, revenue from products and services surpassed the cost of labor and benefits for the first time. The overseers recognized and the work that this has taken.

Singerman and Fangmeyer thanked the overseers for their service and feedback, and expressed their appreciation to Stacey, whose term as chair will end in February 2018.

The meeting was adjourned at 2:15 p.m.


Rulon F. Stacey, Chair, Board of Overseers


Date