



# Changes from the 2017–2018 Baldrige Excellence Framework

*Revisions have one overarching purpose: for the framework and the Criteria to reflect the leading edge of validated leadership and performance practice while ensuring that they are as concise and user-friendly as possible.*

Over the more than 30 years since their creation, the Criteria for Performance Excellence have evolved along with the drivers of organizational competitiveness and long-term success. Through this gradual evolution, today the Baldrige Excellence Framework offers organizations of all kinds a nonprescriptive leadership and management guide that facilitates a systems approach to achieving organization-wide excellence.

As the Baldrige framework and the Criteria evolve, they must balance two important considerations. On the one hand, the Criteria need to reflect a national standard for performance excellence, educating organizations in all aspects of establishing an integrated performance management system. On the other hand, the Criteria need to be accessible and user-friendly for a variety of organizations at varying levels of maturity.

To strike this balance, changes reflected in the *2019–2020 Baldrige Excellence Framework* focus on raising organizations' awareness of business ecosystems, organizational culture, supply networks, and cybersecurity, and on making the Criteria more accessible from the users' perspective. For organizations that prefer an abridged version of the Baldrige framework, a new *Baldrige Excellence Builder* based on the *2019–2020 Baldrige Excellence Framework* will be published in early 2019.

**Business ecosystems.** As organizations increasingly offer multidisciplinary products and services, leaders need to lead their organizations as part of interrelated cross-industry, domestic and sometimes global systems—called ecosystems. These broad, interdependent collaborative networks may include traditional partners and collaborators, but also competitors, organizations outside the sector, communities, and customers. Organizational growth may depend on the collective growth of the ecosystem and its ability to prepare for the future. And as competition comes from organizations in different industries, organizations may be able to stand out from their competitors through new and novel offerings, possibly through the ecosystem. In an expansion of the systems perspective offered by the Criteria, the term appears in the Core Values and Concepts section and in notes to the Criteria. In the Criteria themselves, the addition of considerations for suppliers, partners, collaborators, customers, and competitors to some questions and notes emphasizes the importance of thinking broadly about business ecosystems.

**Supply network.** Related to the concept of ecosystems, organizations' means of producing products and services and delivering them to their customers increasingly involve more than a simple chain from supplier, to supplier, to organization. Complex organizations may coordinate the activities of many suppliers, and some organizations may be a part of a complex network of organizations, each with a vital role in production or delivery. Increasingly, these entities are interlinked and exist in interdependent rather than linear relationships. Success depends on recognizing and managing these interdependencies to achieve alignment. The Criteria now use the term supply network to refer to the entities involved in producing an organization's products and services and delivering them to customers. There is increased emphasis on supply-network alignment, collaboration, and agility.

**Culture.** Organizational culture—the shared beliefs, norms, and values that create the unique environment within an organization—can have a profound effect on decision making, workforce engagement, customer engagement, and organizational success. Since 2000, the Criteria have asked about organizational values, a key element of organizational culture. In the years since then, questions relating to culture—some using the term, and some referencing behaviors underlying culture—have been incorporated into the Criteria. The Criteria now ask explicitly about other characteristics of your organizational culture and how leaders and the organization create and reinforce that culture.

**Security and cybersecurity.** The Criteria have addressed the security of information systems and the confidentiality of information since 2001, with a significant expansion of these considerations in 2017–2018. As cybersecurity continues to grow in importance to all organizations, Criteria questions on cybersecurity have been expanded.

**Simplification.** Several Criteria items have been simplified, and some questions and notes have been removed, reorganized, streamlined, moved, or the wording changed to aid understanding. The content from some questions has been moved to notes as examples for organizations to consider.

**Criteria questions (formerly requirements).** The basic, overall, and multiple questions in the Criteria items ask about processes, practices, and results found in high-performing organizations. These questions vary in their importance to different organizations depending on the

factors that enable and ensure that organization's success and sustainability. Especially at the multiple level, these questions are not a checklist of requirements that all organizations must meet. To better convey this idea, these questions are no longer called "requirements" but simply "questions." Baldrige Award applicants are still expected to respond to these questions, but if they believe that some are not important to their current or future success, they should indicate why. As subject-matter experts, Baldrige examiners should consider that explanation but also use their industry and Criteria knowledge to make their own judgment about the importance of the questions to the applicant (see "Importance" as a Scoring Consideration," page 30).

The most significant changes to the Criteria items and related sections are summarized as follows.

### **Organizational Profile**

Item P.1, Organizational Description, now asks about the characteristics of your organizational culture in addition to values, and about the structures and mechanisms of your leadership system.

### **Category 1: Leadership**

Item 1.1, Senior Leadership, now includes questions about creating and reinforcing your organizational culture.

In item 1.2 and elsewhere in the Criteria, societal responsibilities are now referred to as societal contributions. As the concept of corporate social responsibility has become accepted, high-performing organizations see contributing to society as more than something they must do. Going above and beyond responsibilities in contributing to society can be a driver of customer and workforce engagement and a market differentiator.

### **Category 3: Customers**

The areas to address in category 3 have been reorganized to make the Criteria more logical from a user's perspective. Item 3.1, retitled Customer Expectations, includes two areas to address: Customer Listening, and Customer Segmenta-

tion and Product Offerings. Item 3.2, Customer Engagement, includes three areas to address: Customer Relationships and Support, Determination of Customer Satisfaction and Engagement, and Use of Voice-of-the-Customer and Market Data.

### **Category 5: Workforce**

Item 5.2, Workforce Engagement, now asks how you reinforce your organizational culture. In recognition of the close relationship between performance management and workforce development, a newly titled area to address, Performance Management and Development, includes questions on learning and development, learning and development effectiveness, and career development.

### **Category 6: Operations**

In item 6.1, Work Processes, the third area to address, now called Supply-Network Management, includes questions on supply-network alignment, collaboration, and agility, and on communication with your suppliers.

In item 6.2, the second area to address now includes questions about the roles of your workforce, customers, partners, and suppliers in ensuring cybersecurity and about the protection of key assets.

### **Category 7: Results**

The Baldrige scoring system (pages 29–34) asks for current, trended, comparative, and segmented data in response to results items. To reduce confusion about redundancy between the Criteria questions and the results scoring guidelines, terms reflecting the evaluation factors of levels, trends, and comparisons have been removed from the results items. Organizations should still include this information, as appropriate, in their responses.

Item 7.5, now called Financial, Market, and Strategy Results, asks for your results for implementing your strategy, recognizing that strategy implementation is closely related to financial and market success.