

## **MINUTES**

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

**Baldrige Performance Excellence Program**

**National Institute of Standards & Technology**

**December 9, 2013**

#### **Attendees**

**Overseers:** Bryan Bushick, Robert Hagans, Warren Harris, Brian Lassiter, Liza Seltzer, Rulon Stacey, Margaret Townsend, Paul Westbrook

**Judge:** John Jasinski, Chair of the Judges' Panel

**NIST/BPEP:** Robert Fangmeyer, Ellen Garshick, Willie E. May, Christine Schaefer

**Baldrige Foundation:** Kellie Glenn

#### **Welcome and Introductions**

The meeting began at 8:15 a.m. Baldrige Program Director Robert Fangmeyer welcomed the participants and acknowledged those attending via teleconference.

#### **Baldrige in Health Care and Education**

Fangmeyer and Board of Overseers Chair Rulon Stacey reported on two meetings with Commerce Secretary Penny Pritzker. On November 17, Fangmeyer and Acting Deputy Secretary/NIST Director Patrick Gallagher joined the Secretary as she called the 2014 Baldrige Award recipients to notify them of their awards. In response to a request by Stacey, a second meeting took place on November 26. Stacey asked the Secretary to encourage President Obama to attend the Baldrige Award ceremony and briefed her on the potential impact of Baldrige on U.S. organizations. The Secretary and Gallagher asked Fangmeyer to supply a document demonstrating the potential impact on U.S. health care and education if every such organization used the Baldrige framework, with particular attention to the Administration's stated priorities.

The overseers advised the program to create a list of impacts based on award recipient data and offered suggestions on how to extrapolate these data to the potential effect on organizations nationwide. They advised that the program include messages around the economy as tied to education, health care, and business, and, if possible, to draw on data from international organizations that have used the Criteria successfully. They agreed to review the document before it is submitted to the secretary.

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

Judges' Panel Chair John Jasinski reviewed the makeup of the Judges' Panel and the judging process, noting that the judges had recommended three Baldrige Award recipients: Pewaukee School District, Pewaukee, Wisconsin (education); Baylor Regional Medical Center at Plano, Plano, Texas (health care); and Sutter Davis Hospital, Davis, California (health care). In addition, two organizations were recognized

for category best practice recognition in leadership: Duke University Hospital, Durham, North Carolina, and Hill Country Memorial, Fredericksburg, Texas.

Jasinski also reviewed the judges' guiding principles and considerations for award recommendation, as well as strengths and opportunities for improvement of the judging process. In summary, he said that the judging process is a systematic approach that ensures high integrity and requires skilled resources in the form of support from NIST and ASQ, a dedicated Board of Examiners, and a solid and agile Panel of Judges. He also said that the overseers' support, internally and externally, is crucial.

Fangmeyer thanked Jasinski for his three years of service on the Judges' Panel and for serving as chair in 2013.

### **Baldrige Award Eligibility**

Ellen Garshick briefed the overseers on the program's reconsideration of a proposed Baldrige Award eligibility change, an outreach strategy for new applicants, and research on former applicants.

In response to a drop in Baldrige Award applications in 2013, a change in award eligibility approved by the overseers would allow more organizations to apply directly to the Baldrige Program rather than first winning a top-tier state award. The program is postponing this change in favor of collaborating with the Alliance for Performance Excellence to encourage top-tier award winners to apply. The program will reevaluate in spring 2014 and report to the Board of Overseers in June.

Garshick also reported on 2008–2012 applicants for the award that were eligible but did not apply in 2013. Of those 89 organizations, about half are engaged in the Baldrige Award process, with most planning to apply in the future. Another 23 were engaged in Baldrige, but not in the national award process. The remaining organizations are probably not engaged in Baldrige. Reasons included other organizational priorities, changes in leadership and organizational structure, and, for a small number, dissatisfaction.

The overseers agreed with the postponement of the eligibility change and the targeting of state award winners. They also advised the program to continue marketing the Criteria and the award to businesses.

### **Program Priorities**

Fangmeyer discussed seven strategic imperatives established to ensure sustainability: (1) increase revenues, (2) decrease and control costs, (3) sustain operations, (4) enhance and protect the Baldrige brand, (5) support Baldrige Foundation fundraising, (6) ensure sufficient Baldrige Award applications, and (7) build the Baldrige Enterprise, and (7). Fangmeyer presented data on each imperative and asked the overseers to advise on missing areas and to give their views on the priorities for the imperatives.

The overseers expressed approval of the imperatives. They agreed that the program had successfully controlled costs and that current priorities should be promoting the Baldrige brand and increasing award applications. They suggested that the program consider where to selectively use resources (e.g., in sales and marketing) so that the program can grow productively once resources for growth are available.

## **Financial Update**

Fangmeyer gave an update on the program's financial position. He noted that income from new revenue streams reached \$722,000 in FY2013. Of the revenue streams, only fees from sales of the Criteria for Performance Excellence did not meet projections, possibly due to underpricing of the electronic version and site licenses and to the sharing of electronic copies by users. The program anticipates Criteria sales of \$250,000–\$280,000 in 2014.

The amount of the Foundation gift used by the program decreased from \$3.397 million in FY2012 to \$3.161 million in FY2013. For these years, the gift amounts agreed on by the Foundation and the Commerce Department were \$5.2 million and \$4.4 million, respectively. Fangmeyer added that even though FY2013 was the program's first year with zero appropriated funds, even fewer Foundation funds were used than in FY2012, which speaks to success in generating new revenue and decreasing costs. As a result, the program projects that the original gift will last through 2017 (two years longer than originally projected).

As for expenses, Fangmeyer said that the ratio of operating income to labor, which is an indication of staff productivity related to income generation, had decreased from 7:1 to 2:1 since FY2011. Since then, the program has decreased labor costs by 50%, other operational expenses by 48%, and ASQ contract expenses by 49%.

## **Baldrige Foundation and Fundraising Update**

Kellie Glenn, Major Gifts Director for the Baldrige Foundation, outlined the Foundation's progress and plans in organizational development and fundraising.

Glenn said that the Foundation had laid the groundwork for fundraising by hiring staff, transforming the Board of Directors and developing internal policies and procedures. Current objectives are to hire an executive director and revamp the Foundation's Web site.

In fundraising progress, the Foundation has launched a \$35 million campaign (over seven years). Major gifts raised include a \$1 million challenge gift and \$25,000 toward the Harry S. Hertz Leadership Award, a \$500,000 subcampaign. The major gift strategy is directed at Baldrige Award recipients, those who have previously donated to the Foundation, those with other connections to Baldrige, and potential board members.

Glenn also noted that the Foundation and the Alliance for Performance Excellence are working on a proposal for collaboration.

## **Baldrige Program News**

Fangmeyer noted that Baldrige continues to have impact in the health care arena. The "100 Most Influential People in Healthcare" (*Modern Healthcare*) included four executives with Baldrige connections. In addition, *100 Top Hospitals, 20th Edition* (Truven Health Analytics) includes 3 Baldrige Award winners and 11 health care organizations receiving awards or other recognition from state or sector Baldrige-based programs.

Fangmeyer also said that his appointment as program director had become official on November 17. He noted that on December 11, the Baldrige staff would receive the George A. Uriano Award at NIST for developing and implementing a new business model based on cost recovery to ensure the continuation of the Baldrige Program and the utilization of the Baldrige framework.

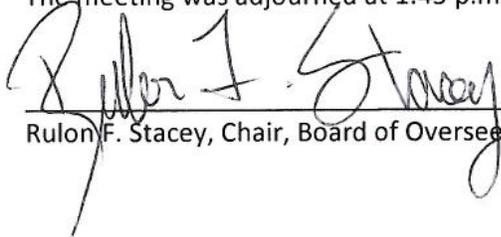
**Recommendations for the NIST Director**

Dr. Willie E. May, Associate Director for Laboratory Programs at NIST, received these recommendations on behalf of NIST Director Patrick Gallagher:

- The overseers asked NIST to continue its efforts to encourage the president to present the Baldrige Award and ensure the support of the Secretary of Commerce.
- They expressed their thanks to NIST for its continued support and provision of infrastructure and asked that this support continue.
- To raise the profile of the program, the overseers encouraged NIST and the Commerce Department to provide more promotion of Baldrige. They asked NIST to follow up on the funds requested of the Secretary of Health and Human Services by the Secretary of Commerce, to encourage visits to award recipients by the Secretaries of Health and Human Services and Education, and to encourage other Cabinet secretaries to participate in the award ceremony.
- The overseers expressed their approval of the program’s strategic imperatives and noted that the program has made good progress in sustainability since 2012.
- While realizing the program’s best path to increased recognition may be through the president’s priorities in health care and education sectors, the overseers advised that the program continue to show its relevance to the U.S. manufacturing and service sectors.
- The overseers recommended that the program continue to invigorate and clarify the Baldrige brand by highlighting companies that have received the award. This will position the benefit of Baldrige as performance excellence for any organization.
- The overseers advised that working with Enterprise partners is important, but that the program’s own needs should take precedence if they were to conflict with those of the partners.

May said that the Baldrige Program is considered a core NIST program and that NIST would continue to provide support.

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

  
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Rulon F. Stacey, Chair, Board of Overseers

  
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Date