

## **MINUTES**

### **Meeting of the Board of Overseers for the Malcolm Baldrige National Quality Award**

**Baldrige Performance Excellence Program**

**National Institute of Standards and Technology**

**December 2, 2015**

#### **Attendees**

*Overseers:* Deborah Bowen, Bryan Bushick (by telephone), Julie Furst-Bowe, Bennie W. Fowler, Warren Harris, Reatha Clark King, Elizabeth Menzer, Liza Nickerson Seltzer, Rulon Stacey (chair)

*Judge:* Laura Huston, Chair of the Judges Panel

*NIST:* Jamie Ambrosi, Dawn Bailey, Rebecca Bayless, Jacqueline Calhoun, Jacqueline DesChamps, Robert Fangmeyer (Director), Ellen Garshick, Scott Kurtz, Darren Lowe, Christine Schaefer, Suzanne Sullivan, Barbara Uglik

*Baldrige Foundation:* Al Faber, President and CEO

#### **Welcome and Introductions**

The meeting began at 8:15 a.m. The minutes from the June 11, 2015, meeting of the Board of Overseers and Judges Panel were approved.

#### **Report from the Judges Panel**

Judges Panel Chair Laura Huston reviewed the panel's approach to selecting Baldrige Award applicants for site visits and recommending award recipients to the Secretary of Commerce. She reported that the judges had recommended four recipients for 2015: MidwayUSA (small business), Charter School of San Diego (education), Charleston Area Medical Center Health System (health care), and Mid-America Transplant Services (nonprofit). The panel also recommended two organizations for category best practice recognition; of these, Memorial Hermann Sugar Land Hospital (Strategy) was accepted for this recognition by NIST Director Willie E. May. Huston also reported that, as a result of the panel's regular process review, a subteam of judges had been formed to identify improvements for 2016.

#### **Baldrige Program News**

Baldrige Program Director Robert Fangmeyer presented the four Baldrige Award recipients for 2015. He also highlighted data for the seven two-time award recipients, which affirm the value to organizations of implementing the Baldrige Excellence Framework: their median job growth rate between awards is 63% against a comparison for like industries of 3.5%, and their median revenue growth rate is 92%.

Fangmeyer noted publications and honors pointing to the value of the Baldrige approach: (1) the fall 2015 issue of the American College of Healthcare Executives' (ACHE) *Frontiers of Health Services Management*, which featured several Baldrige Award recipients in the health care category; (2) a third-place win for a paper on Baldrige as the world's standard for organizational excellence, to be published in the journal *Standards Engineering*; (3) a study published in *Quality Management Journal* finding that 2002–2011 Baldrige Award recipients in the health care category matched or exceeded their competitors' measures of health care quality and outperformed them in measures of favorable patient

experience; and (4) the inclusion of three Baldrige leaders on *Modern Healthcare's* annual "Top 25 Women in Health Care 2015."

Reatha Clark King noted the value of independent validation of the benefits of the Baldrige framework and asked whether a similar study could spotlight Baldrige in education. The overseers agreed that sector associations are the most likely avenue for such studies, and Deborah Bowen offered to share ACHE's approach to conducting its study.

Fangmeyer reported that two Baldrige staff members would receive the George A. Uriano Award at the upcoming NIST Awards ceremony: LouAnn Scott for development and support of the Quest for Excellence conference app, which resulted in reductions in mailing and printing costs for the program, and Barbara Uglik for the updating and implementation of BOSS, the automated evaluation tool used by Baldrige examiners.

### **Baldrige Program Sustainability**

Fangmeyer described the changes instituted by the program after the loss of federal funding in 2011. Since then, the program's approach has been to address shorter-term needs while also focusing on long-term sustainability. He noted that the program's three mission components—establishing a nationally recognized standard of organizational excellence, evaluating organizations against that standard, and sharing role-model best practices—serve as the basis for strategy and operations.

Fangmeyer outlined the program's strategic thrusts, the role of each in ensuring sustainability, and progress on each since 2012: (1) clarify/reposition the Baldrige brand, (2) lean out processes and optimize income potential, (3) strengthen manufacturing/small business engagement, (4) expand product/service lines to meet the needs of new and potential customers, and (5) leverage strategic partnerships.

He reported that, since 2012, the program's funding and staffing had decreased from \$11 million and 43 staff members, respectively, to about \$2.5 million and 19 staff members, with about 9,000 hours saved in the first year of leaning out processes. However, without significant changes in either program funding or program revenue by the end of 2017, the program's financial situation will be difficult. With this in mind, the program has reallocated staff resources in accordance with the strategic thrusts, with a focus on projects that are revenue generating, mission critical, or mandatory.

The overseers asked about the options for alleviating this situation. Fangmeyer said that these are to continue increasing the efficiency of processes, to generate additional revenue, and to regain federal funding. Several initiatives now in the planning stages have some potential to attract funding, such as the Communities of Excellence 2016 initiative and the opportunity to help establish a cybersecurity assessment, recognition, and best-practice-sharing program. The overseers noted the importance of ensuring that new initiatives are in line with the program's mission. They also offered to help with outreach for the cybersecurity initiative.

Fangmeyer also described efforts to strengthen the engagement of manufacturing and small business, which has declined in recent years even as interest on the part of other sectors has been steady or has increased. The overseers noted that it is important to understand the factors, such as independent validations, that would influence manufacturers to use the Baldrige framework. They also noted that the



original value proposition for Baldrige was quality, which is no longer compelling on its own, and that the current value proposition—performance excellence, sustainability, and innovation—is not well understood. Other suggestions included identifying and focusing on measures that are key for those organizations, such as market share and other quantitative measures; identifying and focusing on specific manufacturing segments, perhaps through associations; updating the Baldrige framework less frequently; and offering the framework free of charge.

The overseers also pointed out the difference between manufacturers' use of the Baldrige framework, which is still strong based on framework distribution and anecdotal evidence, and award applications, which are low. One overseer noted that this issue has been a focus for several years and asked whether, in light of funding challenges, there is a different way of thinking about the core business: if the product and process are contemporary, relevant, and effective, engagement will more naturally follow. The overseers also recommended that the program establish a list of the top 100 people that it must influence if it is to be successful.

Fangmeyer then outlined efforts and results related to the remaining strategic thrusts, including the program's income and margin for each revenue stream. Five of eight revenue streams met or exceeded targets for 2015. Two services had especially low margins. Fangmeyer also noted potential new revenue streams under consideration: workshops, particularly for the government market; optional site visits for organizations that do not qualify for them through the award process; leadership training aimed at lower-level managers than those in the Baldrige Executive Fellows Program; and paper-based reviews, mainly for international organizations. The overseers said the leadership training had particular potential for success, especially in the health care sector.

### **Baldrige Program Marketing and Communications**

Jamie Ambrosi outlined the program's marketing efforts, saying that all efforts reflect the message of helping an organization improve based on a proven model. He defined the program's marketing strategy as increasing services to the primary market (current users of Baldrige-based products and services) while bringing in customers from the secondary market (users of organizational improvement products and services), chiefly by leveraging partnerships.

Ambrosi said that each year, the program establishes a marketing calendar and strategy for each product and service, designed to best leverage limited staff and resources. He outlined the methods used, which vary by product and service: the Baldrige website, postcards, brochures or product sheets, news items emailed to segments of the program's 25,000 subscribers (and posted on the website, pay-per-click and web display ads, cross-marketing by strategic partners, and customer service.

The overseers recommended using additional metrics to determine which methods are the most effective for each product and perhaps tying marketing methods to customers' specific interests.

### **Communications and Outreach Efforts**

Dawn Bailey introduced the program's communications and outreach strategy, noting that its goals are to create brand interest; drive website traffic; promote Baldrige products and services; create an environment where people can engage, learn, and comment; and listen to and build relationships with customers and potential customers. She outlined the methods used: conference exhibits in targeted

sectors; e-mail announcements to Baldrige community “Diplomats,” who redistribute the information and report back; news releases to more than 16,000 subscribers; the column “Insights on the Road to Performance Excellence”; the Baldrige blog; Flickr; Twitter; LinkedIn; and monitoring of social media outlets and web analytics. Twitter followers now number more than 660, including many organizations that were not formerly known members of the Baldrige community. Social media monitoring also reveals which themes and stories are of most interest to readers.

The overseers asked that they each be added to the Diplomat distribution list.

### **Report from the Alliance for Performance Excellence**

Elizabeth Menzer, vice chair of the Alliance, thanked the Baldrige Program for its support. She said that the Alliance’s goal is to have each U.S. state served by a Baldrige-based program. Most recently, the Alliance is working on reinstating the Alabama program. She also announced that the Alliance had recently elected new officers: she is the new chair, Brian Lassiter will serve as vice chair, and Geri Markley and Anne Warner are treasurer and secretary, respectively.

As the “boots on the ground,” Menzer said, the Alliance is working hard to provide a level of consistency across programs. To this end, the Alliance is looking at accreditation standards, as well as ways to augment entry points for organizations in target markets.

Fangmeyer said that the Baldrige Program recognizes the importance of having a strong, integrated relationship with the state programs. The overseers said that it would be useful to know where the Baldrige presence is strong so that they can target their outreach.

### **Report from the Baldrige Foundation**

Al Faber, president and CEO of the Foundation, noted developments in fundraising and advocacy.

For fundraising, the Foundation was accepted into the Combined Federal Campaign (CFC) for 2015–2016, which lends legitimacy to the cause. In addition, if Alliance programs that participate in their states will share the funds raised in that state. Faber also plans to assist Alliance programs in being accepted into the United Way campaign.

Faber reported that the Foundation is working on solidifying its fundraising operations. In the Baldrige Award Recipient Challenge, which is nearing completion, many organizations are too small to contribute, are out of business, or have bylaws limiting their giving. As for other organizations, the Foundation is working on crafting a donor message that is compelling enough to compete with messages from other charities. Faber also noted that the Foundation had recently received a grant from IBM for help with social media platforms and that the end-of-year campaign had just begun.

For advocacy, Faber reported that the Foundation’s focus was increasing awareness of Baldrige, and thus support for federal funding, on the part of key members of Congress. The current effort is for FY2016 funding, with this serving as a base for continuing efforts in FY2017 and beyond. Faber shared the names of key members of Congress with the overseers and invited them to participate in outreach.

### **New Business**

Fangmeyer asked how the overseers would like to be involved in decisions that must be made between Board of Overseers meetings. The overseers recommended that the program send out information on



the topic in question and hold a brief teleconference for discussion; if there is no discussion, the program should go ahead. Other approaches, if necessary, might be task forces involving several overseers or reliance on the chair's judgment.

### **Recommendations for the NIST Director**

Stacey asked Fangmeyer to convey the following recommendations to NIST Director Willie E. May.

First, the overseers thanked the NIST Director for his continuing support of the Baldrige Program, which includes space, training facilities, and utilities for a low overhead charge. In addition, the overseers asked May to consider covering with NIST funds some non-Baldrige-specific labor costs incurred by the program due to NIST, Commerce Department, or other federal requirements.

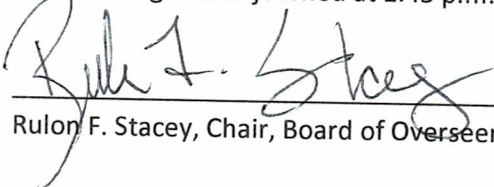
Second, the overseers asked May to involve the Board of Overseers in any transition that takes place as his tenure as director ends. They offered to brief the transition team on the Baldrige Program's mission and value.

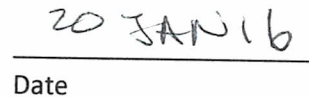
Third, the overseers expressed their support of the program's current effort to establish a cybersecurity recognition and best-practice-sharing program in conjunction with the White House CIO and NIST's Information Technology Laboratory. They recommended that May accelerate this effort, if possible.

Fourth, while expressing their disappointment that the current President is the only one in the program's history that has not presented the Baldrige Award, the overseers thanked May for his efforts on the program's behalf with the President and the Secretary of Commerce.

Stacey thanked Warren Harris, Terry Holliday, and Liza Nickerson Seltzer for their service during their terms as overseers. He also thanked Fangmeyer and the Baldrige staff for their efforts.

The meeting was adjourned at 1:45 p.m.

  
\_\_\_\_\_  
Rulon F. Stacey, Chair, Board of Overseers

  
\_\_\_\_\_  
Date