

BALDRIGE: Performance Excellence Delivers World-Class Results

Validating Key Results

You have heard about companies in crisis using a Baldrige assessment to begin a turnaround. But why would a good U.S. business undertake a Baldrige self-assessment? To become better—and to get better results. In today's rapidly changing marketplace with ever-increasing competition, being results-focused is essential. Senior leaders are responsible for cultivating a results-driven environment. Senior leaders who understand organizational performance excellence know that business results must create and balance value for all their organization's key stakeholders, including its customers, stockholders, employees, suppliers and partners, and the public and community. The seven, comprehensive Categories of the Baldrige Criteria for Performance Excellence are designed to help organizations capitalize on their unique strengths and identify their opportunities for improvement. When organizations effectively develop and deploy strategies in each of the Baldrige Categories, they can expect these linked processes to drive better business results.

The seventh Category of the Baldrige Criteria is called Business Results. This Category examines a business's performance and improvement in key areas—product and service outcomes, customer satisfaction, financial and marketplace performance, human resource results, operational performance, and leadership and social responsibility. Baldrige Award recipients have proven to be world-class organizations that measure their performance for all their key business results, and know where they stand on each relative to their competitors'.

Have a Positive Customer Impact: Product and Service Outcomes

Baldrige Award recipients strive to deliver product and service quality that leads to customer satisfaction, loyalty, and positive referral. Performance results of Baldrige Award recipients have shown what it means to deliver ever-improving value to customers.

- Technology and training have led to dramatic improvements in production for Texas Nameplate Company, Inc., (1998 and 2004 Award Recipient in Small Business). Between 1998 and 2004, the company's incidence of product nonconformity to specifications, as a percentage of sales, dropped from 1.4 percent to about 0.5 percent, significantly lower than the *Industry Week* median (2 percent). For more information, contact John L. Darrouzet, Vice President and General Counsel, (214) 428-8341; ext. 112.
- Boeing Aerospace Support (now known as Logistics Support Systems; 2003 Award Recipient in Service) has determined that the key factors to its success are commitment to customer satisfaction, performance-to-plan, and on-time delivery of quality products and services. Since 1999, on-time delivery of maintenance and modification products and services, significant hardware, and other products has been between 95 and 99 percent. Quality ratings for the maintenance of C-17 aircraft have been near 100 percent since 1998 compared to Boeing Aerospace's competitors, which trail at 70 percent in 2002 and 90 percent in 2003. For more information, contact Ronald Aarns, Business Excellence Director, (314) 233-9373.

Exceed Expectations: Customer-Focused Results

Baldrige Award recipients understand that customer-driven excellence is a strategic concept, directed toward customer retention and loyalty, market share gain, and growth.

- The Bama Companies, Inc., (2004 Award Recipient in Manufacturing) understands what its customers need to succeed in their markets. The company has tailored its services to meet customer requirements in critical areas such as assured supply, precision manufacturing, and value pricing. Since 2001, Bama has achieved 98 percent on-time delivery of products to customers, with 99 percent of orders completely filled on the initial shipment. Customer satisfaction for the company's major national accounts has increased from 75 percent in 2001 to 100 percent in 2004, considerably higher than the manufacturing industry benchmark of 85 percent. For more information, contact Mike Frihart, Six Sigma Black Belt, (918) 732-2103.
- Branch-Smith Printing Division (2002 Award Recipient in Small Business) is focused on the importance of quality and on meeting customer needs. This is highlighted in its strategic objectives: to continuously improve business results, become the partner of choice for its customers, and become the employer of choice. From 1996 to 2002, ratings for customers' satisfaction with product quality, a key differentiator for Branch-Smith Printing, exceeded those for competitors. The company's ratings ranged from 8.3 to 8.7, while competitors rated 7.9 to 8.1. For more information, contact David Branch, President, (817) 882-4199.

Achieve Significant Gains: Financial and Market Results

Senior leaders are responsible for tracking financial and market results on an ongoing basis to assess their organization's performance. Baldrige Award recipients seek to understand their organization's financial sustainability and marketplace challenges and opportunities.

- Clarke American Checks, Incorporated, (*2001 Award Recipient in Manufacturing*) competes in an industry that has undergone massive consolidation. The annual growth in company revenues increased from a rate of 4.2 percent in 1996 to 16 percent in 2000, compared to the industry's

average annual growth rate of less than 1 percent over the 5-year period. *For more information, contact Karen Hollingsworth, VP Performance Excellence, (210) 694-1596.*

- From 1998 to mid-2003, Caterpillar Financial Services Corporation U.S. (CFSC; *2003 Award Recipient in Service*) increased assets by 34 percent and profit by 54 percent while industry performance has declined 21 percent and 35 percent, respectively. *For more information, contact Cesar Aguilar, Continuous Improvement Manager, (615) 341-1031.*

Know Your Strongest Assets: Human Resource Results

An organization that values its employees is committed to their satisfaction, development, and well-being. Baldrige Award recipients are focused on creating and maintaining a productive learning and caring work environment for all employees.

- Pal's Sudden Service (*2001 Award Recipient in Small Business*) aims to provide the "quickest, friendliest, most accurate service available." Achieving this objective is a real challenge in a fast food industry with annual employee turnover rates of more than 200 percent. Since 1995, the turnover rate at Pal's has decreased from nearly 200 percent to 127 percent in 2000, and it continues to fall.

For more information, contact Thom Crosby, President/CEO (423)246-3801.

- An employee survey conducted by the Hogan Center for Performance Excellence shows that Stoner, Inc., (*2003 Award Recipient in Small Business*) scored in the top 10 percent of companies surveyed. Overall morale of Stoner team members has increased from 64.6 percent of team members who are enthusiastic about their jobs in January 2002, to 74.5 percent in July 2003, exceeding the benchmark of 60.5 percent. *For more information, contact Harry Zechman, Technology Manager, (717) 786-7355; ext. 3514.*

Operate as a Leader: Organizational Effectiveness Results

Baldrige Award recipients strive to achieve organizational effectiveness and process efficiency by developing and tracking key business and operational performance measures that are relevant and important.

- Boeing Aerospace Support has improved its supplier on-time delivery rate from approximately 68 percent in 1999 to about 95 percent in 2003, matching best-in-Boeing results. Its quality of supplier deliverables has been above 99.5 percent from 2001 to 2003 and was at 99.7 percent for 2003.

- MEDRAD, Inc., (*2003 Award Recipient in manufacturing*) is committed to sustaining its market leadership in existing and newly created markets, and to do this, patents are critical to the company. Since 1993, MEDRAD has dramatically increased the number of patents generated by its research and development activities. From 1999 to 2003, MEDRAD received nearly three times more patents worldwide than its closest competitor. *For more information, contact Rose Almon-Martin, Vice President, Performance Excellence and Marketing Services, (412) 767-2400, ext. 3545.*

Be a Role Model: Leadership and Social Responsibility Results

Baldrige Award recipients' senior leaders understand the value of serving as role models and of reinforcing ethics, values, and expectations while they build leadership, commitment, and initiative throughout their organizations and in their communities.

- Motorola Inc. Commercial, Government and Industrial Solutions Sector (CGISS, *2002 Award Recipient in Manufacturing*), the leading worldwide supplier of two-way radio communications, demonstrates that corporate responsibility and marketplace success can go hand-in-hand. CGISS recycled 57 percent of its non-hazardous waste and has reduced emissions by 88 percent since 1996. *For more information, contact Martin Swarbrick, Vice President, Office of Business Excellence, (847) 576-7554.*

- The Bama Companies, Inc., is committed to its community. The number of hours Bama employees have donated to organizations such as Meals on Wheels, Habitat for Humanity, Domestic Violence Intervention Services, Emergency Infant Services, and others increased from 500 in 2000 to nearly 7,000 in 2004. Bama is the third largest contributor to the Tulsa Area United Way (Manufacturing Division), contributing \$150,000 in 2004 alone. In addition, the company each year contributes an average of 6 percent of its pre-tax income (over \$2.6 million since 2000) to local organizations that provide essential social, educational, cultural, and health services.