# Minutes of the Malcolm Baldrige National Quality Award Board of Overseers/Judges' Panel Meeting

**Baldrige Performance Excellence Program • National Institute of Standards and Technology June 13, 2013 • Administration Building, Lecture Room A**

### Attendees

*Overseers:* Bryan Bushick, Robert Hagans, Warren Harris, Terry Holliday, Brian Lassiter, Stephen Perry, Liza Nickerson Seltzer, Rulon F. Stacey (chair), Max Summers, Paul Westbrook. *Not attending:* Gail L. Hendrickson, Stephen Perry, Margaret Townsend

*Judges :* Jackie R. Beede, Kathleen Bergeson, Diane Bosworth, John Jasinski (chair), Donald Lighter, Paige Lillard, Geraldine Markley, Sharon Muret-Wagstaff, Michael R. Sather, Sunil K. Sinha, John Swaim, Roger M. Triplett

*NIST:* Jamie Ambrosi, Dawn Bailey, Sandra Byrne, Robert Fangmeyer, Ellen Garshick, Elif Karakas, Renee Norris, Phillip Singerman, Suzanne Sullivan, Barbara Uglik, Nancy Young

*U.S. Department of Commerce:* Eric Osterman, Office of the General Counsel

Rulon Stacey called the meeting to order at 8:15 a.m. He welcomed the judges, overseers, and NIST staff. The minutes from the December 2012 meeting were unanimously approved .

NIST Associate Director for Innovation and Industry Services Phillip Singerman welcomed the judges and overseers and thanked them for their service and commitment. Singerman provided an update on the process for hiring a new Baldrige Program Director, noting that it is a Senior Executive Service position.

### Program Update

To set the context for the meeting, Acting Program Director Robert Fangmeyer reviewed the changes in the Baldrige Program resulting from the loss of federal funding in FY2012 and the need to recover costs through new and existing revenue streams. Changes included developing and implementing a new business model, creating a new business plan, building capability and capacity in new product and service offerings, co­ leading Baldrige Enterprise development and implementation, and reorganizing a greatly reduced workforce.

Fangmeyer said that the program's current focus is on rebalancing efforts from a primary focus on the Baldrige Award toward diverse products and services that help organizations improve their performance.

### 2013 Events

Fangmeyer reviewed recent events held by the program. In April, the program culminated its 25th anniversary year with a gala that included a video from President Bill Clinton. The program also received letters from former President George H. W. Bush and the Ronald Reagan Presidential Library and Museum, as well as letters from performance excellence programs around the world. At the 2012 Baldrige Award Ceremony, Acting Secretary of Commerce Rebecca Blank recognized four award recipients. The ceremony also included a video message from President Barack Obama.

The 25th Annual Quest for Excellence Conference included the sharing of best practices by about 20 former recipients, the four new recipients, and a plenary session with international guests representing award recipient organizations from among the members of the Global Excellence Model (GEM) Council.

### Baldrige Enterprise

Fangmeyer reviewed the goals and progress of each Enterprise subteam: the Enterprise Integration Team; the Award Process Standardization Team; the Criteria Sales Team; the Integrated Examiner Training Team; and the Marketing, Promotions, and Communications Team.

The judges and overseers discussed the advantages and challenges of the Integrated Examiner Training Team's goal of moving examiner training to or supplementing it with integrated state or regional offerings. Brian Lassiter, chair of the Alliance for Performance Excellence, said that the Enterprise is determining the intersections between the national program and the independent, diverse Alliance programs that will grow revenue and share expenses. He noted that this concept is embedded in the work of the subteams, with standards for top-tier awards at Baldrige-based programs as a first step.

Fangmeyer said each Enterprise partner is individually undertaking a major transformation: (1) the Baldrige Program must continue to implement the new business model to remain sustainable; (2) the Foundation must become a fund raising body rather than a manager of an endowment; and (3) the state and local award programs are in the midst of significant consolidation. For the Enterprise to succeed, all of these entities must strengthen themselves through these transformations.

**Business Plan and Program Funding**

Fangmeyer said that the program has exceeded expectations in being good stewards of the Foundation's gift by controlling costs and successfully bringing online new revenue sources. He detailed the program's operating income sources: award process fees, sponsorship and exhibit fees, Criteria sales fees, Examiner Training fees, and Baldrige Executive Fellows Program fees.

Fangmeyer then commented on each revenue source and noted performance against projections. Of note, revenue from sales of the 2013-2014 Criteria for Performance Excellence has been negatively affected by continued use of the 2011-2012 Criteria, which are still available free of charge, and the fact that customers may be sharing downloads of the new Criteria.

Fangmeyer said that the Baldrige Executive Fellows Program, now in its third year, continues to be a great success, with excellent reviews by participants. Current overseer and former Baldrige Fellow Rob Hagans agreed. Fangmeyer noted that the program's intention, in part, is to engage manufacturing organizations with Baldrige. Fangmeyer asked the overseers and judges for suggestions for Fellows, specifically manufacturing executive vice presidents or those in higher positions. A Fellows scholarship is available to K-12 senior leaders.

Fangmeyer described the Baldrige Collaborative Assessment. He said that, after three pilot assessments, the program currently has the capacity for up to eight assessments per year and asked the judges and overseers for recommendations on potential clients for such an assessment. He also said that the Baldrige Collaborative Assessment opens up opportunities for state programs and consultants to provide ancillary services. A task group consisting of Baldrige staff members, state program directors, and Baldrige-based consultants has begun meeting to establish a continuum of offerings.

Terry Holliday noted that leaders might become Fellows and then bring their organizations back for a Baldrige Collaborative Assessment. Stacey commented that this assessment may hold some promise for Baldrige Award recipients, noting that his organization might have benefited from such an assessment in the years following receipt of the award. Paul Westbrook said that, for health care organizations, the cost

of the Baldrige Collaborative Assessment is not high. He suggested highlighting the outcomes, features, and benefits of the assessment for each sector.

## Baldrige Foundation Fundraising Update

Fangmeyer noted that the Baldrige Program, as a federal entity, is not allowed to participate in actual fundraising. The Baldrige Foundation, which does collect funds, is independent of the program; this helps to protect the integrity of the Baldrige Program and Baldrige Award process.

Fangmeyer reported that the Foundation's contract with the fundraising consultancy firm CCS has ended. The Foundation has established an Office of Development, has hired Kellie Glenn as major gifts director, and will hire an associate director of research and prospect management by July 1. Maryann Brennan serves as chief of staff to George Benson, and Thomas Schamberger continues in the role of executive

director. Other activities are the preparation of marketing materials, the case for support, and a board retreat focused on members' role in fund raising.

Stacey noted that the overseers may have a role in fundraising, but that they also need to raise awareness of the program so that when donations are requested, the value of the program is clear.

**Ethics Review**

Eric Osterman, Office of the General Counsel, Department of Commerce, delivered the annual ethics review required for the judges and overseers.

**Applicants and Eligibility**

Fangmeyer reviewed changes in Baldrige Award eligibility rules in 2012 and fees in 2013 . The rule changes required most organizations to receive the top-tier award from a state Baldrige-based program before applying for the national award, and in 2013 fees doubled for most organizations. The result was 39 applicants in 2012, as planned, with applicants in all six eligibility categories, and 22 applicants in 2013, with no applicants in the manufacturing, service, or small business categories.

Fangmeyer said that a slight decrease was anticipated, as award winners cannot immediately reapply, other applicants take a year off to implement the recommendations in the feedback, and others do not apply in the first year of a new edition of the Criteria for Performance Excellence. Customer survey data and personal phone calls to each of the nonreturning organizations confirmed these reasons, along with the increase in fees. Based on those conversations, the program expects an increase in applications for 2014.

The judges and overseers discussed these and other factors that may affect the number of award applications in the future. These included variability in state programs, the fact that some state winners do not apply for the Baldrige Award, the possibility that current eligibility rules may exclude too many organizations, the need to reach outside the current community to attract new organizations to Baldrige, and the fact that some organizations may resist going to a state program first.

After discussion, the judges and overseers suggested that the program consider redesigning the eligibility filter to ensure that the right organizations are applying and increase the number of eligible organizations.

Donald Lighter moved that the program eliminate the restriction on the number of subunits from a given organization that can apply for the award in a given year. Michael Sather seconded the motion, which was carried unanimously.

The judges and overseers also suggested that the program, working with a task force consisting of Kathleen Bergeson, Brian Lassiter, Geri Markley, and Liza Seltzer, create a proposal for opening additional pathways to Baldrige Award eligibility while retaining the pathway through the state programs. The overseers will consider this proposal at a virtual meeting held in time for the program to incorporate any new rules into the 2014 award process.

**Issues from the June 12 Judges' Panel Meeting**

Jasinski reviewed improvements to the judging process arising from the previous day's meeting. The meeting was adjourned at 1:30 p.m.

18 July 2013

**Date**