

MINUTES

Malcolm Baldrige National Quality Award Board of Overseers Meeting

Baldrige Performance Excellence Program

National Institute of Standards & Technology

December 2, 2014

Attendees

Overseers: Julie Furst-Bowe, Bryan Bushick, Robert Hagans, Warren Harris, Terry Holliday, Reatha Clark King, Brian Lassiter, Robert Pence, Liza Nickerson Seltzer, Rulon Stacey, Paul Westbrook. *Absent:* Gail Hendrickson

Judge: Paige Lillard, Chair of the Judges Panel

NIST: Jamie Ambrosi, Dawn Bailey, Sandra Byrne, Jacqueline Calhoun, Jacqueline DesChamps, Robert Fangmeyer, Ellen Garshick, Robert Hunt, Elif Karakas, Willie E. May, Christine Schaefer, Mark Shapiro, Suzanne Sullivan, Barbara Uglik

Baldrige Foundation: Al Faber

Welcome and Introductions

The meeting began at 8:30 a.m. Chair of the Board of Overseers Rulon Stacey welcomed the participants. The minutes from the June 12, 2014, meeting of the Board of Overseers and the Judges' Panel were approved.

Baldrige Program News

Baldrige Program Director Robert Fangmeyer reported on recent program news, including the four Baldrige Award winners announced in November 2014. The organizations will be recognized at an award ceremony on April 12, 2015, just before the Quest for Excellence Conference. He noted the broad array of news releases and media outlets announcing the awards.

Fangmeyer also reported that a number of Baldrige Award recipient leaders and Baldrige Fellows were listed in *Modern Healthcare's* Top-100 list. In addition, Truven Health noted the selection of St. David's HealthCare and Hill Country Memorial as 2014 Baldrige Award winners and their inclusion in the Truven 100 Top Hospitals® National Balanced Scorecard.

Other program developments include revisions to the 2015–2016 Criteria for Performance Excellence. The most visible change is that the publication's name has been broadened to *Baldrige Excellence Framework* to emphasize that Baldrige is focused on improving organizations and not just on criteria for achieving an award. In addition, a streamlining of the overview diagram clarifies the relationships between categories, the role of the core values and concepts, and the role of the Organizational Profile. Changes to the Criteria themselves fall into the themes of managing change, dealing with large amounts and many types of data, and dealing with the impacts of climate change.

Fangmeyer also said that for the first time in its history, the program will publish a short version of the booklet (the *Baldrige Excellence Builder*, a midlevel self-assessment and explanation of the Baldrige framework). Also to be developed in 2015 is a beginning-level self-assessment and introduction to Baldrige.

Fangmeyer reported on changes to Baldrige Award eligibility in 2015 in response to recommendations by the Board of Overseers. First, organizations will have an alternative to the current maturity filters for national applicants. The new option is intended to attract organizations that are currently choosing not to apply rather than first receive the top-tier award from an Alliance for Performance Excellence program. Other changes are automatic eligibility for Baldrige Award recipients and loosening of eligibility rules for subunits. The goal is to ensure that Baldrige is accessible and appealing for organizations of all types and, therefore, to increase applications to the target level of 30–40.

The overseers again expressed their support for the changes as well as the need to continue building and standardizing the quality of Alliance programs. Overseer Brian Lassiter, chair of the Alliance for Performance Excellence, noted that standards for top-level award recipients are now in place. The Alliance's current focus is full deployment across all programs.

Report from the Judges' Panel

Judges' Panel Chair Paige Lillard reviewed the judges' approach to selecting Baldrige Award applicants for site visits and recommending award recipients to the Secretary of Commerce. She reported that the Judges' Panel had recommended four award recipients for 2014: PricewaterhouseCoopers Public Sector Practice (service), Hill Country Memorial (health care), St. David's HealthCare (health care), and Elevations Credit Union (nonprofit). She thanked the Baldrige Program for its support during her term as chair and for the opportunity to serve the country as a judge.

The overseers noted that the 2015 award recipients span three of the six Baldrige Award categories, a positive change from 2013. They asked if there was concern about the representation of these categories in the applicant pool, which is weighted heavily toward health care. Fangmeyer said that the applicant pool probably reflects not the use of Baldrige but willingness to apply for the award.

To broaden the appeal of Baldrige generally and the applicant pool specifically, the overseers suggested (1) capitalizing on the strong theme of pride—in being a recipient, a judge, and an examiner—by pulling back the curtain to expose this pride in the process to the community at large; (2) leveraging service to the Baldrige Program as service to the nation; (3) helping to make benchmarking data available to the non-health care sectors; and (4) continuing to rebrand Baldrige as the path to business excellence and showing that excellence “pays.”

Strategic Imperatives

Fangmeyer reviewed the program's progress on achieving its strategic imperatives. He noted that the overarching imperative is to create a strong, vibrant Baldrige Enterprise in conjunction with key partners that offers high-quality, customer-focused Baldrige-based products and services around recognition and improvement. This requires a strong national program; a strong Alliance of state and regional programs; the support of the extended Baldrige community, including consultants; and a commitment to support one another and to promote and protect the Baldrige brand. The strategic imperatives and goals support this vision.

As for the individual strategic imperatives, Fangmeyer reported progress in increasing operating revenues and in decreasing and controlling costs. He noted that a redesign of the program's work system is underway to explore how to optimize resources. For the imperative of increasing award applications, Fangmeyer said that the changes in award eligibility are expected to lead to an increase in 2015.

Fangmeyer said that enhancing and protecting the Baldrige brand became a stronger imperative when the program lost federal funding. It became clear that individuals and organizations were encroaching

on the program's brand image. Efforts include managing trademarks, rebranding Baldrige as an improvement path for any organization, regaining congressional and presidential engagement, and leveraging international interest in Baldrige.

Fangmeyer also reported on the imperative of building the Baldrige Enterprise. Through weekly meetings, the leaders of the Enterprise partners (the Baldrige Program, the Alliance for Performance Excellence, the Baldrige Foundation, and ASQ) work toward the following goals: (1) improve consistency among Alliance programs and improve alignment in the Enterprise; (2) integrate common elements of examiner training across the Enterprise; (3) strengthen Baldrige brand awareness and develop brand management to expand the reach of Baldrige; (4) ensure the growth and sustainability of the Enterprise; and (5) develop and enforce compliance with requirements to be an "approved" Alliance member program.

Fangmeyer noted that another imperative is to support the Baldrige Foundation's fundraising while maintaining the "firewall" between program operations and the Foundation.

The final imperative is to sustain operations, which requires balancing the strategic imperatives. Current initiatives include workforce and work system planning to increase the efficiency of resource use to address capability and capacity needs, allocate resources to strategic opportunities, and deal with upcoming retirements.

The overseers praised the program's progress in increasing revenue and controlling costs. However, they noted the challenge of increasing products and services while resources are limited and emphasized the importance of curtailing revenue streams that do not perform as expected.

The overseers asked whether international interest could be leveraged by a recognition, if not an award, as well as through inclusion in the Quest for Excellence Conference. They noted that consultants and ASQ may be able to help in this effort.

Funding Update

Fangmeyer said that an ideal future funding model would be a "three-legged stool" of appropriations, Foundation funds, and operating revenue. Efforts in this area include NIST's request to the Commerce Secretary to include the program in the FY2016 budget. This request includes the establishment of a formal nationwide network of performance excellence programs, with grants to the Alliance. In addition, Baldrige community members are meeting with member of the administration and Congress to present the case for federal funding.

The overseers again noted the program's success in controlling its budget and offered to help in efforts to regain funding. They recommended a message that emphasizes how Baldrige serves the needs of all sectors of the economy, provides a service to the nation, and benefits business and the economy.

Report from the Baldrige Foundation

Baldrige Foundation President and CEO Al Faber reported on the Foundation's efforts to regain federal funding for the Baldrige Program and build the Foundation's endowment. Efforts include congressional and presidential outreach, the reshaping of the Foundation's Board of Directors, and the continuing development of the Foundation's fundraising capability.

Faber asked the overseers to consider contributing to the Foundation and to help the program regain federal funding by informing him of members of Congress they are willing to contact.

Award Name Change

Ellen Garshick reviewed the history of the name of the award. The name, which still includes the word “quality,” is still aligned with the purpose of the award in the 1980s—to drive improvement in U.S. manufacturing quality—even though the purpose has broadened to promoting performance excellence in all U.S. organizations. Two previous efforts to change the name did not succeed. In the future, the program would like to align the award’s name with the program’s name and the approach it represents. This change would require a legislative action. However, the program does not want a focus on the name change to distract from the funding issue.

The overseers agreed that the name of the award is outdated but did not see a name change as a current priority for the program while the program’s sustainability is at risk. If the name were to change, they recommended retaining “Baldrige” in the name to preserve brand recognition and leveraging this effort with an overall marketing program to reposition the program’s value proposition.

New Business

The overseers discussed trends in award applications and sector interest, particularly with regard to the health care sector.

Recommendations for the NIST Director

Dr. Willie E. May, Acting Under Secretary of Commerce for Standards and Technology and Acting Director of NIST, received the following recommendations from the overseers.

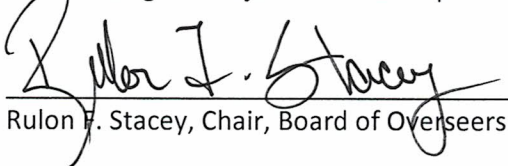
First, the overseers asked May to continue efforts with the Secretary of Commerce to restore federal funding for the Baldrige Program and to call on them for support if necessary. May responded that a useful frame for this effort is to detail the consequences to the country if there is no Baldrige Program. He also suggested that the case for Baldrige might best be expressed in a meeting between business leaders and the Secretary.

Second, the overseers asked May to support efforts to reengage the President in the recognition of Baldrige Award recipients. May said that the overseers might consider a personal invitation to the president from the overseers, along with a short business case.

The overseers also expressed their thanks to NIST for its continued support and provision of infrastructure for the program and asked that this support continue.

May thanked the overseers for their service. He said that the Baldrige Program is considered a core NIST program and that NIST would continue to provide support.

The meeting was adjourned at 2:35 p.m.



Rulon F. Stacey, Chair, Board of Overseers

1/20/15
Date