

How the Baldrige Program Began: The Birth of a Unique Public-Private Partnership



Malcolm Baldrige National Quality Award Crystal

This article was written by Baldrige Performance Excellence Program staff member Dawn Bailey based on interviews with Curt Reimann and other government staff members involved in the creation of the Baldrige Program. Footnoted quotes were added from public sources for context. This article was originally posted on the Baldrige website in August 2012 on a web page to celebrate the Baldrige Program's 25th anniversary.

Dawn of America's Quality Revolution

"For U.S. industry, the message is clear. Get better or get beaten," was a quote in a June 8, 1987, *Business Week* special report¹ on quality.

A photocopy of that report—with the names of key industry leaders, quality directors, and U.S. manufacturers underlined and notations penciled in the margins—can be found in the offices of the Baldrige Performance Excellence Program. According to Curt Reimann, first director of the Baldrige Program, the 1987 article brought sharp and timely focus to the growing need to improve quality-driven productivity in the United States. It also provided broad economic perspectives on the seriousness and breadth of the quality problems that the country needed to address, and served as part of his "due diligence" in the creation of the Baldrige Program.

The special report makes clear that the times were ripe for an emphasis on U.S. quality. Wrote Karen Pennar²,

Improving quality requires nothing less than an upheaval in corporate culture . . . Truly improving quality is a long, hard slog, and it frequently carries a steep up-front cost. . . . But the initial investment in equipment and training is well worth making. Eventually, the savings from not having to make repairs or to pay off warranties or to settle liability suits far exceed the costs of a quality program. And the biggest returns by far come when productivity, market share, and profits rise.

Some claim the U.S.'s impetus for a quality revolution began earlier, in June 1980, with an NBC News broadcast "If Japan Can Why Can't We?", which "tells how the Japanese captured the world auto and electronics markets by following [W. Edwards] Deming's advice to practice continual improvement and think of manufacturing as a system, not as bits and pieces."³

“For our group of purely techies” at the National Bureau of Standards (NBS; later renamed the National Institute of Standards and Technology [NIST]), Reimann, then deputy director of the NBS National Measurement Laboratory, noted that NBS scientists were well aware of the growing concern about national competitiveness. They were proposing new and improved measurement and standards services to enable industry to meet its challenges, with an initiative called “Process and Quality Control”; Reimann and Harry Hertz, the current Baldrige director, were part of that effort.

1983–1986: Commissions, Initiatives, and a First Attempt

On the national stage, in June 1983, President Ronald Reagan established the President’s Commission on Industrial Competitiveness to identify ways to improve the private sector’s ability to compete globally.⁴ The commission, chaired by John A. Young, then CEO of Hewlett-Packard, reported to the U.S. Senate in March 1985. Speaking to the Senate, former Secretary of Commerce Frederick Dent, said, “One of the great things, hopefully, to come out of this Commission is to reawaken America to the fact that we are no longer out in front; we’ve got to buckle down, and with all of these elements get to work on increasing productivity and competitiveness.”

Other national groups were also concerned with the nation’s declining competitiveness. In 1983, the final report from seven computer-networking conferences sponsored by the American Productivity and Quality Center (APQC) recommended the creation of a national quality award.⁵ Later that same year, the National Productivity Advisory Committee, a group of corporate executives, academicians, labor leaders, and government officials, recommended creating a national medal for productivity achievement. In April 1984, a report by the White House Conference on Productivity called for a national medal for productivity. And, in September 1985, corporate quality business leaders formed a Committee to Establish a National Quality Award.⁶

During this same period, Florida Power & Light (FPL) was working with the Union of Japanese Scientists and Engineers (JUSE) as FPL prepared to apply for Japan’s quality award, the Deming Prize. Reimann said FPL benchmarked Kansai Electric in Osaka, Japan, which FPL believed to be one of the most quality-oriented utilities in the world. “FPL was striving to do well what Kansai was already doing well,” he said. Reimann emphasized repeatedly FPL’s persistence and hard work in eventually establishing a national quality award. “They became the main force behind a publicly led national award,” he said.

In January 1986, a Congressional fact-finding mission to the Far East led to meetings with JUSE and an investigation of the benefits of the Deming Prize to Japanese business.⁷ At hearings before the House Science, Research, and Technology Subcommittee, FPL Chairman and CEO John J. Hudiburg; Joseph M. Juran, who had predicted in the mid-1970s that the quality of Japanese goods would overtake the quality of U.S. products⁸; and John Hansel, chairman of the American Society for Quality Control (ASQC; now ASQ), testified about the need to bring this spirit of competitiveness to U.S. organizations.

The subcommittee’s report noted that

American business and industry is [sic] beginning to understand that poor quality costs companies the equivalent of 20 percent of sales revenues nationally and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability. Commitment to excellence in manufacturing and services through strategic

planning and quality improvement programs is becoming more and more essential to the well-being of our nation's economy and our ability to compete effectively in the global marketplace.⁹

In August 1986, Congressman Dan Fuqua introduced House Bill 5321 "to establish a National Quality Improvement Award, with the objective of encouraging American business and industrial enterprises to practice effective quality control in the provision of their goods and services." Congress never acted on it; some speculate that was because the bill called for the award to be administered by the government, which many believed conflicted with Reagan's "hands-off" policy.¹⁰

1987: Tragedy Gives Impetus to Award

The next year, Congressman Doug Walgren reintroduced the legislation, and Senator Bob Graham sponsored a Senate version of the bill. On June 8, 1987, the measure passed the House and was sent to the Senate, where nothing happened for six weeks.

"What slowed the process down was the question of the right approach to implementing a national quality award," said Kent Sterett, who headed quality at FPL. "There was a great deal of discussion about whether it should be a private initiative or a government approach or some combination of the two. The prognosis for pushing it through wasn't good."¹¹



Secretary of Commerce Malcolm Baldrige

With the reintroduced legislation, Secretary of Commerce Malcolm Baldrige is said to have given the idea of a quality award his support, saying, "What we need are some manufacturers and engineers calling the shots if America is to compete effectively in world markets."¹² He also said, "We have to encourage American executives to get out of their boardrooms and onto the factory floor to learn how their products are made and how they can be made better."¹³

At NBS, Reimann recalled that the national quality award legislation was reintroduced about the same time as NBS scientists were working on "Process and Quality Control." Staffers on Capitol Hill became aware of NBS's knowledge and interest in quality and approached Raymond Kammer, NBS deputy director, about NBS being named in the bill to manage the national quality award. Kammer agreed and informed Reimann of this development, indicating that NBS would ask him to launch the award were it to become law, which, Kammer indicated, was very unlikely.

Reimann became fascinated with the requirements for a national quality award, even though there was little likelihood that it would be created. Particularly important to its success would be demanding criteria, credible examiners, and an effective public-private partnership—unlike any he knew about. But he also emphasized that NBS and he had no role in introducing the legislation, saying what was to be in it, or promoting its passage.

Then, on July 25, 1987, Baldrige, the government's most notable business leader and close friend of President Reagan, died after a rodeo accident. The son of a Nebraska congressman, Baldrige earned his reputation as CEO at Scovill, Inc., a Connecticut-based brass mill; he was credited with transforming the financially troubled company into a multimillion-dollar success.¹⁴



President Ronald Reagan and Baldrige

“The Monday after the weekend Baldrige died,” Sterett recalled, “I went to dinner with a small group of staffers for senators and representatives. The idea had surfaced to name the national quality award after Malcolm Baldrige.” That idea appealed to the president, who wanted to honor the friend he had lost.¹⁵

“The point that’s hard to convey now,” Reimann said, “is that there was pent-up feeling that something needed to be done about national competitiveness and quality problems. Then, this terrible accident [Baldrige’s death] suddenly created a vehicle that people could rally around. Those kinds of confluences are very rare. It was an accident of circumstances.”

Three days after Baldrige’s death, the Senate Committee on Commerce, Science, and Transportation renamed the legislation in his honor. The Senate passed the bill, the House agreed to the name change, and, on August 20, 1987, President Reagan signed the Malcolm Baldrige National Quality Improvement Act of 1987 into law.

Reimann said shortly after Baldrige’s death, NBS learned that not only would a law in Baldrige’s name pass, but it would pass very soon. In late summer, Reimann said, he also learned that Baldrige’s successor, William Verity, Jr., was getting advice to make the national quality award one of his top priorities. Reimann said Verity was persistent in focusing NBS management on this priority.

Bert Coursey, on a rotational assignment to the NBS Program Office from the National Measurement Laboratory, was quickly assigned to work with Reimann and “became his chief sidekick for the next few months.” Coursey recounted that Reimann always arrived at work very early—about 5:30 a.m.—and spent the next three hours doing research and making plans for the day. According to Coursey, “[Reimann] would give me assignments at 8:30 and then get on the phone. For the next eight or nine hours, he would call stakeholders, experts, standards groups, government officials—anyone he thought would be able to advise on quality and the nature of the new program. This not only gave him tremendous perspective on the different elements of quality in the nation, but it gave him increasing credibility with the community.”

During NBS’s 90th anniversary, NBS Director (from 1973 to 1989) Ernest Ambler reminisced on the Baldrige Award:

The assignment of managing the award came to us very quickly.Curt [Reimann] had been trying for some time, but without success, to get the Executive Board to start a program at NBS on Quality Control, broadly construed and going beyond the measurements and standards aspects of it.When the Malcolm Baldrige Award came along, it provided a good opportunity to get started on quality control methods, and Curt was the right person for the job, in fact the only person. The scope of the job would have stunned most people. Funds had to be raised from the private sector; various professional advisory groups were needed; a large number of qualified examiners had to be recruited; and they all had to be paid somehow. Curt went to work and the response from the private sector, much of it volunteer effort, was outstanding. . . . Many people went to work defining the exact nature of the program and the rigorous criteria for success. Inside the government, we all went to work for Curt Reimann. [Secretary of Commerce] Bill Verity asked for a progress report every week and saw to it that no bureaucratic roadblocks stood in our way.The award established a very high reputation for thoroughness and objectivity. The application guidelines have now become so well-known and highly regarded that they are widely used as a sort of textbook or roadmap to quality control by industry.

The Criteria Framework and Award Process Are Born

The law required “guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts; and specific guidance for other American organizations that wish to learn how to manage for high quality by making available detailed information on how winning organizations were able to change their cultures and achieve eminence.” That summer, Reimann began developing those “guidelines and criteria,” starting with a framework, now called the Criteria for Performance Excellence.

CRITERIA DEVELOPMENT
FOR THE
MALCOLM BALDRIGE NATIONAL QUALITY AWARD

A. Quality Practice

1.0 Leadership (10%)

- 1.1 Policy
- 1.2 Goals
- 1.3 Management System
- 1.4 Resources
- 1.5 Communications
- 1.6 Senior-Level Review
- 1.7 External Leadership

2.0 Information and Analysis (15%)

- 2.1 Quality Cost
- 2.2 Full Performance of Products and Services
- 2.3 Customer Feedback
- 2.4 Supplier Quality
- 2.5 Distribution and/or Dealer Quality
- 2.6 Employee-Related Data
- 2.7 Analysis System
- 2.8 Unique Information/Analysis

3.0 Planning (10%)

- 3.1 Planning Organization
- 3.2 Planning for Customer Requirements
- 3.3 Planning for Customer Satisfaction
- 3.4 Planning for New Products and Services
- 3.5 Planning for Quality Improvement
- 3.6 Unique and Innovative Planning

4.0 Human Resource Utilization (10%)

- 4.1 Management and Operations
- 4.2 Employee Involvement
- 4.3 Quality Training and Education
- 4.4 Evaluation and Incentive System
- 4.5 Unique and Innovative Approaches

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Reimann said he sought to design an enduring knowledge structure to move quality away from a “guru focus” common in the quality community at that time. “My conviction was that we had to create a nonprescriptive framework for defining and assessing, which was not tied to any gurus but would still allow companies that were influenced by such gurus to respond [with their own best practices]. We saw our main NBS purpose as sharing knowledge and lessons learned. We were very concerned that a guru orientation might undermine this central purpose and perhaps also split the communities at the very time we needed broadly based cooperation.”

The idea of a nonprescriptive approach was simply in NBS’s genes, Reimann said. He worked alone in the summer of 1987 to create the knowledge structure: leadership, strategic quality planning, information management, human resources, and process management. These terms have evolved over the years, but, Reimann said, they were his synthesis of the components necessary to distinguish overall quality management from narrower quality control and productivity requirements.

Coursey noted that the legislation was not specific about the working parts of the program—the Board of Examiners, the judges, the Foundation—and Reimann had to figure out how these groups would be

structured. After a few weeks, Reimann and Coursey visited Jim Turner of the House committee staff where Reimann discussed ideas about roles and responsibilities for these different groups. Since there was to be no government funding, a mechanism was needed to raise and administer private-sector funding to pay operational expenses for the award program. It was determined that this funding would come from a foundation, and, although NBS had some legislative responsibilities for oversight of the program, day-to-day award operations were to be run by a private-sector entity under contract to NBS. While Reimann worked on the criteria, award organization, and recruitment, Coursey went to Washington, DC, to finalize the mandatory legal instruments called out in the public law: the Panel of Judges and Board of Overseers. Reimann said Coursey's work was very important, demanding, and sometimes tedious.

The overall award design integrated award processes with a team structure. This required a large board of examiners, with a smaller number of senior examiners who would lead consensus and on-site reviews. Reimann said he wanted a sharp separation between judging and scoring because he did not believe that a scoring process alone could provide balance of judgment on the applicant companies, including the importance and success of their quality efforts, and the degree to which they could serve as U.S. role models. He felt this judgment should be determined in deliberation by a Panel of Judges after the panel had all the background facts available: scoring *and* a site visit report on strengths and weaknesses. The Panel of Judges had the additional challenge in that the law limited the Baldrige Award to no more than two winners in each of three categories.

5.0 Quality Assurance of Products and Services (15%)
5.1 Management/Communication
5.2 Design of New Products, Services, and Processes
5.3 Measurements, Standards and Data System
5.4 Administrative Systems
5.5 Technology
5.6 Audit
5.7 Documentation
5.8 Supplier Quality
5.9 Safety, Health, Environment
5.10 Inspection/Validation
B. Quality Results
6.0 Results from Quality Assurance of Products and Services (10%)
6.1 Reductions in Defects in Products or Services
6.2 Reductions in Scrap, Rework, Reject
6.3 Reductions in claims, judgments, etc.
6.4 Other Quality Improvements/Economic Gains
7.0 Customer Satisfaction (30%)
7.1 Customer Views of Guarantees and Warranties
7.2 Customer Views of Services Under Guarantees/Warranties
7.3 Solicitation of Customer Input to Products and Services
7.4 Customer Rating of Product or Service
7.5 Unique or Innovative Approaches

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Reimann said that in creating the multi-examiner, multi-stage assessment, he was strongly influenced by his NBS background in measurement variability. "We wanted to ensure independent scoring, consensus scoring, and an opportunity to examine the highest-scoring contenders via site visits. At that point, the scoring would be a smaller factor because the judges needed to make their final

recommendations in a balanced way,” he said.

Another element of the first criteria was explicit recognition of the distinction between technical quality and quality management. In this regard, focusing on the customer factors rather than the mainly technical ones was critical. In his book, *Managing Customer Value*, marketing expert Bradley Gale wrote about an NBS meeting in December 1987 to review the newly created criteria,

In 1987, quality advocates were divided into factions supporting competing gurus. And, unfortunately, companies could achieve quality as any of the gurus defined it, yet still fail to produce a product that would win and keep customers. . . . Quality experts were eager to advocate that the award committee require mathematical tests to measure whether mathematical processes were “in control.” But as for measuring customer satisfaction relative to competitors, they were either uninformed or downright skeptical of the idea that anyone could provide statistical evidence to identify which companies were truly creating happy customers.¹⁶

Reimann said that customer-driven quality needed to be a key driver for technical quality. In an interview in 1998, Reimann elaborated on the customer focus of the criteria requirements, “We knew that we couldn’t make the award a ‘techie’s paradise’ with quality viewed primarily as parts per million defects. The issue is customer and market satisfaction. We needed to recognize companies that show clear connections to customer satisfaction and market share through their defect and error-reduction processes.”¹⁷

Reimann added that the Criteria for Performance Excellence were expected to be in a “state of evolution,” refined to keep up with the validated management practices of the time. “We aggressively pursued improvement of the criteria from the start.”¹⁸

The First Baldrige Award Process



Reimann and Verity

With the new Secretary of Commerce focusing on the new award, Reimann said they had extremely tight time requirements; the first Malcolm Baldrige National Quality Awards needed to be given in

November 1988 *before* President Reagan's term ended. That meant that everything needed to be in place by early 1988, Reimann said; "We worked seven days a week for six months, but it was without a doubt extremely exciting and positive. It was intense but people wanted to help. I could call meetings and people from organizations around the U.S. would respond quickly to attend or comment on our plans. Participants felt this was of utmost importance to their companies and to the country. It was clearly the most profoundly positive work experience I ever had."

In the summer of 1987, Reimann called U.S. executives and quality experts about the process both for award applicants and for examiner applicants. One of the big concerns, Reimann said, was where to get people to evaluate award applications. A tremendous amount of networking was done to identify pockets of leadership and to alert people that an examiner application process was coming. "I was like a teenager," he said. "I was on the phone all the time trying to identify key leaders and ask them to name others to contact." Reimann added that he felt volunteering was then so much more encouraged, even fashionable. Many companies were very interested in Baldrige; it was very common to allow employees to participate as a broadening exercise during work hours, he said. Coursey added that Alan Siebe, a loaned executive from FPL, joined the group in late 1987, and became a critical part of the outreach to U.S. private-sector stakeholders and completing the launch of the Baldrige Award.

With a few new staff members (Coursey; Ruth Haines, a chemist in the NBS Center for Chemical Physics; Kathy Leedy; and Siebe), Reimann was able to focus on fleshing out the criteria for the award. But finalizing the criteria framework and content took much longer than getting examiners approved, Reimann said. He asked business executives to review the criteria because NBS wanted to ensure that its quality management approach was widely understood and agreed upon. Reimann also received valuable help and advice from George Uriano, later, director of the new NBS Advanced Technology Program.

In late October 1987, in just his first few days on the job, and after Reimann and the NBS staff had worked for just three months, Secretary Verity asked Reimann and NBS Director Ambler to outline for him the award criteria and process. One of his own responsibilities, Coursey said, was to prepare weekly highlights from all of NBS on technical and programmatic achievements and to send these to the Department of Commerce; "As the [Baldrige] Program began to gain visibility at DOC, they asked that each week's submissions from [NBS] include an update on Baldrige. Finally, they said, 'OK these other write-ups are fine, but just tell us what is happening with the Baldrige Award!'"

The timetable was set that applications/guidelines would be available on February 15, 1988; applications would be due May 20, 1988; application reviews and site visits would be conducted between June and September 1988; and an award ceremony with President Reagan would be held in November 1988. According to Reimann, "The overall award process design—criteria, evaluation processes, organization, and funding, all within an integrated public-private partnership—was unique and not modeled after any other award or proposal."

The Judges Panel and Board of Examiners



Members of the first Board of Examiners, 1988

On March 3, 1988, the Judges Panel for the Malcolm Baldrige National Quality Award was approved to “ensure the integrity of the award selection process.” The nine-member panel included a “balanced representation from industries which are working to improve the quality of U.S. manufactured goods and services.” The first Panel of Judges was comprised of James K. Bakken of Ford World Headquarters; William Eggleston of IBM; Richard Freund of Quality Planning Services; A. Blanton Godfrey of the Juran Institute, Inc.; William Golomski of W. A. Golomski & Associates; Brian Joiner of Joiner Associates, Inc.; David Luther of Corning Glass Works; Frank Pipp of Xerox Corporation; and Kent Sterett of FPL.

In late May 1988, training for the first examiners, which included 102 examiners and 21 senior examiners, included a criteria item analysis to set a “philosophical standard for each item (what the item is aimed at), what examiners will look for, and what the feedback should attempt to address,” according to an internal memo. (Such item analyses would eventually become the Category and Item Descriptions in the current Criteria.) The goal was to give the examiners “ownership” of the evaluation process and be able to “tap into some of the energy available in the private sector,” Reimann said. A case study (i.e., a fictitious application) was prepared for the training, and some examiners conducted a pilot site visit to test their processes. In an internal memo from February 1988, Reimann wrote, “I believe that harmonization of scoring and feedback is the most important and difficult matter.” The examiner training and case study were intended to enable this.

One concept new to a technical organization like NBS was cross-sector teamwork among examiners. At NBS, Reimann said, much of his experience with professional development consisted of scientists and engineers working with other scientists and engineers. But the NBS staff had to manage the process differently because putting examiners from similar companies together might lead to conflicts of interest: (1) with competing organizations potentially evaluating each other and (2) with organizations competing with each other to be selected under the two-per-category rule. However, Reimann said staff knew that building cross-sector teams of examiners with people having very different professional backgrounds and work experiences could lead to an immense amount of knowledge and sharing. Having never tried this approach, we had no idea if it would work, he added. Similarly, we had no idea whether examiners and others who were being asked to contribute so much time would come back year after year and not only stay engaged but be willing to share knowledge with peers, Reimann said.

The success of Baldrige’s public-private partnership owes much to the tremendous commitments and skills of the thousands of examiners who have given millions of hours to Baldrige—the national program and the state, local, and sector programs.

The Board of Overseers

On March 4, 1988, the charter for the Board of Overseers of the Malcolm Baldrige National Quality Award was signed. The objectives and duties of a Federal Advisory Board were to make suggestions for the improvement of the award process and an annual report to the NBS Director with recommendations for improvement. The first board included quality experts, business and industry leaders, and labor and public policy experts: Meredith Fernstrom of American Express Company, Armand Feigenbaum of General Systems Company, Douglas Fraser of the United Auto Workers, Bradley Gale of the PIMS/Strategic Planning Institute, David Garvin of Harvard Business School, Joseph Juran of the Juran Institute, Thomas Murrin of Westinghouse, Lionel Olmer of the Department of Commerce (international trade), and Elmer Staats (the former Comptroller General of the United States) of the U.S. Government Accountability Office.

In support of the new Baldrige Award, Juran wrote,

Our loss of quality leadership has already cost us [the United States] millions of jobs and tens of billions of dollars in trade balances. To get out of this crisis, we must create our own quality revolution. It would be useful to our economy to establish a prize which would earn national recognition as evidence of high attainment in quality.

The Foundation for the Malcolm Baldrige National Quality Award

The NBS staff were extremely uneasy about direct fundraising, Reimann said; “We didn’t think we should be trying to get people and companies interested in participating in the award process, but then ask them for money.” Coursey said his first important job was to brainstorm how to establish the Baldrige Foundation. Based on leads received through friends in Federal service, he researched other foundations that provided funds to government programs, and he met with government lawyers and executives from private-sector organizations, FPL and McDonnell Douglas Corp., who each assigned senior executives to the fundraising effort. Reimann said these two companies solicited other companies to form and contribute to a foundation. Eventually, with a push from Secretary Verity, the Foundation organizers and the Department of Commerce counsel came to an agreement. The Foundation for the Malcolm Baldrige National Quality Award became official through a signed agreement with the Department of Commerce on March 18, 1988, when it also became a 501(c)(3) charitable nonprofit corporation.

Sanford McDonnell, chairman emeritus of McDonnell Douglas Corp., served as the first Foundation Board of Director’s president, and Hudiburg served as the Foundation’s vice president; in a co-authored article, they wrote, “Since Secretary of Commerce Bill Verity invited us to organize the Foundation, we have had the opportunity to learn that the United States is ready to reassert its status as the quality leader of the world as a key weapon in America’s arsenal in the international markets.”¹⁹

Ten million dollars was raised in the first year, Reimann said; “It was exciting to see industry leaders so

willing to support the quality effort. . . . But [NBS staff] did our best to stay hands off. We didn't even want to know who was contributing.”



Baldrige family members with Secretary of Commerce Ron Brown, 1995

Reimann said that Baldrige family members— including Malcolm’s brother Robert, who served as a director of the Foundation; sister Letitia; and wife Midge—have been extremely supportive. In fact, he said the involvement of the Baldrige family has been a constant source of inspiration for the Baldrige Award Program. Upon his retirement in 1995, the family gave Reimann a “truly special gift”—a belt and buckle Mac Baldrige had won in a rodeo contest.

Launch of the Baldrige Program and First Awards Ceremony

On March 31, 1988, President Reagan launched the Baldrige Program at a White House Ceremony:

The award . . . offers a vehicle for companies, large and small . . . to examine their own approaches to quality. It offers companies a standard with which to compare their own progress to that of the country’s very best. This award means even more to me because it is a fitting way to honor a good friend. The economic liberty and strong competition that are indispensable to economic progress were principles that Mac Baldrige stressed, both as a successful businessman and a dynamic and effective Secretary of Commerce. The affluence this nation enjoys and the economic success that we’ve achieved derive from a free enterprise system that provides quality products and services. Mac helped strengthen this system. Mac’s work symbolized quality in every respect.



Vice President George H.W. Bush, President Reagan, Secretary Verity, and Congressman Sherwood Boehlert, March 1988

Reimann said the launch was an uplifting meeting, with everyone feeling that they had the administration’s full support. “As civil servants who never even thought about going to meet the Secretary of Commerce,” Reimann said, “this was quite an experience—very intimidating but exciting.” And joining the national effort, ASQC and APQC, which had itself been trying to create a private-sector-managed award, came on board as the original nonprofit contractors mandated in the law.

Secretary of Commerce Verity echoed the President, “The award—which will be America’s ‘Nobel Prize’ for quality—will promote quality awareness, recognize quality activities of U.S. companies, and help draw the attention of all businesses to successful quality strategies. It also provides opportunities for business to have outside experts evaluate their quality programs.”²⁰

Remarkably, Reimann and his colleagues—and the entire public-private partnership—met the awards deadline set by Secretary Verity, and the first recipients were announced on November 14, 1988, at a packed ceremony held at the White House.



First Baldrige Award Ceremony, White House, November 14, 1988

“We had made the decision to publicize the award and the broader program by promoting the

concrete accomplishments of the Baldrige Award recipients,” said Mat Heyman, a long-time NBS/NIST official charged with directing outreach. “The concept of a government-managed award to recognize quality achievements in the private sector was likely to be met with natural skepticism, so the accomplishments of the recipients—and more importantly, the lessons contained in their success stories—was our focus.”



Baldrige Program staff and Verity, 1988

Baldrige Spreads to the States

In the fall of 1987, Reimann said he received a visit from Connecticut resident Sheila Carmine who thought it would be interesting to launch a parallel award in Connecticut because Malcolm Baldrige had served as CEO of a major Connecticut manufacturer. Reimann said he encouraged Carmine and tried to be as helpful as possible. This meeting was the first of scores of visits from organizations in the United States and around the world that wanted to create similar awards. Reimann said he felt the “purpose [of Baldrige] was 99% to promote awareness and sharing,” and new networks of Baldrige users supported this purpose; “We have always regarded the state programs as our partners in a larger campaign. Together, with the states, our reach is much greater than it would have been without them.”

In 1992, Bob Chapman, the Baldrige Program’s information and outreach leader, led a study commissioned by the National Governors’ Association that led to the report *Promoting Quality Businesses: A State Action Agenda*. The report outlined ways that governors could use public/private resources to accelerate quality practices and design and implement a state quality award. Reimann said the commission’s recommendations gave the staff the encouragement to promote the idea that Baldrige-based programs across the United States had merit.

Many states already had a U.S. Senate Productivity Award given by U.S. Senators to the companies in their states with exemplary quality and productivity improvement efforts, an award established through a Senate Resolution in 1982. With the encouragement of the National Governors’ Association, many states merged the two and became Baldrige-based while retaining components of the productivity award. Chapman worked with interested state programs to coordinate efforts, organizing the first State and Local Quality Award Workshops.

In 2005, Baldrige-based state, local, and sector programs merged to create the Alliance for Performance Excellence as a way to better coordinate resources and initiatives. “State and local Baldrige-based

programs play a key role in facilitating performance excellence in the U.S.,” said Brian Lassiter, chair of the Alliance for Performance Excellence and president of the Performance Excellence Network (the Minnesota state program, founded in 1987, about the same time that the national program was created). “Today, state and local programs create somewhat of a ‘feeder system’ for the national award, preparing both applicants and volunteer examiners to serve in the national program. But state programs also serve the broader role of educating, coaching, and facilitating continuous improvement with literally thousands of organizations across the country. Over the last 10 years or so, three out of every four national award recipients have first received their top state award, indicating the vital role that state programs play in helping organizations start, accelerate, and sustain a journey towards excellence.”

The Transformation of American Business—and the Other Sectors

In the late 1980s and early 1990s, Reimann said, some existing communities of U.S. leaders proudly became part of the Baldrige effort. For example, the Conference Board had a quality council with members such as Corning, Xerox, and IBM, who also gave their support to Baldrige. Reimann said that many U.S. organizations held meetings with quality themes (e.g., on customer satisfaction), and it became beneficial for them to invite the Baldrige Award winners and Baldrige staff. Reimann said he travelled more during the first few years of the Baldrige Program than he had during his entire 25-plus-year career. The award winners themselves also began hosting quality meetings to share best practices. Many U.S. organizations also developed internal quality awards and recognition based on Baldrige; these included Johnson & Johnson’s Chairman’s Award, IBM’s Thomas J. Watson Award, and McDonald’s Sweeney Quality Award. Many other organizations, including Cargill, Eaton, and the Ritz-Carlton, have embedded or internalized the Baldrige Criteria for Performance Excellence, sometimes creating an entire evaluation process for their global operations.

In November 1991, David Garvin wrote in the *Harvard Business Review*,

The Malcolm Baldrige National Quality Award has become *the* most important catalyst for transforming American business. More than any other initiative, public or private, it has reshaped managers’ thinking and behavior. The Baldrige Award not only codifies the principles of quality management in clear and accessible language. It also goes further: it provides companies with a comprehensive framework for assessing their progress toward the new paradigm of management and such commonly acknowledged goals as customer satisfaction and increased employee involvement.



First Baldrige Award recipients, Reagan, and Verity, 1988

In 1993, based on growing interest from the business community and several national organizations, including the American Hospital Association and the American Medical Association, health care and education experts came to NBS, now called the National Institute of Standards and Technology, to begin work on how to implement the Baldrige Criteria concepts in the health care and education sectors.²¹ The Baldrige Criteria were distributed to health care and education organizations to review, and pilots were conducted in 1995, with 46 health care and 19 education organizations applying but not eligible for the award.

“We had two challenges in implementing the health care and education categories,” said Hertz. “The simpler one was writing the Criteria that were specific to these sectors. Much more difficult was writing case studies that would reflect leading-edge strategies responsive to the Criteria but still believable in these sectors. The Criteria were proposing concepts that were still far beyond the current state of practice in those sectors. Fortunately, we had help and guidance from outstanding education and health care experts who volunteered their talents to the Baldrige Program and stretching current practice. The challenges that Baldrige provided educators and health care providers are demonstrated by the number of years from 1998 until we had the first award recipients in education [2001] and health care [2002]. The long-term benefits have been significant.”

In 1998, funding came from the Department of Education and Department of Veterans Affairs, Veterans Health Administration to create versions of the Baldrige Criteria for those sectors, and on October 30, 1998, President Bill Clinton signed an appropriations bill providing additional funding. Health care now generates the largest number of Baldrige Award applicants. Similarly, funding for the nonprofit sector was added in 2006.

Over time, stories have made it into Baldrige lore. For example, when Reimann served as a site visit monitor, during a friendly prank staged by the senior examiner, he was almost tricked into challenging a champion arm wrestler; at the close of the site visit, the company CEO jokingly thanked (the 130 lb.) Reimann for “not embarrassing” his (250 lb.) champion. Other stories are of site visits that had to be evacuated—but the examiners still carried on—due to terrible forest fires, and an entire Baldrige Award recipient that had to relocate its headquarters not once but twice as destructive hurricanes swept through its region. One Baldrige Award ceremony with President Clinton was truncated by a fire in the

hotel where the winners were receiving their honors, interrupting the President's remarks. Many stories were shared over the years by Malcolm Baldrige's sister Letitia, herself a national treasure as Jackie Kennedy's White House social secretary and one of the first female U.S. business leaders. Letitia often spoke of her brother Mac and of the pride he would feel in the award, in the Baldrige Program, and in the incredible, dedicated, hard-working examiners and other volunteers who have made it all possible.

Twenty-Five Years Later



2013 marks the 25th-anniversary of the Baldrige Program, now called the Baldrige Performance Excellence Program. Since its not-so-humble beginnings, it has transitioned to a Baldrige Enterprise, a partnership between Baldrige-based programs, ASQ, and the Foundation, to sustain the Baldrige Program's mission to improve the competitiveness of all U.S. organizations. In the mid-1990s, the federal government added appropriations to cover the public side of the unique public-private partnership, but that appropriation was lost in 2011; the Enterprise was formed to help underpin the Baldrige Program and keep alive the benefit and value to so many organizations.

Included in the Enterprise are 33-plus state, local, and sector Baldrige-based programs that all use the Criteria for Performance Excellence and cover almost all of the states of the union. Most are independent 501(c)3 nonprofits, but some are coordinated by state governments and university systems. All have a Baldrige-based state-level award program as their central mission, collectively advancing the Enterprise objective of improving productivity, competitiveness, and outcomes across U.S. organizations. More than 2,200 examiners, 1,400 applicants, and approximately 40 paid staff serve Baldrige-based state programs. In addition, 106 international quality programs now base themselves on Baldrige, and several international program representatives attend examiner training in the United States each year. Of the Baldrige Program, the administrator of the Singapore excellence award, Choy Sauw Kook, wrote, "The Baldrige Program has provided us with a benchmark in terms of the development and enhancement of our framework, rigour of assessment methodology, assessor development and recognition, as well as best practice learnings. Within the [Global Excellence Model] Council, the Baldrige Program is seen as the leading excellence programme, and SPRING Singapore, like other GEM Council members, has always looked to Baldrige for the way forward."

Ninety-one Baldrige Award winners have served as national role models. According to Craig Long, VP, Performance Solutions by Milliken, a 1989 Baldrige Award recipient, "You can't argue with the [Baldrige] Criteria because it is sound and it is fundamental. Everything Milliken has done is built and building on that foundation. . . . Baldrige served us well and served a lot of companies well. It truly is a beacon for operational excellence." Charles W. Sorensen, chancellor of UW-Stout, a 2001 Baldrige Award winner, and Julie Furst-Bowe, former provost, wrote, "There is no question that our adherence

to the Baldrige performance criteria has made us a much more efficient university and helped us weather repeated cuts in state aid without affecting educational quality. The Baldrige model, as deployed at UW-Stout, also led to a number of important innovations.”²²

In its 25 years, the Baldrige Program has much evidence of its return on investment. Analysis of data from two-time Baldrige Award winners shows that the median growth in number of sites was 67%, median growth in revenue was 94%, and median growth in jobs was 63%; the median growth in jobs was nearly 20 times greater than matched industries and time periods, according to the Bureau of Economic Analysis and the Bureau of Labor Statistics, which indicated a comparative average job growth of 3.2%. Hospitals that have won the Baldrige Award have lower rates of mortality and complications, higher profit margins, and higher improvement levels than the 100 Top Hospitals (top 3% nationwide) according to a Thomson Reuters study. And, in 2011, economists reported that for every public \$1 spent on the Baldrige Program, the benefit to the U.S. economy is \$820. In 2011 alone, the program has tracked nearly 3 million page views of the Baldrige Criteria, and since 1987, more than 2 million print copies have been distributed.

Additional return on investment data are available on the Baldrige website²³ and in the book *Baldrige 20/20: An Executive’s Guide to the Criteria for Performance Excellence*²⁴, in which Rosabeth Moss Kanter, director of the Harvard University Advanced Leadership Initiative, writes,

Use of the Baldrige Criteria can help organizations assess and improve their performance, becoming more sophisticated about how to align all of their processes to achieve desired results. That is important not only to the success of manufacturing and service enterprises but also sectors such as health care and education which are vital to the future of the economy and the well-being of society. The Baldrige Award is given to only a few of the applicants because they meet the highest standards. But in a sense, every organization that uses the Baldrige Criteria for self-study and change can turn out to be a winner due to their increased ability to learn, adapt, innovate, and achieve excellence.

In the same book, Gregory Page, chairman of the board and CEO of Cargill, Inc., writes that Baldrige Award recipients “are successfully navigating the storms of change, achieving operational effectiveness and efficiency, improving financial results, enhancing customer service, and winning new markets through application of the Baldrige Criteria.”

On April 7, 2013, the Baldrige Performance Excellence Program and its many supporters will gather for a Gala to celebrate 25 years of performance excellence, 25 years of U.S. organizations learning and becoming more competitive and sustainable, and 25 years of the Malcolm Baldrige National Quality Award and the thousands and thousands of organizations that have benefited from it.

¹ “Special Report: The Push for Quality,” *Business Week*, June 8, 1987

² Pennar, Karen, commentary “America’s Quest Can’t Be Half-Hearted,” “Special Report: The Push for Quality,” *Business Week*, June 8, 1987

³ ManagementWisdom.com, <http://www.managementwisdom.com/ifjapcanwhyc.html>

⁴ Review of Findings of the President’s Commission on Industrial Competitiveness, S. Hrg. 99-75; Hearing Before the Committee on Finance, United States Senate, March 29, 1985

⁵ “The Birth of Baldrige,” Baldrige.com, <http://www.baldrige.com/baldrige-process/the-birth-of-baldrige/>

⁶ “The Birth of Baldrige,” Baldrige.com, <http://www.baldrige.com/baldrige-process/the-birth-of-baldrige/>

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- ⁸ "Total Quality," <http://asq.org/learn-about-quality/history-of-quality/overview/total-quality.html>
- ⁹ "AQP and the Malcolm Baldrige National Quality Award," *AQP Report*, November/December 1987
- ¹⁰ Snyder, Jamie; DeMean, Valerie; Teo, Sharon; "The Malcolm Baldrige National Quality Award"; <http://www.public.iastate.edu/~vardeman/IE361/f00mini/snyder-demean-teo.pdf>
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- ¹² Snyder, Jamie; DeMean, Valerie; Teo, Sharon; "The Malcolm Baldrige National Quality Award"; <http://www.public.iastate.edu/~vardeman/IE361/f00mini/snyder-demean-teo.pdf>
- ¹³ "Every Company Pursues Quality. This is for the Few that Achieve it," promotional brochure, Foundation for the Malcolm Baldrige National Quality Award, 1988
- ¹⁴ "The Birth of Baldrige," Baldrige.com, <http://www.baldrige.com/baldrige-process/the-birth-of-baldrige/>
- ¹⁵ "The Birth of Baldrige," Baldrige.com, <http://www.baldrige.com/baldrige-process/the-birth-of-baldrige/>
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- ¹⁷ Bell, Robert and Keys, Bernard, "A Conversation with Curt W. Reimann on the Background and Future of the Baldrige Award," *Organizational Dynamics*, American Management Association, Spring 1998
- ¹⁸ Bell, Robert and Keys, Bernard, "A Conversation with Curt W. Reimann on the Background and Future of the Baldrige Award," *Organizational Dynamics*, American Management Association, Spring 1998
- ¹⁹ McDonnell, Sanford and Hudiburg, John, "The Foundation for the Malcolm Baldrige National Quality Award," *Business America: The Magazine of International Trade*, U.S. Department of Commerce, May 9, 1988
- ²⁰ Verity, William, "Quality—The Quest for Excellence," *Business America: The Magazine of International Trade*, U.S. Department of Commerce, May 9, 1988
- ²¹ Baldrige Performance Excellence Program, National Institute of Standards and Technology, *Update*, April 1993
- ²² Sorensen, Charles W., and Furst-Bowe, Julie, "Keep Baldrige Mission Alive," <http://www.jsonline.com/news/opinion/keep-baldrige-mission-alive-5u3doge-135475423.html>
- ²³ Baldrige Performance Excellence Program, <http://www.nist.gov/baldrige/>
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