

2008

Criteria for Performance Excellence



An Assessment Tool for NZ Businesses

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NEW ZEALAND BUSINESS EXCELLENCE AWARD WINNERS



1999

Synergy International Ltd - Progress

1998

Royal & SunAlliance - Commendation (Bronze)

1997

Telecom Business Systems - Achievement (Silver)

Westland Laundry - Commendation (Bronze)

1996

NZTS - Finalist

Australia New Zealand Direct Line (ANZDL) - Finalist

1995

Telecom Directories Ltd - National Quality Award - Gold

Email Appliances (formerly Simpson Appliances) - Finalist

1994

Telecom Directories Ltd - Finalist

Formica New Zealand - Finalist

1993

Toyota Thames Assembly Plant - National Quality Award - Gold

Clear Communications - Finalist

Interlock Industries - Finalist

2007

NZ Aluminium Smelters Ltd - Commendation (Bronze)

Vero NZ Liability Insurance - Achievement (Silver)

Kerridge & Partners - Commendation (Bronze)

2006

Royal New Zealand Navy - Achievement (Silver)

Hutt City Council - Achievement (Silver)

Metso Minerals - Commendation (Bronze)

City Care Ltd - Commendation (Bronze)

Kerridge & Partners - Commendation (Bronze)

2005

Livestock Improvement Corporation - Achievement (Silver)

NZ Fire Service - Commendation (Bronze)

2004

Accident Compensation Corporation - Achievement (Silver)

Vero Insurance New Zealand - Achievement (Silver)

Hutt City Council - Commendation (Bronze)

Hamilton City Council - Progress

2003

Auckland Regional Council - Achievement (Silver)

Degussa Peroxide Ltd - Achievement (Silver)

Royal New Zealand Navy - Commendation (Bronze)

NZ Aluminium Smelters Ltd - Commendation (Bronze)

Whangarei District Council - Commendation (Bronze)

The Interisland Line - Progress

Hutt City Council - Progress

2002

Trade New Zealand - Achievement (Silver)

Livestock Improvement Corporation - Commendation (Bronze)

Auckland Regional Council - Commendation (Bronze)

ACC Healthwise - Progress

2001

Auckland Regional Council - Commendation (Bronze)

Royal New Zealand Navy - Commendation (Bronze)

Auckland City - Progress

Degussa Peroxide Limited - Progress

Metso Minerals Matamata - Progress

Synergy International Limited - Progress

2000

Australia NZ Direct Line (ANZDL) - Achievement (Silver)

Gracelands Vocational Trust - Commendation (Bronze)

Horner & Partners Ltd - Commendation (Bronze)

Coca-Cola Amatil (NZ) Ltd - Commendation (Bronze)

Livestock Improvement Corporation - Progress



Prime Minister

5 November 2007

Mike Watson
Chief Executive Officer
New Zealand Business Excellence Foundation
P O Box 331 658
Takapuna
AUCKLAND

NEW ZEALAND BUSINESS EXCELLENCE AWARDS

I wish to commend the role of the New Zealand Business Excellence Awards in recognising top performing organisations in New Zealand and to acknowledge the efforts of the New Zealand Business Excellence Foundation in administering the Awards.

The Awards promote the highest standards of professionalism and commitment to capability development within the New Zealand business community and provide an opportunity for businesses to measure their performance against international best practice.

The ability of New Zealand businesses to compete internationally is a critical driver of economic growth. By enabling a business to assess its performance against international standards the Awards help more of our firms to become globally competitive and enhance their contribution to economic growth benefiting all New Zealanders.

I congratulate all of those enterprises that have chosen to participate in the Awards, by doing so they have demonstrated their commitment to becoming world class.

Helen Clark
Prime Minister of New Zealand

Parliament Buildings, Wellington, New Zealand.

To: NZ Business Community

From: The Board of the
New Zealand Business Excellence Foundation

Subject: Take the Baldrige Challenge

Is using the Baldrige Criteria easy? No! But neither is achieving sustainable results in today's challenging environment. Will the Criteria help you think strategically? Yes. Will they help you align your processes, your people, your resources, and your customers' needs? Yes. Are these worthwhile goals? You decide. The Criteria for Performance Excellence have been used by thousands of organisations world-wide to improve performance and capability.

The Criteria help organisations respond to current challenges and address all the complexities of delivering today's results while preparing effectively for the future. The 2007 Criteria include 18 simple new questions, one for each of the Baldrige Criteria Items. While the questions are simple, providing the answers is challenging and gets at the core of how your organisation operates today and how you prepare for the future.

The Criteria provide an internationally recognised and respected framework for organisational assessment and improvement. Whether your business is small or large, is involved in services or manufacturing, government or non-profit work; and has one office or multiple sites across the globe, the Criteria provide a valuable framework that can help you measure your performance and to plan and prioritise improvement activities.

The Criteria can also help you align resources with approaches, such as ISO 9000, Lean, the Balanced Scorecard, and Six Sigma. This will enable your organisation to improve communication, productivity, and effectiveness; and achieve strategic goals.

The NZ Business Excellence Foundation will provide you with an understanding of how the Criteria can assist your organisation and the benefits in adopting a "Business Excellence" approach. Performing a self assessment against the Criteria is a key step in understanding your organisational strengths and opportunities for improvement. Even if you do not expect to win a NZ Business Excellence Award, submitting an Award application has valuable benefits. Every applicant receives a detailed feedback report based on an independent, external assessment conducted by a panel of specially trained National Evaluators.

The Criteria are in your hands . . . so is an incredible opportunity. Why not take advantage of that opportunity? When you turn these pages, you turn the corner toward performance excellence. If you want more information, please contact the Foundation at awards@nzbef.org.nz or visit our website www.nzbef.org.nz

Focusing on Performance Excellence

Creating an environment in New Zealand where managers from all sectors can share best management practices and hence building high performing organisations is fundamental to the success of the New Zealand Business Excellence Foundation.

The New Zealand Business Excellence Foundation was established to be a catalyst for the identification, support and sharing of excellent business practices in this country. The Foundation is a not-for-profit Trust that provides services to support New Zealand organisations achieve performance excellence. It is funded through Patrons, Partners, Membership and other support, as well as user pays specific services.

The New Zealand Business Excellence Foundation

The Foundation has a vision to see New Zealand organisations enjoying international competitiveness through sustained performance excellence. To achieve this by stimulating and supporting performance excellence in New Zealand by:

- Developing awareness and understanding of performance excellence
- Supporting and facilitating organisations on their journey towards excellence
- Facilitating the identification and sharing of best practices
- Recognising performance excellence

The Criteria for Performance Excellence

The Criteria for Performance Excellence has been developed and is up-dated annually by the U.S. Department of Commerce who is responsible for the Baldrige National Quality Program and the Award. The Criteria reflects the successful management practices identified in high performance organisations. These practices are then constructed into a model which reflects the Criteria for Performance Excellence.

Uses of the Criteria for Performance Excellence

The Criteria was written as reflective questions that can be used by any organisation as a self-assessment tool – to identify areas of strength and opportunities for improvement.

The Criteria are therefore a strategic tool, which can provide an objective method of identifying performance gaps, of triggering improvement initiatives and for monitoring progress in performance improvement. The potential is to achieve world-class levels of performance.

In New Zealand the Criteria for Performance Excellence are used in three ways:

- As a self-assessment tool prior to planning to identify focus areas for improvement initiatives.
- As an awards criteria for the New Zealand Business Excellence Awards programme. The Criteria are used by applicants to document their performance, a team of trained National Evaluators then assess and provide feedback to the applicants. For more information please visit – www.nzbef.org.nz
- As the basis for a range of training and workshops to assist Member Companies to improve performance capability.

Membership of the New Zealand Business Excellence Foundation

Here are just some of the reasons why joining the New Zealand Business Excellence Foundation is a positive step for your organisation:

- It gives you a significant competitive edge. Associating yourself with the Foundation and its members, other well-known and highly focused organisations – tells your customers, staff and your business associates that you too are committed to achieving excellence.
- You will be entitled to exclusive membership-only rates for all our training courses, seminars, conferences, and resources.
- You are entitled to a range of membership benefits outlined on the NZBEF website
- You can access the Knowledge Base, which is a members-only area of our business improvement website, which provides access to presentations, business improvement articles, award winning applications and business excellence links to other relevant business improvement websites

Educational Programmes and Business Excellence Support Materials

The New Zealand Business Excellence Foundation provides a range of learning opportunities and resource materials. Full information can be sought through our website or contact the Foundation at info@nzbef.org.nz



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Education and health care organisations should use the appropriate Criteria booklets for their respective sectors.

The first step in the Award application process is to provide an Award Expression of Interest, email awards@nzbef.org.nz for more information

If you would like to recommend a member of your organisation to become a National Evaluator, email awards@nzbef.org.nz for more information

We are easy to reach. Our web address is www.nzbef.org.nz

NZ Business Excellence Awards Programmememememe
Honours 2007 Award Recipients



Excellence Award
(Gold)

NZ Aluminium Smelter



Achievement Award
(Silver)

Vero Liability Insurance

CHANGES FROM THE 2007 CRITERIA

The Criteria for Performance Excellence have evolved significantly over time to help organisations address a dynamic environment, focus on strategy-driven performance, address concerns about governance and ethics, and, most recently, to consider the key decisions driving both short-term success and long-term organisational sustainability. The Criteria have continually progressed toward a comprehensive, integrated systems perspective of overall organisational performance management.

Over the 20 years of the Baldrige Programmemememe, the changes to the Criteria have been revolutionary. They have evolved from having a specific focus on manufacturing quality to a comprehensive strategic focus on overall organisational competitiveness. Each year, the decision whether to revise the Criteria must balance two important considerations. On one hand, there is a need for Criteria that are at the leading edge of validated management practice to help users address the increasingly complex challenges they face; on the other hand, there is a desire for the Criteria to remain stable in order to provide users continuity in their performance assessments. In 2007, the Baldrige Criteria were significantly revised to encourage organisations to consider carefully their strategic advantages, core competencies, and opportunities for innovation and how these considerations drive key decisions on work systems (such as outsourcing, partnerships, and workforce decisions). In recognition of the challenges for organisations to address these opportunities, the decision was made to make no substantive revisions to the Criteria for 2008.

The most significant changes in the Criteria booklet for 2008 are summarised as follows:

- The order of information in the Criteria booklet has been changed to put the Criteria at the front.
- The Scoring System description and Scoring Guidelines have been revised, with significant revisions to the guidelines for evaluating Results Items.
- Two new diagrams have been added to illustrate (1) the role of Core Values and Concepts in underpinning the Criteria and (2) maturity levels in organisational learning.
- "Strategic Advantages" has been added to the Glossary of Key Terms.
- Some wording improvements have been made in the Core Values and Concepts, in the Criteria Response Guidelines, and throughout the Criteria booklet.

Information Presentation

In order to provide immediate access to the Criteria, this section has been placed at the front of the Criteria for Performance Excellence booklet, with supporting information and guidance following.

The information in the booklet presented in four sections: the Criteria for Performance Excellence, About the Criteria, Scoring, and Application Information. Criteria users are encouraged to review all the information in the first three sections to facilitate their understanding and use of the Criteria for performance assessment and improvement. Potential applicants for the Award will need the information in the fourth section and in the separate Baldrige Award Application Forms booklet.

Scoring System and Guidelines

Four separate, but related, factors are now used for the evaluation of results: Levels (Le), Trends (T), Comparisons (C), and Integration (I), or LeTCI. Each dimension is explained in the Scoring System description (page 52), and maturity in each dimension is described in the Scoring Guidelines (page 53) at successive scoring ranges.

- Integration is a scoring factor for both Process Items and Results Items, reflecting the fact that integration should occur among an organisation's processes, their related results, and subsequent process improvements.
- The acronym for scoring results, LeTCI ("Let's see"), represents what is needed to "see" how well your organisation is performing.

New Diagrams

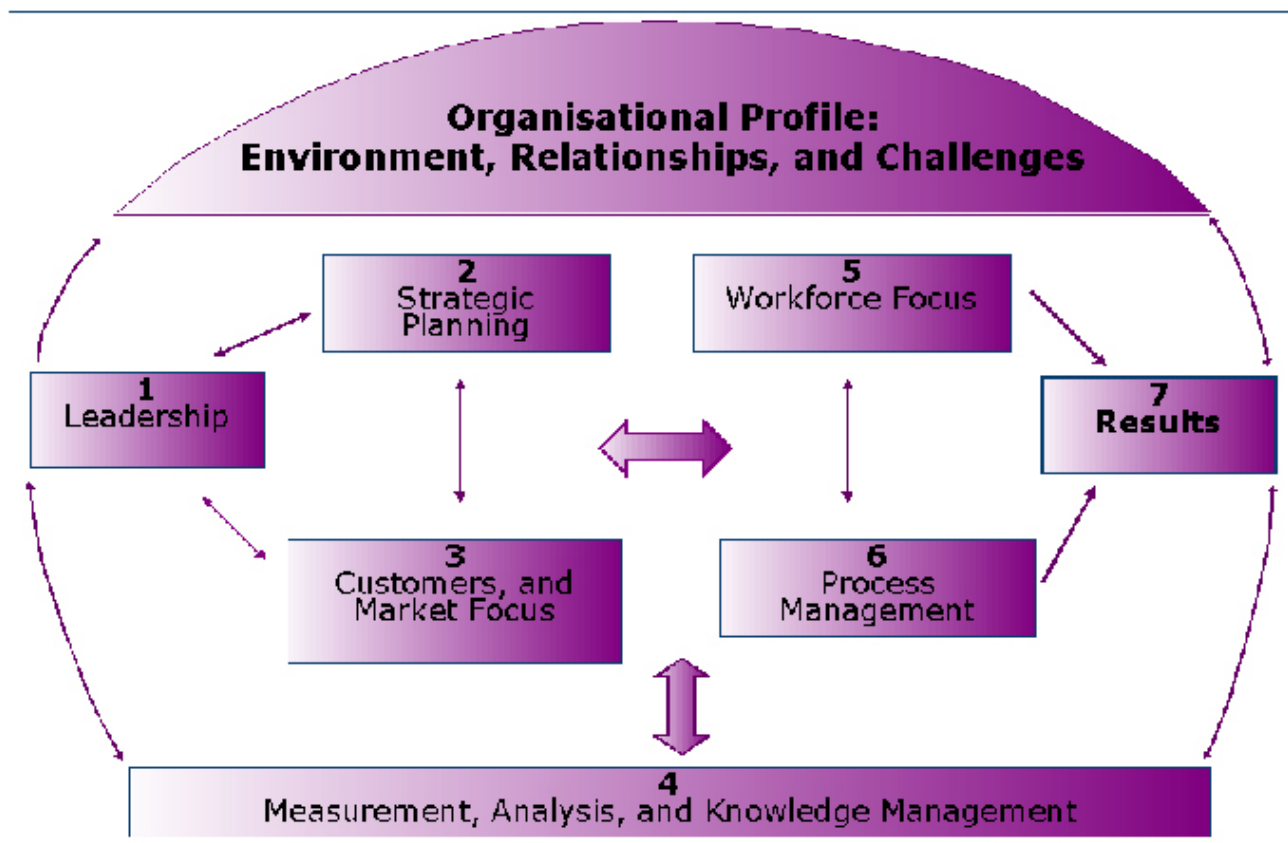
Two new diagrams have been added to the Criteria booklet.

- A diagram that shows the relationship between the Criteria's Core Values and Concepts and the Criteria Items is on page 46. While many specific relationships are possible, the Core Values or Concepts are shown in close proximity to the specific Criteria Process Categories with the most direct relationship. Furthermore, each Criteria Results Item is shown in close proximity to the Process Category to which it is most closely tied.
- A diagram that shows stages of increasing maturity and sophistication in organisational learning is on page 45. Each component of the diagram is related to the scoring range that indicates that level of performance. The diagram illustrates maturity in organisational learning through an analogy for handling fires (from fighting fires to preventing fires).

Glossary of Key Terms

The term "Strategic Advantages" and, more specifically, the concept it embodies, is vital to determining an organisation's competitive success and marketplace sustainability. Organisations frequently focus on the strategic challenges they face without equal attention to identifying and building on their strategic advantages. The term has been defined to help Criteria users consider all dimensions of their strategic advantages.

Baldrige Criteria for Performance Excellence Framework: A Systems Perspective



CRITERIA FOR PERFORMANCE EXCELLENCE FRAMEWORK

Criteria for Performance Excellence Framework

The requirements of the Criteria for Performance Excellence are embodied in seven Categories, as follows:

- 1 Leadership
- 2 Strategic Planning
- 3 Customer and Market Focus
- 4 Measurement, Analysis, and Knowledge Management
- 5 Workforce Focus
- 6 Process Management
- 7 Results

The figure on page 2 provides the framework connecting and integrating the Categories.

From top to bottom, the framework has the following basic elements.

Organisational Profile

Your Organisational Profile (top of figure) sets the context for the way your organisation operates. Your environment, key working relationships, and strategic challenges and advantages serve as an overarching guide for your organisational performance management system.

System Operations

The system operations are composed of the six Baldrige Categories in the center of the figure that define your operations and the results you achieve.

Leadership (Category 1), Strategic Planning (Category 2), and Customer and Market Focus (Category 3) represent the leadership triad. These Categories are placed together to emphasise the importance of a leadership focus on strategy and customers. Senior leaders set your organisational direction and seek future opportunities for your organisation.

Workforce Focus (Category 5), Process Management (Category 6), and Results (Category 7) represent the results triad. Your organisation's workforce and key processes accomplish the work of the organisation that yields your overall business results.

All actions point toward Results—a composite of product and service, customer, and market and financial, and internal operational performance results, including workforce, leadership, governance, and social responsibility results.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organisational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Results (Category 7). The two-headed arrows indicate the importance of feedback in an effective performance management system.

System Foundation

Measurement, Analysis, and Knowledge Management (Category 4) are critical to the effective management of your organisation and to a fact-based, knowledge-driven system for improving performance and competitiveness. Measurement, analysis, and knowledge management serve as a foundation for the performance management system.

Criteria Structure

The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address.

Items

There are 18 Items, each focusing on a major requirement. Item titles and point values are given on page 4. The Item format is shown on page 29.

Areas to Address

Items consist of one or more Areas to Address (Areas). Organisations should address their responses to the specific requirements of these Areas.

2008 CRITERIA FOR PERFORMANCE EXCELLENCE—ITEM LISTING

P Preface: Organisational Profile

- P.1 Organisational Description
- P.2 Organisational Challenges

2008 Categories and Items Point Values

1	Leadership	120
1.1	Senior Leadership	70
1.2	Governance and Social Responsibility	50
2	Strategic Planning	85
2.1	Strategy Development	40
2.2	Strategy Deployment	45
3	Customer and Market Focus	85
3.1	Customer and Market Knowledge	40
3.2	Customer Relationships and Satisfaction	45
4	Measurement, Analysis, and Knowledge Management	90
4.1	Measurement and Analysis and Organisational Performance	45
4.2	Management of Information, Information Technology, and Knowledge	45
5	Workforce Focus	85
5.1	Workforce Engagement	45
5.2	Workforce Environment	40
6	Process Management	85
6.1	Work Systems Design	35
6.2	Work Process Management and Improvement	50
7	Results	450
7.1	Product and Service Outcomes	100
7.2	Customer-Focused Outcomes	70
7.3	Financial and Market Outcomes	70
7.4	Workforce-Focused Outcomes	70
7.5	Process Effectiveness Outcomes	70
7.6	Leadership Outcomes	70
TOTAL POINTS		1000

Note: The Scoring System used with the Criteria Items in a Baldrige assessment can be found on pages 52-53.

2008 CRITERIA FOR PERFORMANCE EXCELLENCE

Importance of Beginning with Your Organisational Profile

Your Organisational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in key information and focus on key performance requirements and results;
- it is used by the National Evaluators and Judges in application review, including the site visit, to understand your organisation and what you consider important; (you will be assessed using the Criteria requirements in relation to your organisation's environment, relationships, influences, and challenges, as presented in your Organisational Profile); and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that the Organisational Profile can serve as your complete assessment, and you can use these topics for action planning.

P Preface: Organisational Profile

The Organisational Profile is a snapshot of your organisation, the KEY influences on HOW you operate, and the KEY challenges you face.

P.1 Organisational Description : What are your key organisational characteristics?

Describe your organisation's environment and your KEY relationships with CUSTOMERS, suppliers, PARTNERS, and STAKEHOLDERS .

Within your response, include answers to the following questions:

a. Organisational Environment

- (1) What are your organisation's main products and services? What are the delivery mechanisms used to provide your products and services to your CUSTOMERS?
- (2) What is your organisational culture? What are your stated PURPOSE, VISION, MISSION and VALUES?
- (3) What is your WORKFORCE profile? What are your WORKFORCE or employee groups and SEGMENTS? What are their KEY requirements and expectations? What are their educational LEVELS? What are your organisation's WORKFORCE and job DIVERSITY, organised bargaining units, KEY benefits, and special health and safety requirements?
- (4) What are your major facilities, technologies, and equipment?
- (5) What is the regulatory environment under which your organisation operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; relevant industry standards; and environmental, financial, and product regulations?

b. Organisational Relationships

- (1) What is your organisational structure and GOVERNANCE system? What are the reporting relationships among those responsible for GOVERNANCE, SENIOR LEADERS, and parent organisation, as appropriate?
- (2) What are your KEY CUSTOMER and STAKEHOLDER groups and market SEGMENTS, as appropriate? What are their KEY requirements and expectations for your products, services, and operations? What are the differences in these requirements and expectations among CUSTOMER and STAKEHOLDER groups and market SEGMENTS?
- (3) What are your most important types of suppliers, PARTNERS, COLLABORATORS, and distributors? What role do these suppliers, PARTNERS, COLLABORATORS, and distributors play in your WORK SYSTEMS and the production and delivery of your KEY products and services? What role, if any, do they play in your organisational INNOVATION PROCESSES? What are your most important supply chain requirements?
- (4) What are your KEY supplier and CUSTOMER partnering relationships and communication mechanisms?

Notes

N1. Mechanisms for product and service delivery to your end-use customers (P.1a[1]) might be direct, or through dealers, distributors, collaborators, or channel partners.

N2. Workforce or employee groups and segments (including organised bargaining units) (P.1a[3]) might be based on the type of employment or contract reporting relationship, location, tour of duty, work environment, family-friendly policies, or other factors.

N3. Market segments (P.1b[2]) might be based on product or service lines or features, distribution channels, business volume, geography, or other factors that are important to your organisation to define related market characteristics.

N4. Customer and stakeholder group and market segment requirements (P.1b[2]) might include on-time delivery, low defect levels, safety, security, on-going price reductions, electronic communication, rapid response, after-sales service, socially responsible behaviour and community service. For some non-profit organisations, requirements also might include administrative cost reductions, at-home services, rapid response to emergencies, and multi-lingual services.

N5. Communication mechanisms (P.1b[4]) should be two-way and might be in person, via e-mail, Web-based, or by telephone. For many organisations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

N6. While some non-profit organisations offer products and services (P.1a[1]), many might appropriately interpret this phrase as programmemememes or projects and services.

N7. Customers (P.1a[1]) are the users and potential users of your products, programmemememes, and services. In some non-profit organisations, customers might include members, taxpayers, citizens, recipients, clients, and beneficiaries. Market segments might be referred to as constituencies.

N8. Many non-profit organisations rely heavily on volunteers to accomplish their work. These organisations should include volunteers in the discussion of their workforce (P.1a[3]).

N9. For non-profit organisations, relevant industry standards (P.1a[5]) might include industry-wide codes of conduct and policy guidance. The term 'industry' is used throughout the Criteria to refer to the sector in which you operate. For non-profit organisations, this sector might be charitable organisations, professional associations and societies, religious organisations, or government entities - or a subsector of one of these.

N10. For some non-profit organisations, governance and reporting relationships (P.1b[1]) might include relationships with major agency or foundation, or other funding sources.

For additional description of this Item, see page 33

Information for Understanding All Criteria Items

For definitions of key terms presented throughout the Criteria and Scoring Guidelines text in SMALL CAPS/JANSON TEXT-ROMAN, see Glossary of Key Terms on pages 60-66.

Frequently, several questions are grouped under one number (e.g., P.1a[3]). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an Item, (2) to give instructions on responding to the Item requirements, and (3) to indicate key linkages to other Items. In all cases, the intent is to help you respond to the Item requirements.

A number of Item notes include guidance specifically for non-profit organisations. This information appears in italics.

P.2 Organisational Challenges : What are your key organisational challenges?

Describe your organisation's competitive environment, your KEY STRATEGIC CHALLENGES, and advantages, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

a. Competitive Environment

- (1) What is your competitive position? What is your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organisation?
- (2) What are the principal factors that determine your success relative to your competitors? What are any KEY changes taking place that affect your competitive situation, including opportunities for INNOVATION and collaboration, as appropriate?
- (3) What are your KEY available sources of comparative and competitive data from within your industry? What are your KEY available sources of comparative data from outside your industry? What limitations, if any, are there in your ability to obtain these data?

b. Strategic Context

What are your KEY business, operational, and human resource STRATEGIC CHALLENGES and advantages? What are your KEY STRATEGIC CHALLENGES and ADVANTAGES associated with organisational SUSTAINABILITY?

c. PERFORMANCE Improvement System

What are the key elements of your PERFORMANCE improvement system, including your evaluation and LEARNING PROCESSES?

Notes

N1. Principal factors (P.2a[2]) might include differentiators such as your price leadership, design services, innovation rate, geographic proximity, accessibility, and warranty and product options. For some non-profit organisations, differentiators also might include relative influence with decision makers, ratio of administrative costs to programme contributions, past reputation for programme or service delivery, and wait times for service.

N2. Strategic challenges and advantages (P.2b) might relate to technology, products, your operations, your industry, globalisation, your value chain, and people.

N3. Performance improvement (P.2c) is an assessment dimension used in the Scoring System to evaluate the maturity of organisational approaches and deployment (see page 47). This question is intended to help you and the National Evaluators set an overall context for your approach to performance improvement.

Overall approaches to performance improvement might include implementing a Lean Enterprise System, applying Six Sigma methodology, using ISO 9000:2000 standards, or employing other process improvement tools.

N4. Non-profit organisations frequently are in a very competitive environment; they often must compete with other organisations and with alternative sources for similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.

N5. For non-profit organisations, the term "business" (P.2b) is used throughout the Criteria to refer to your main mission area or enterprise activity.

For additional description of this Item, see pages 33-34

For New Zealand Business Excellence Award applicants, the Organisational Profile is limited to five pages. These pages are not counted in the overall application page limit. Typing and format instructions for the Organisational Profile are the same as for the application. These instructions are provided in the New Zealand Business Excellence Award : Applicant Information Guidebook. This Guidebook is available through our website - www.nzbef.org.nz

1 Leadership (120 points)

The Leadership Category examines HOW your organisation's SENIOR LEADERS guide and sustain your organisation. Also examined are your organisation's GOVERNANCE and HOW your organisation addresses its ethical, legal and community responsibilities.

1.1 Senior Leadership How do your senior leaders lead? (70 points)

Process

Describe HOW SENIOR LEADERS guide and sustain your organisation. Describe HOW SENIOR LEADERS communicate with your WORKFORCE and encourage HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. VISION and VALUES

- (1) How do SENIOR LEADERS set organisational VISION and VALUES? How do SENIOR LEADERS deploy your organisation's VISION and VALUES through your LEADERSHIP SYSTEM, to the WORKFORCE, to KEY SUPPLIERS and PARTNERS, and to CUSTOMERS, and other STAKEHOLDERS as appropriate? How do SENIOR LEADERS' personal actions reflect a commitment to the organisation's VALUES?
- (2) How do SENIOR LEADERS personally promote an organisational environment that fosters, requires, and results in legal and ETHICAL BEHAVIOUR?
- (3) How do SENIOR LEADERS create a SUSTAINABLE organisation? How do SENIOR LEADERS create an environment for organisation PERFORMANCE improvement, the accomplishment of your MISSION and STRATEGIC OBJECTIVES, INNOVATION, competitive or role model PERFORMANCE leadership, and organisational agility? How do they create an environment for organisational and WORKFORCE LEARNING? How do they personally participate in succession planning and the development of future organisational leaders?

b. Communication and Organisational PERFORMANCE

- (1) How do SENIOR LEADERS communicate with, and engage the entire WORKFORCE? How do SENIOR LEADERS encourage frank, two-way communication throughout the organisation? How do SENIOR LEADERS communicate KEY decisions? How do SENIOR LEADERS take an active role in reward and recognition programmes to reinforce HIGH PERFORMANCE and a CUSTOMER and business focus?
- (2) How do SENIOR LEADERS create a focus on action to accomplish the organisation's objectives, improve PERFORMANCE, and attain its VISION? What PERFORMANCE MEASURES do SENIOR LEADERS regularly review to inform them on needed actions? How do SENIOR LEADERS include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS in their organisational PERFORMANCE expectations?

For additional description of this Item, see page 34

Notes

N1. Organisational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in Items 2.1 and 2.2.

N2. A sustainable organisation (1.1a[3]) is capable of addressing current business needs and possesses the agility and strategic management to prepare successfully for its future business and market environment. In this context, the concept of innovation includes both technological and organisational innovation to succeed in the future. A sustainable organisation also ensures a safe and secure environment for the workforce and other key stakeholders.

N3. A focus on action (1.1b[2]) considers the workforce, the work systems, and the hard assets of your organisation. It includes on-going improvements in productivity that may be achieved through eliminating waste or reducing cycle time, and it might use techniques such as Six Sigma and Lean. It also includes the actions to accomplish the organisation's strategic objectives.

N4. Your organisational performance results should be reported in Items 7.1–7.6.

N5. For non-profit organisations that rely on volunteers to accomplish their work, responses to 1.1b(1) also should discuss your efforts to communicate with and engage the volunteer workforce.

1.2 Governance and Social Responsibility : How do you govern and address your social responsibilities (50 points)

Process

Describe your organisation's GOVERNANCE system. Describe HOW your organisation addresses its responsibilities to the public, ensures ETHICAL BEHAVIOUR, and practices good citizenship.

Within your response, include answers to the following questions:

a. Organisational GOVERNANCE

- (1) How does your organisation review and achieve the following KEY aspects in your GOVERNANCE system:
 - accountability for management's actions
 - fiscal accountability
 - transparency in operations and selection of and disclosure policies for those responsible for GOVERNANCE, as appropriate
 - independence in internal and external audits
 - protection of STAKEHOLDER and stockholder interests, as appropriate
- (2) How do you evaluate the PERFORMANCE of your SENIOR LEADERS, including the chief executive? How do you evaluate the PERFORMANCE of those responsible for your GOVERNANCE, as appropriate? How do SENIOR LEADERS and those responsible for your GOVERNANCE use these PERFORMANCE reviews to further develop and to improve both their personal leadership EFFECTIVENESS and that of your board and LEADERSHIP SYSTEM, as appropriate?

b. Legal and ETHICAL BEHAVIOUR

- (1) How do you address any adverse impacts on society of your products, services, and operations? How do you anticipate public concerns with current and future products, services, and operations? How do you prepare for these concerns in a proactive manner, including using resource-sustaining PROCESSES, as appropriate? What are your KEY compliance PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory and legal requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your products, services, and operations?
- (2) How does your organisation promote and ensure ETHICAL BEHAVIOUR in all your interactions? What are your KEY PROCESSES and MEASURES OR INDICATORS for enabling and monitoring ETHICAL BEHAVIOUR in your GOVERNANCE structure, throughout your organisation, and in interactions with CUSTOMERS and PARTNERS and other STAKEHOLDERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOUR?

c. Support of Key Communities

How does your organisation actively support and strengthen your KEY communities? How do you identify KEY communities and determine areas of emphasis for organisational involvement and support? What are your KEY communities? How do your SENIOR LEADERS, in concert with your WORKFORCE, contribute to improving these communities?

Notes

N1. Societal responsibilities in areas critical to your organisation's on-going success also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance (including the results of mandated financial audits) or environmental improvements through use of "green" technology or other means, or conservation activities, should be reported as Leadership Outcomes (Item 7.6).

N2. Transparency in operations (1.2a[1]) of your governance board should include your internal controls on governance processes. For some non-profit organisations, an external advisory board may provide some or all of the governance board functions. For those non-profit organisations that serve as stewards of public funds, stewardship of those funds and transparency in operations are areas of emphasis.

N3. Leadership performance evaluation (1.2a[2]) might be supported by peer reviews, formal performance management reviews (5.1b), and formal or informal employee and other stakeholder feedback and surveys. For some non-profit and governmental organisations, external advisory boards might evaluate the performance of senior leaders and those responsible for governance.

N4. Measures or indicators of ethical behaviour (1.2b[2]) might include the percentage of independent board members, measures of relationships with stockholder and non-stockholder constituencies, instances of ethical conduct breaches and responses, survey results on workforce perceptions of organisational ethics, ethics hotline use, and results of ethics reviews and audits. They also might include evidence that policies, workforce training, and monitoring systems are in place with respect to conflicts of interest and proper use of funds.

N5. Areas of community support appropriate for inclusion in 1.2c might include your efforts to strengthen local community services, education, and health; the environment; including collaborative activities to conserve the environment or natural resources; and practices of trade, business, or professional associations.

N6. The health and safety of your workforce are not addressed in Item 1.2; you should address these employee factors in Item 5.2.

N7. Non-profit organisations should report in 1.2b(1), as appropriate, how they address the legal and regulatory requirements and standards that govern fundraising and lobbying activities.

N8. For some charitable organisations, support for key communities (1.2c) may occur totally through the mission-related activities of the organisation. In such cases, it is appropriate to respond with any 'extra efforts' you devote to support of these communities.

For additional description of this Item, see pages 34-35

Assessment of Item Responses

Item responses are assessed by considering the Criteria Item requirements; your key business factors presented in your Organisational Profile; and the maturity of your approaches, breadth of deployment, and strength of your improvement process and results relative to the Scoring System. Refer to the Scoring System information on page 50.

The Strategic Planning Category examines HOW your organisation develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are HOW your chosen STRATEGIC OBJECTIVES and ACTION PLANS are DEPLOYED and changed if circumstances require, and HOW progress is measured.

2.1 Strategy Development : How do you develop your Strategy (40 points)

Process

Describe HOW your organisation determines its STRATEGIC CHALLENGES and advantages. Describe how your organisation establishes its strategy and STRATEGIC OBJECTIVES to address these CHALLENGES and enhance its advantages. Summarise your organisation's KEY STRATEGIC OBJECTIVES and their related GOALS.

Within your response, include answers to the following questions:

a. Strategy Development PROCESS

- (1) How does your organisation conduct its strategic planning? What are the KEY PROCESS steps? Who are the KEY participants? How does your PROCESS identify potential blind spots? How do you determine your STRATEGIC CHALLENGES and advantages, as identified in response in P.2 in your Organisation Profile? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning PROCESS address these time horizons?
- (2) How do you ensure that strategic planning addresses the KEY factors listed below? How do you collect and analyse relevant data and information pertaining to these factors as part of your strategic planning PROCESS:
 - your organisation's strengths, weaknesses, opportunities, and threats
 - early indications of major shifts in technology, markets, CUSTOMER preferences, competition, or the regulatory environment
 - long-term organisational SUSTAINABILITY
 - your ability to execute the strategic plan

b. STRATEGIC OBJECTIVES

- (1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?
- (2) How do your STRATEGIC OBJECTIVES address your STRATEGIC CHALLENGES and strategic advantages? How do you ensure that your STRATEGIC OBJECTIVES balance short- and longer-term challenges and opportunities? How do you ensure that your STRATEGIC OBJECTIVES balance the needs of all KEY STAKEHOLDERS?

Notes

N1. "Strategy development" refers to your organisation's approach (formal or informal) to preparing for the future. Strategy development might utilise various types of forecasts, projections, options, scenarios, knowledge (see 4.2b for relevant organisational knowledge), or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve participation by key suppliers, distributors, partners, and customers. For some non-profit organisations, strategy development might involve participation by organisations providing similar services or drawing from the same donor population or volunteer workforce.

N2. "Strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products, services, and markets; revenue growth via various approaches, including acquisitions grants, and endowments; divestitures; new partnerships and alliances; and new employee or volunteer relationships. Strategy might be directed toward becoming a

preferred supplier, a local supplier in each of your major customers' or partners markets, a low-cost producer, a market innovator, or a high-end or customised product or service provider. It also might be directed toward meeting a community or public need.

N3. Your organisation's strengths, weaknesses, opportunities, and threats (2.1a[2]) should address all factors that are key to your organisation's future success, including the following, as appropriate: your customer and market needs, expectations, and opportunities; your opportunities for innovation and role model performance; your core competencies; your competitive environment and your performance relative to competitors and comparable organisations; your product life cycle; technological and other key innovations or changes that might affect your products and services and how you operate, as well as the rate of that innovation; your human and other resource needs; your ability to capitalise on diversity; your opportunities to redirect resources to higher priority products, services, or areas; financial, societal, ethical, regulatory, technological, security, and other

potential risks; your ability to prevent and respond to emergencies, including natural or other disasters; changes in the national or global economy; partner and supply chain needs, strengths, and weaknesses; changes in your parent organisation; and other factors unique to your organisation.

N4. Your ability to execute the strategic plan (2.1a[2]) should address your ability to mobilise the necessary resources and knowledge. It also should address your organisational agility based on contingency plans or if circumstances require a shift in plans and rapid execution of new or changed plans.

N5. Strategic objectives that address key challenges and advantages (2.1b[2]) might include rapid response, customisation, co-location with major customers or partners, workforce capability and capacity, specific joint ventures, virtual manufacturing, rapid innovation, ISO 9000:2000 or ISO 14000 registration, Web-based supplier and customer relationship management, and product and service quality enhancements. Responses to Item 2.1 should focus on your specific challenges and advantages—those most important to your ongoing success and to strengthening your organisation's overall performance.

N6. Item 2.1 addresses your overall organisational strategy, which might include changes in services, products, and product lines. However, the Item does not address product and service design; you should address these factors in Item 6.1, as appropriate.

For additional description of this Item, see page 35-36

2.2 Strategy Deployment : How do you deploy your strategy? (45 pts)

Process

Describe HOW your organisation converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarise your organisation's ACTION PLANS and related KEY PERFORMANCE MEASURES OR INDICATORS. Project your organisation's future PERFORMANCE on these KEY PERFORMANCE MEASURES OR INDICATORS.

Within your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

- (1) HOW do you develop and DEPLOY ACTION PLANS throughout the organisation to achieve your KEY STRATEGIC OBJECTIVES? How do you ensure that the KEY outcomes of your ACTION PLANS can be sustained?
- (2) How do you ensure that adequate financial and other resources are available to support the accomplishment of your ACTION PLANS? How do you allocate resources to ensure accomplishment of your ACTION PLANS? How do you assess the financial and other risks associated with the plans? How do you balance resources to ensure adequate resources to meet current obligations?
- (3) How do you establish and DEPLOY modified ACTION PLANS if circumstances require a shift in plans and rapid execution of new plans?
- (4) What are your KEY short- and longer-term ACTION PLANS? What are the KEY planned changes, if any, in your products and services, your CUSTOMERS and markets, and how you will operate?
- (5) What are your KEY human resource plans to accomplish your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS? How do the plans address potential impacts on people in your WORKFORCE and any potential changes to WORKFORCE CAPABILITY and CAPACITY needs?
- (6) What are your KEY PERFORMANCE MEASURES OR INDICATORS for tracking progress on your ACTION PLANS? How do you ensure that your overall ACTION PLAN measurement system reinforces organisational ALIGNMENT? How do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES OR INDICATORS identified in 2.2a(5), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? How are these PROJECTIONS determined? How does your projected PERFORMANCE compare with projected PERFORMANCE of your competitors or comparable organisations? How does it compare with KEY BENCHMARKS, GOALS and past PERFORMANCE, as appropriate? How do you ensure progress so that you will meet your PROJECTIONS? If there are current or projected gaps in PERFORMANCE against your competitors or comparable organisations, HOW will you address them?

Notes

N1. Strategy and action plan development and deployment are closely linked to other Items in the Criteria. The following are examples of key linkages:

- Item 1.1 for how your senior leaders set and communicate organisational directions;
- Category 3 for gathering customer and market knowledge as input to your strategy and action plans and for deploying action plans;
- Category 4 for measurement, analysis, and knowledge management to support your key information needs, to support your development of strategy, to provide an effective basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;
- Category 5 for meeting your workforce capability and capacity needs; for workforce development and learning system design and needs, and for implementing workforce-related changes resulting from action plans;

- Category 6 for changes to work systems and work process requirements resulting from your action plans; and
- Item 7.6 for specific accomplishments relative to your organisational strategy and action plans.

N2. Deployment of action plans (2.2a[1]) might include key partners, collaborators, and suppliers.

N3. Measures and indicators of projected performance (2.2b) might include changes resulting from new ventures; organisational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards and significant anticipated innovations in products, services, and technology.

For additional description of this Item, see pages 36

The Customer and Market Focus Category examines HOW your organisation determines the requirements, needs, expectations, and preferences of CUSTOMERS and markets. Also examined is HOW your organisation builds relationships with CUSTOMERS and determines the KEY factors that lead to CUSTOMER acquisition, satisfaction, loyalty and retention, and to business expansion and SUSTAINABILITY.

3.1 Customer and Market Knowledge : How do you obtain and use customer and market knowledge? (40 points)

Process

Describe HOW your organisation determines requirements, needs, expectations, and preferences of CUSTOMERS and markets to ensure the continuing relevance of your products and services and to develop new opportunities.

Within your response, include answers to the following questions:

a. CUSTOMER and Market Knowledge

- (1) How do you identify CUSTOMERS, CUSTOMER groups, and market SEGMENTS? How do you determine which CUSTOMERS, CUSTOMER groups, and market SEGMENTS to pursue for current and future products and services? How do you include CUSTOMERS of competitors and other potential CUSTOMERS and markets in this determination?
- (2) How do you listen and learn to determine KEY CUSTOMER requirements and changing expectations (including product and service features) and their relative importance to CUSTOMERS' purchasing or relationship decisions? How do your determination methods vary for different CUSTOMERS or CUSTOMER groups? How do you use relevant information and feedback from current and former CUSTOMERS, including marketing and sales information, CUSTOMER loyalty and retention data, win/loss ANALYSIS, and complaint data for PURPOSES of products and services, marketing, making PROCESS improvements, and developing new business opportunities? How do you use this information and feedback to become more CUSTOMER focused and to better satisfy CUSTOMER needs and desires?
- (3) How do you keep your listening and LEARNING methods current with business needs and directions, including changes in your marketplace?

Notes

N1. Your responses to this Item should include the customer groups and market segments identified in P.1b(2).

N2. If your products and services are sold or delivered to end-use customers via other businesses or organisations (e.g., those that are part of your "value chain" such as retail stores or dealers, or local distributors), customer groups (3.1a[1]) should include both the end-users and these intermediate organisations.

N3. The "voice of the customer" (3.1a[2]) is your process for capturing customer-related information. Voice-of-the-customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, needs, and desires. The goal is to achieve customer loyalty and build customer relationships, as appropriate. The voice of the customer might include gathering and integrating survey data, focus group findings, Web-based data, warranty data, complaint logs and field reports, and other data and information that affect customers' purchasing and relationship decisions.

N3. "Product and service features" (3.1a[2]) refers to all the important characteristics of products and services and to their performance throughout their full life cycle and the full "consumption chain." This includes all customers' purchase and interaction experiences with your organisation that influence purchase and relationship decisions. The focus should be on features that affect customer preference and loyalty — for example, those features that differentiate your products and services from competing offerings or other organisations' services. Those features might include price, reliability, value, delivery, timeliness, ease of use, requirements for hazardous materials use and disposal, customer or technical support, and the sales relationship. Key product and service features and purchasing and relationship decisions (3.1a[2]) might take into account how transactions occur and factors such as confidentiality and security.

N4. For additional considerations on products, services, customers, and the business of non-profit organisations, see Item P.1, Notes 6 and 7, and Item P.2, Note 5.

For additional description of this Item, see pages 37

3.2 Customer Relationships and Satisfaction : How do you build relationships and grow customer satisfaction and loyalty? (45 points)

Process

Describe HOW your organisation builds relationships to acquire, satisfy, and retain CUSTOMERS, to increase CUSTOMER loyalty. Describe also HOW your organisation determines CUSTOMER satisfaction and dissatisfaction.

Within your response, include answers to the following questions:

a. CUSTOMER Relationship Building

- (1) How do you build relationships to acquire CUSTOMERS, to meet and exceed their expectations, to increase loyalty and repeat business, and to gain positive referrals?
- (2) How do your KEY access mechanisms enable CUSTOMERS to seek information, conduct business, and make complaints? WHAT are your KEY access mechanisms? How do you determine KEY CUSTOMER contact requirements for each mode of CUSTOMER access? How do you ensure that these contact requirements are deployed to all people and PROCESSES involved in the CUSTOMER response chain?
- (3) How do you manage CUSTOMER complaints? How do you ensure that complaints are resolved EFFECTIVELY and promptly? How do you minimise CUSTOMER dissatisfaction and, as appropriate, loss of repeat business? How are complaints aggregated and analysed for use in improvement throughout your organisation and by your PARTNERS?
- (4) How do you keep your APPROACHES to building relationships and providing CUSTOMER access current with business needs and directions?

b. CUSTOMER Satisfaction Determination

- (1) How do you determine CUSTOMER satisfaction, dissatisfaction, and loyalty? How do these determination methods differ among CUSTOMER groups? How do you ensure that your measurements capture actionable information for use in exceeding your CUSTOMERS' expectations? How do you ensure that your measurements capture actionable information for use in securing your CUSTOMERS' future business, and gaining positive referrals, as appropriate? How do you use CUSTOMER satisfaction and dissatisfaction information for improvement?
- (2) How do you follow up with CUSTOMERS on the quality of products, services, and transactions to receive prompt and actionable feedback?
- (3) How do you obtain and use information on your CUSTOMERS' satisfaction relative to their satisfaction with your competitors? How do you obtain and use information on your CUSTOMERS' satisfaction relative to the CUSTOMER satisfaction LEVELS of other organisations providing similar products and services, and/or industry BENCHMARKS?
- (4) How do you keep your APPROACHES to determining satisfaction current with business needs and directions?

Notes

N1. Customer relationship building (3.2a) might include the development of partnerships or alliances with customers.

N2. Determining customer satisfaction and dissatisfaction (3.2b) might include use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, win/loss analysis, and transaction completion rates. Information might be gathered on the Web, through personal contact or a third party, or by mail.

N3. Customer satisfaction measurements (3.2b[1]) might include both a numerical rating scale and descriptors for each unit in the scale. Actionable customer satisfaction measurements provide useful information about specific product and service features, delivery, relationships, and transactions that bear upon the customers' future actions—repeat business and positive referral.

N4. Other organisations providing similar products or services (3.2b[3]) might include other organisations that are not competitors but provide similar products and services in other geographic areas or to different populations of people.

N5. Your customer satisfaction and dissatisfaction results should be reported in Item 7.2.

N6. For some non-profit organisations (e.g., some government agencies or charitable organisations), customers may be assigned or may be required to use your organisation, and relationships may be short term. For those organisations, relationship building (3.2a[1]) might be focused on meeting and exceeding expectations during the short-term relationship, resulting in positive comments to other people, including key stakeholders of your organisation.

For additional description of this Item, see pages 37

4 Measurement, Analysis, and Knowledge Management (90points)

The Measurement, ANALYSIS, and Knowledge Management Category examines HOW your organisation selects, gathers, analyses, manages, and improves its data, information, and KNOWLEDGE ASSETS and HOW it manages its information technology. the Category also examines HOW your organisation reviews and uses reviews to improve its PERFORMANCE.

4.1 Measurement, Analysis, and Improvement of Organisational Performance : How do you measure, analyse, and review organisational performance? (45 points)

Process

Describe HOW your organisation measures, analyses, aligns, and improves its PERFORMANCE through the use of data and information at all LEVELS and in all parts of your organisation. Describe HOW you SYSTEMATICALLY use the results of reviews to evaluate and improve processes.

Within your response, include answers to the following questions:

a. PERFORMANCE Measurement

- (1) How do you select, collect, align, and integrate data and information for tracking daily operations and for tracking overall organisational PERFORMANCE, including progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? What are your KEY organisational PERFORMANCE MEASURES including KEY short-term and longer-term financial MEASURES? How do you use these data and information to support organisational decision making and INNOVATION?
- (2) How do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision making and INNOVATION?
- (3) How do you keep your PERFORMANCE measurement system current with business needs and directions? How do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organisational or external changes?

b. PERFORMANCE ANALYSIS and Review

- (1) How do you review organisational PERFORMANCE and capabilities? How do your SENIOR LEADERS participate in these reviews? What ANALYSES do you perform to support these reviews and to ensure that conclusions are valid? How do you use these reviews to assess organisational success, competitive PERFORMANCE, and progress relative to STRATEGIC OBJECTIVES and ACTION PLANS? How do you use these reviews to assess your organisation's ability to rapidly respond to changing organisational needs and challenges in your operating environment?
- (2) How do you translate organisational PERFORMANCE review findings into priorities for continuous and break-through improvement and into opportunities for INNOVATION? How are these priorities and opportunities deployed to work group- and functional-level operations throughout your organisation to enable EFFECTIVE support for their decision making? When appropriate, HOW are the priorities and opportunities deployed to your suppliers and PARTNERS to ensure organisational ALIGNMENT?
- (3) How do you incorporate the results of organisational PERFORMANCE reviews into the SYSTEMATICAL evaluation and improvement of KEY PROCESSES?

Notes

N1. Performance measurement is used in fact-based decision making for setting and aligning organisational directions and resource use at the work unit, key process, departmental, and whole organisation levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organisation's industry. Competitive comparisons relate your organisation's performance to that of competitors and other organisations providing similar products and services.

N3. Organisational performance reviews (4.1b[1]) should be informed by organisational performance measurement and objectives and action plans described in Items 2.1 and 2.2. The reviews also might be informed by internal or external Baldrige assessments.

For additional description of this Item, see pages 37-39

N4. Analysis includes examining trends; organisational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations intended to support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws upon all types of data: customer-related, financial and market, operational, and competitive.

N5. The results of organisational performance analysis should contribute to your organisational strategic planning in Category 2.

N6. Your organisational performance results should be reported in Items 7.1–7.6.

4.2 Information and Knowledge Management : How do you manage organisational information and knowledge? (45 points)

Process

Describe How your organisation ensures the quality and availability of needed data, information, software, and hardware for your WORKFORCE, suppliers, PARTNERS, COLLABORATORS, and CUSTOMERS. Describe HOW your organisation builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Data and Information Availability

- (1) How do you make needed data and information available? How do you make them accessible to WORKFORCE, suppliers, PARTNERS, COLLABORATORS, and CUSTOMERS, as appropriate?
- (2) How do you ensure that hardware and software are reliable, secure, and user friendly?
- (3) In the event of an emergency, How do you ensure the continued availability of hardware and software systems, and the continued availability of data and information?
- (4) How do you keep your data and information availability mechanisms, including your software and hardware systems, current with business needs and directions and with technological changes in your operating environment?

b. Data, Information, and Knowledge Management

- (1) How do you ensure the following properties of your data, information, and organisational knowledge:

- accuracy
- integrity and reliability
- timeliness
- security and confidentiality

- (2) How do you manage organisational knowledge to accomplish the following:

- the collection and transfer of WORKFORCE knowledge
- the transfer of relevant knowledge from CUSTOMERS, suppliers, and PARTNERS, and collaborators
- the rapid identification, sharing, and implementation of best practices
- the assembly and transfer of relevant knowledge for use in your strategic planning PROCESS

Notes

N1. Data and information access (4.2a[1]) might be via electronic and other means.

For additional description of this Item, see pages 39

5 Workforce Focus (85 points)

The WORKFORCE Focus Category examines HOW your organisation engages, manages, and develops your WORKFORCE to utilise its full potential in ALIGNMENT with your organisation's overall MISSION, strategy, and ACTION PLANS. The Category examines your ability to assess WORKFORCE CAPABILITY and CAPACITY needs and to build a WORKFORCE environment conducive to HIGH PERFORMANCE.

5.1 Workforce Engagement :How do you engage your workforce to achieve organisational and personal success? (45 points)

Process

Describe HOW your organisation engages, compensates, and rewards your WORKFORCE to achieve HIGH PERFORMANCE. Describe HOW members of your WORKFORCE, including leaders, are developed to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. WORKFORCE Enrichment

- (1) HOW do you determine the KEY factors that affect WORKFORCE ENGAGEMENT? HOW do you determine the KEY factors that affect WORKFORCE satisfaction? HOW are these factors determined for different WORKFORCE groups and SEGMENTS?
- (2) HOW do you foster an organisational culture conducive to HIGH-PERFORMANCE and a motivated WORKFORCE to accomplish the following:
 - co-operation, EFFECTIVE communication, and skill sharing within and across work units, operating units, and locations, as appropriate
 - EFFECTIVE information flow and two-way communication with supervisors and managers
 - individual goal setting, EMPOWERMENT, and initiative
 - INNOVATION in the work environment
 - the ability to benefit from the diverse ideas, cultures, and thinking of your WORKFORCE
- (3) HOW does your WORKFORCE PERFORMANCE management system support HIGH-PERFORMANCE WORK and WORKFORCE ENGAGEMENT? HOW does your WORKFORCE PERFORMANCE management system consider WORKFORCE compensation, reward, recognition, and incentive practices? HOW does your WORKFORCE PERFORMANCE management system reinforce a CUSTOMER and business focus and achievement of your ACTION PLANS?

b. WORKFORCE and Leader Development

- (1) HOW does your WORKFORCE development and LEARNING system address the following:
 - needs and desires for LEARNING and development identified by your WORKFORCE, including supervisors and managers
 - your CORE COMPETENCIES, STRATEGIC CHALLENGES, and accomplishment of your ACTION PLANS, both short-term and long-term
 - organisational PERFORMANCE improvement, technological change, and INNOVATION
 - the breadth of development opportunities, including education, training, coaching, mentoring, and work-related experiences, as appropriate
 - the transfer of knowledge from departing or retiring workers
 - the reinforcement of new knowledge and skills on the job
- (2) HOW does your development and LEARNING system for leaders address the following:
 - development of personal leadership attributes
 - development of organisational knowledge
 - ethical business practices
 - your CORE COMPETENCIES, STRATEGIC CHALLENGES, and accomplishment of your ACTION PLANS, both short-term and long-term
 - organisational PERFORMANCE improvement, change, and INNOVATION
 - the breadth of leadership development opportunities, including education, training, coaching, mentoring, and work-related experiences, as appropriate

- (3) HOW do you evaluate the EFFECTIVENESS of your WORKFORCE and leader development and LEARNING systems?
- (4) HOW do you manage EFFECTIVE career progression for your entire WORKFORCE? HOW do you accomplish EFFECTIVE succession planning for management and leadership positions?

c. Assessment of WORKFORCE ENGAGEMENT

- (1) HOW do you assess WORKFORCE ENGAGEMENT? What formal and informal assessment methods and MEASURES do you use to determine WORKFORCE ENGAGEMENT and WORKFORCE satisfaction? HOW do these methods and MEASURES differ across WORKFORCE groups and SEGMENTS? HOW do you use other INDICATORS, such as WORKFORCE retention, absenteeism, grievances, safety, and PRODUCTIVITY to assess and improve WORKFORCE ENGAGEMENT?
- (2) HOW do you relate assessment findings to KEY business RESULTS reported in Category 7 to identify opportunities for improvement in both WORKFORCE ENGAGEMENT and business RESULTS?

Notes

N1. “Workforce” refers to the people actively involved in accomplishing the work of your organisation. It includes your organisation’s permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organisation. It includes team leaders, supervisors, and managers at all levels. People supervised by a contractor should be addressed in Category 6 as part of your larger work systems. For non-profit organisations that also rely on volunteers, “workforce” includes these volunteers.

N2. “Workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organisation. Organisations with high levels of workforce engagement are often characterised by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organisation.

N3. Compensation, recognition, and related reward and incentive practices (5.1a[3]) include promotions and bonuses that might be based on performance, skills acquired, and other factors. In some government organisations, compensation systems are set by law or regulation. However, since recognition can include monetary and non-monetary, formal and informal, and individual and group mechanisms, reward and recognition systems do permit flexibility.

N4. Your organisation may have unique considerations relative to workforce development, learning, and career progression. If this is the case, your response to 5.1b should include how you address these considerations.

N5. Identifying improvement opportunities (5.1c[2]) might draw on your workforce-focused results presented in Item 7.4 and might involve addressing workforce-related problems based on their impact on your business results reported in response to other Category 7 Items.

For additional description of this Item, see pages 39-40

5.2 Workforce Environment : How do you build an effective and supportive workforce environment? (40 points)

Process

Describe HOW your organisation manages WORKFORCE CAPABILITY and CAPACITY to accomplish the work of the organisation. Describe HOW your organisation maintains a safe, secure, and supportive work climate.

Within your response, include answers to the following questions:

a. WORKFORCE CAPABILITY and CAPACITY

- (1) HOW do you assess your WORKFORCE CAPABILITY and CAPACITY needs, including skills, competencies, and staffing levels?
- (2) HOW do you recruit, hire, place, and retain new employees? HOW do you ensure your WORKFORCE represents the diverse ideas, cultures, and thinking of your hiring community?
- (3) HOW do you manage and organise your WORKFORCE to accomplish the work of your organisation, capitalise on the organisation's CORE COMPETENCIES, reinforce a CUSTOMER and business focus, exceed PERFORMANCE expectations, address your STRATEGIC CHALLENGES and ACTION PLANS, and achieve the agility to address changing business needs?
- (4) HOW do you prepare your WORKFORCE for changing CAPABILITY and CAPACITY needs? HOW do you manage your WORKFORCE, its needs, and your needs to ensure continuity, to prevent WORKFORCE reductions, and to minimise the impact of WORKFORCE reductions, if they do become necessary?

b. Workforce Climate

- (1) HOW do you ensure and improve workplace health, safety, and security? What are your PERFORMANCE MEASURES and improvement GOALS for each of these workplace factors? What are any significant differences in these factors and PERFORMANCE MEASURES or targets for different workplace environments?
- (2) HOW do you support your WORKFORCE via policies, services, and benefits? HOW are these tailored to the needs of a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?

Notes

N1. "Workforce capability" refers to your organisation's ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people. Capability may include the ability to build and sustain relationships with your customers; to innovate and transition to new technologies; to develop new products, services, and work processes; and to meet changing business, market, and regulatory demands. "Workforce capacity" refers to your organisation's ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products and services to your customers, including the ability to meet seasonal or varying demand levels.

N2. Workforce capability and capacity should consider not only current needs but also future requirements based on your strategic objectives and action plans reported in Category 2.

N3. Preparing your workforce for changing capability and capacity needs (5.2a[4]) might include training, education, frequent communication, considerations of workforce employment and employability, career counselling, and out-placement and other services.

For additional description of this Item, see pages 40

6 Process Management (85 points)

The PROCESS Management Category examines HOW your organisation determines its CORE COMPETENCIES and WORK SYSTEMS and HOW it designs, manages, and improves its KEY PROCESSES for implementing those WORK SYSTEMS to deliver CUSTOMER VALUE and achieve organisational success and SUSTAINABILITY. Also examined is your readiness for emergencies.

6.1 Work system Design : How do you design your work systems? (45 points)

Process

Describe HOW your organisation determines its CORE COMPETENCIES and designs its WORK SYSTEMS and KEY PROCESSES to deliver CUSTOMER VALUE, prepare for potential emergencies, and achieve organisational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

a. CORE COMPETENCIES

- (1) HOW does your organisation determine its CORE COMPETENCIES? What are your organisation's CORE COMPETENCIES, and how do they relate to your MISSION, competitive environment, and ACTION PLANS?
- (2) HOW do you design and innovate your overall WORK SYSTEMS? HOW do you decide which PROCESSES within your overall WORK SYSTEMS will be internal to your organisation (your KEY work PROCESSES) and which will use external resources?

b. WORK PROCESS Design

- (1) What are your organisation's KEY work PROCESSES? How do these KEY work PROCESSES relate to your CORE COMPETENCIES? HOW do these PROCESSES contribute to delivering CUSTOMER VALUE, profitability, organisational success, and SUSTAINABILITY?
- (2) HOW do you determine KEY work PROCESSES requirements, incorporating input from CUSTOMERS, suppliers, PARTNERS, and COLLABORATORS, as appropriate? What are the KEY requirements for these PROCESSES?
- (3) HOW do you design and innovate your work PROCESSES to meet all the KEY requirements? HOW do you incorporate new technology, organisational knowledge, and the potential need for agility into the design of these PROCESSES? HOW do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES?

c. Emergency Readiness

HOW do you ensure WORK SYSTEM and workplace preparedness for disasters or emergencies? HOW does your disaster and emergency preparedness system consider prevention, management, continuity of operations, and recovery?

Notes

N1. "Core competencies" (6.1a) refers to your organisation's areas of greatest expertise. Your organisation's core competencies are those strategically important capabilities that provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate and provide a sustainable competitive advantage.

N2. "Work systems" refers to how the work of your organisation is accomplished. Work systems involve your workforce, your key suppliers and partners, your contractors, your collaborators, and other components of the supply chain needed to produce and deliver your products, services, and business and support processes. Your work systems co-ordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products and services to your customers and to succeed in your marketplace.

N2. Your key work processes (6.1b[1]) are the processes that involve the majority of your organisation's workforce and produce customer, stakeholder, and stockholder value. Your key work processes are your most important product and service design and delivery, business, and support processes.

N4. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or due to a local or national emergency, including potential pandemics such as an avian flu outbreak. Emergency considerations related to information technology should be addressed in Item 4.2.

For additional description of this Item, see pages 41-42

6.2 Work Process Management and Improvement : How do you manage and improve your key organisational work processes? (50 points)

Process

Describe HOW your organisation implements, manages, and improves its KEY work PROCESSES to deliver CUSTOMER VALUE and achieve organisational success and SUSTAINABILITY.

Within your response, include answers to the following questions:

a. Work PROCESSES Management

- (1) HOW do you implement your work PROCESSES to ensure that they meet design requirements? HOW does your subsequent day-to-day operation of these PROCESSES ensure that they meet KEY PROCESSES requirements? HOW is CUSTOMER, supplier, PARTNER, and COLLABORATOR input used in managing these PROCESSES, as appropriate? What are your KEY PERFORMANCE MEASURES or INDICATORS and in-process MEASURES used for the control and improvement of your work PROCESSES?
- (2) HOW do you minimise overall costs associated with inspections, tests, and PROCESSES or PERFORMANCE audits, as appropriate? HOW do you prevent defects, service errors, and rework and minimise warranty costs or CUSTOMERS' PRODUCTIVITY losses, as appropriate?

b. Work PROCESSES Improvement

HOW do you improve your work PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve products and services, and to keep the PROCESSES current with business needs and directions? HOW are improvements and lessons learned shared with other organisational units and PROCESSES to drive organisational LEARNING and INNOVATION?

Notes

N1. To improve process performance (6.2b) and reduce variability, you might implement approaches such as a Lean Enterprise System, Six Sigma methodology, use of ISO 9000:2000 standards, the Plan-Do-Check-Act methodology, or other process improvement tools.

N2. The results of improvements in product and service performance should be reported in Item 7.1. All other work process performance results should be reported in Item 7.5.

For additional description of this Item, see page 42

7 Business Results (450 points)

The RESULTS Category examines your organisation's PERFORMANCE and improvement in all KEY business areas — product and service outcomes, CUSTOMER-focused outcomes, financial and market OUTCOMES, WORKFORCE-focused outcomes, PROCESS-EFFECTIVENESS outcomes and leadership outcomes. PERFORMANCE LEVELS are examined relative to those of competitors and other organisations providing similar products and services

7.1 Product and Service Outcomes : What are your product and service performance results? (100 points)

Results

Summarise your organisation's KEY product and service PERFORMANCE RESULTS. SEGMENT your RESULTS by product and service types and groups, CUSTOMER groups, and market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Product and Service RESULTS

What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of product and service PERFORMANCE that are important to your CUSTOMERS? HOW do these RESULTS compare with the PERFORMANCE of your competitors and other organisations providing similar products and services?

Notes

N1. Product and service results reported in this Item should relate to the key product, programmememememe, and service features identified as customer requirements or expectations in P.1b(2) based on information gathered in Items 3.1 and 3.2. The measures or indicators should address factors that affect customer preference, such as those included in Item P.1, Note 3

N2. For some non-profit organisations, product or service performance measures might be mandated by your funding sources. These measures should be identified and reported in your response to this Item.

For additional description of this Item, see page 42-43

7.2 Customer-Focused Outcomes: What are your customer-focused performance results? (70 points)

Results

Summarise your organisation's KEY CUSTOMER-focused RESULTS, including CUSTOMER satisfaction and CUSTOMER-perceived VALUE. SEGMENT your RESULTS by product and service types or groups, CUSTOMER groups, and market SEGMENTS as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. CUSTOMER-Focused RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of CUSTOMER satisfaction and dissatisfaction? HOW do these RESULTS compare with the customer satisfaction LEVELS of your competitors and other organisations providing similar products and services?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of CUSTOMER-perceived VALUE, including CUSTOMER loyalty and retention, positive referral, and other aspects of building relationships with CUSTOMERS, as appropriate?

Notes

N1. Customer satisfaction and dissatisfaction results reported in this Item should relate to the customer groups and market segments discussed in P.1b(2) and Item 3.1 and to the determination methods and data described in Item 3.2.

N2. Measures and indicators of customers' satisfaction with your products and services relative to customers' satisfaction with competitors and comparable organisations (7.2a[1]) might include objective information and data from your customers and from independent organisations.

For additional description of this Item, see page 43

7.3 Financial and Market Outcomes : What are your financial and market results? (70 points)

Results

Summarise your organisation's KEY financial and market-place PERFORMANCE RESULTS by CUSTOMER or market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial and Market RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return and economic VALUE, or budgetary MEASURES, as appropriate?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of marketplace PERFORMANCE, including market share or position, growth, and new markets entered, as appropriate?

Notes

N1. Responses to 7.3a(1) might include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by market or customer segment. Responses also might include measures of financial viability, such as liquidity, debt-to-equity ratio, days cash on hand, asset utilisation, and cash flow. Measures should relate to the financial measures reported in 4.1a(1) and the financial management approaches described in Item 2.2.

For non-profit organisations, additional measures might include performance to budget, reserve funds, cost avoidance or savings, administrative expenditures as a percentage of budget, and cost of fundraising versus funds raised.

N2. For non-profit organisations, responses to 7.3a(2) might include measures of charitable donations or grants and the number of new programmes or services offered.

For additional description of this Item, see pages 43

7.4 Workforce-Focused Outcomes : What are your workforce-focused performance results? (70 points)

Results

Summarise your organisation's KEY WORKFORCE-focused RESULTS for WORKFORCE ENGAGEMENT and for your WORKFORCE environment. SEGMENT your RESULTS to address the DIVERSITY of your WORKFORCE and to address your WORKFORCE groups and SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. WORKFORCE RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of WORKFORCE ENGAGEMENT, WORKFORCE satisfaction, and the development of your WORKFORCE, including leaders?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES of WORKFORCE CAPABILITY and CAPACITY, including staffing levels and appropriate skills?
- (3) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of your WORKFORCE climate, including workplace health, safety, and security and WORKFORCE services and benefits, as appropriate?

Notes

N1. Results reported in this Item should relate to activities described in Category 5. Your results should be responsive to key process needs described in Category 6 and to your organisation's action plans and human resource plans described in Item 2.2.

N2. Responses to 7.4a(1) should include measures and indicators identified in response to 5.1c(1).

N3. Non-profit organisations that rely on volunteers to supplement the work of their employees should include results for their volunteer workforce, as appropriate.

For additional description of this Item, see pages 43

7.5 Process Effectiveness Outcomes : What are your organisational effectiveness results? (70 points)

Results

Summarise your organisation's KEY operational PERFORMANCE RESULTS that contribute to the improvement of organisational EFFECTIVENESS, including your organisation's readiness for emergencies. SEGMENT your RESULTS by product and service types and groups and by PROCESS and location, and by market SEGMENTS, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. PROCESS Effectiveness RESULTS

- (1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your WORK SYSTEMS, including WORK SYSTEM and workplace preparedness for disasters or emergencies?
- (2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your other KEY work PROCESSES including PRODUCTIVITY, CYCLE TIME, and other appropriate MEASURES of PROCESS EFFECTIVENESS and efficiency and INNOVATION?

Notes

N1. Results reported in Item 7.5 should address your key operational requirements as presented in the Organisational Profile and in Items 6.1 and 6.2. Include results not reported in Items 7.1–7.4.

N2. Results reported in Item 7.5 should provide key information for analysis and review of your organisational performance (Item 4.1) and should provide the operational basis for product and service outcomes (Item 7.1), customer-focused outcomes (Item 7.2), and financial and market outcomes (Item 7.3).

N3. Appropriate measures and indicators of work system performance (7.5a[1]) might include audit, just-in-time delivery, and acceptance results for externally provided products, services, and processes; supplier and partner performance; product, service, and work system innovation rates and results; simplification of internal jobs and job classifications; work layout improvements; changing supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.

For additional description of this Item, see page 44

Summarise your organisation's KEY GOVERNANCE and SENIOR LEADERSHIP RESULTS, including evidence of strategic plan accomplishments, ETHICAL BEHAVIOUR, fiscal accountability, legal compliance, social responsibility, and organisational citizenship. SEGMENT your RESULTS by organisational units, as appropriate. Include appropriate comparative data..

Provide data and information to answer the following questions:

a. Leadership and Social Responsibility RESULTS

- (1) What are your RESULTS for KEY MEASURES or INDICATORS of accomplishment of your organisational strategy and ACTION PLANS?
- (2) What are your RESULTS for KEY MEASURES or INDICATORS of ETHICAL BEHAVIOUR and of STAKEHOLDER trust in the SENIOR LEADERS and those responsible for GOVERNANCE in your organisation? What are your RESULTS for KEY MEASURES or INDICATORS of breaches of ETHICAL BEHAVIOUR?
- (3) What are your KEY current findings and TRENDS in KEY MEASURES or INDICATORS of fiscal accountability, both internal and external, as appropriate?
- (4) What are your RESULTS for KEY MEASURES or INDICATORS of regulatory and legal compliance?
- (5) What are your RESULTS for KEY MEASURES or INDICATORS of organisational citizenship in support of your KEY communities?

Notes

N1. Measures or indicators of strategy and action plan accomplishment (7.6a[1]) should address your strategic objectives and goals identified in 2.1b(1) and your action plan performance measures and projected performance identified in 2.2a(6) and 2.2b, respectively.

N2. For examples of measures of ethical behaviour and stakeholder trust (7.6a[2]), see Item 1.2, Note 4.

N3. Responses to 7.6a(3) might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters. For some non-profit organisations, results of IRD audits also might be included.

N4. Regulatory and legal compliance results (7.6a[4]) should address requirements described in 1.2b. Employee-related occupational health and safety results (e.g., OSH-reportable incidents) should be reported in 7.4a(3).

N5. Organisational citizenship results 7.6a[5]) should address support of the key communities discussed in 1.2c.

For additional description of this Item, see page 49.

BALDRIGE APPLICATION SELF-ANALYSIS WORKSHEET (OPTIONAL)

(not to be submitted with your Baldrige application)

While insights gained from National Evaluators or Consultants are always helpful, you know your organisation better than they will. You are currently in an excellent position to identify your organisation's key strengths and key opportunities for improvement (OFIs). Having just completed your responses to the Baldrige Criteria questions, you can accelerate your improvement journey by doing a self-analysis.

Use this optional worksheet to list your key strengths and key OFIs. Start by identifying one or two strengths and one or two OFIs for each Criteria category. For those of high importance, establish a goal and a plan of action.

For an electronic copy of this worksheet is contact the Foundation on awards@nzbef.org.nz

Criteria Category	Importance High, Medium, Low	For High-Importance Areas			
		Stretch (Strength) or Improvement (OFI) Goal	What Action Is Planned?	By When?	Who Is Responsible?
Category 1—Leadership					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					
Category 2—Strategic Planning					
<i>Strength</i>					
1.					
2.					
<i>OFI</i>					
1.					
2.					



2008 CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the 19 Criteria Items. Writing an application for the NZ Business Excellence Award involves responding to these requirements in 50 or fewer pages.

The guidelines are presented in three parts:

- (1) General Guidelines regarding the Criteria booklet, including how the Items are formatted
- (2) Guidelines for Responding to Process Items
- (3) Guidelines for Responding to Results Items

General Guidelines

1. Read the entire Criteria booklet.

The main sections of the booklet provide a full orientation to the Criteria, including how responses are to be evaluated for self-assessment or by National Evaluators. You should become thoroughly familiar with the following sections:

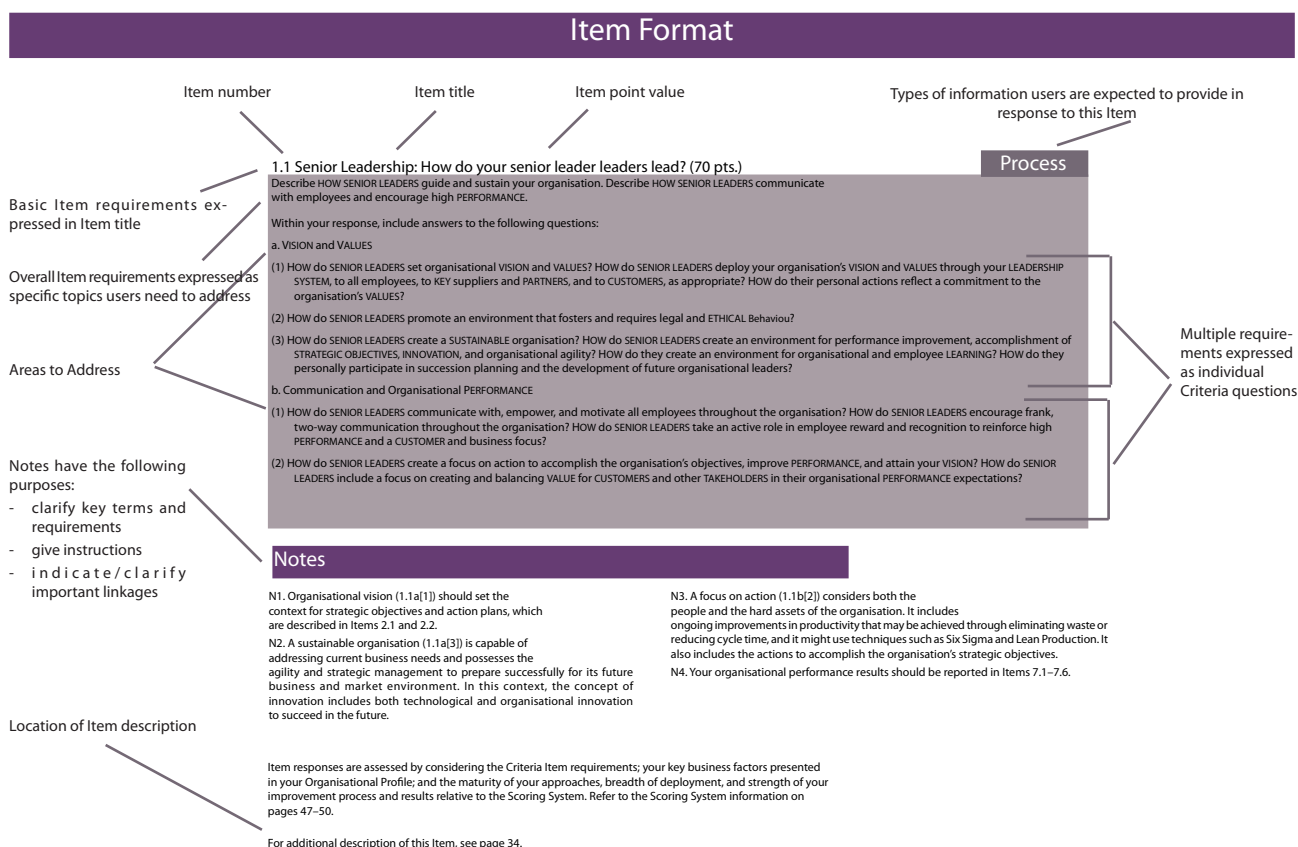
- Criteria for Performance Excellence (pages 5-26)
- Category and Item Descriptions (pages 33-45)
- Scoring System (pages 52-53)
- Glossary of Key Terms (pages 57-63)

2. Review the Item format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the multiple requirements contained in the Areas to Address. The Item Notes are an aid to help you understand the Areas to Address. Each Item and Area to Address is described in greater detail in the Category and Item Descriptions section.

Each Item is classified as either Process or Results, depending on the type of information required. Guidelines for responding to Process Items are given on page 52. Guidelines for responding to Results Items are given on pages 53.

Item requirements are presented in question format. Some of the requirements in the Areas to Address include multiple questions. Responses to an Item should contain information that address all questions; however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, as appropriate to your organisation. These multiple questions serve as a guide in understanding the full meaning of the information being requested.





3. Understand the meaning of key terms.

Many of the terms used in the Criteria have meanings that may differ somewhat from standard definitions or definitions used in your organisation. Terms printed in SMALL CAPS/SANS SERIF can be found in the Glossary of Key Terms beginning on page 54. Understanding these terms can help you accurately communicate your processes and results to those reviewing your responses.

4. Start by preparing the Organisational Profile.

The Organisational Profile is the most appropriate starting point. The Organisational Profile is intended to help everyone—including organisations using the Criteria for self-assessment, application writers, and reviewers—to understand what is most relevant and important to your organisation's business and mission and to its performance. The questions to the Organisational Profile are on pages 9-11. The Organisational Profile is described in greater detail on pages 36-37.

Guidelines for Responding to Process Items

Although the Criteria focus on key performance results, these results by themselves offer little diagnostic value. For example, if some results are poor or are improving at rates slower than your competitors', it is important to understand why this is so and what might be done to accelerate improvement.

The purpose of Process Items is to permit diagnosis of your organisation's most important processes—the ones that contribute most to organisational performance improvement and contribute to key business results. Diagnosis and feedback depend heavily on the content and completeness of your Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organising and reviewing such information follow.

1. Understand the meaning of "how."

Process Items include questions that begin with the word "how." Responses should outline your key process information that addresses approach, deployment, learning, and integration (page 51). Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as "anecdotal information."

2. Understand the meaning of "what."

Two types of questions in Process Items begin with the word "what." The first type of question requests basic information on key processes and how they work. Although it is helpful to include who performs the work, merely stating who does not permit diagnosis or feedback. The second type of question requests information on what your key findings, plans, objectives, goals, or measures are. These latter questions set the context for showing alignment and integration in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, some of your performance measures, and some results reported in Category 7 should be expected to relate to the stated strategic objectives.

3. Write and review response(s) with the following guidelines and comments in mind.

■ Show that approaches are systematic.

Systematic approaches are repeatable and use data and information to enable learning. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, innovation, and sharing, thereby permitting a gain in maturity.

■ Show deployment.

Deployment information should summarise how your approaches are implemented in different parts of your organisation. Deployment can be shown compactly by using tables.

■ Show evidence of learning.

Processes should include evaluation and improvement cycles, as well as the potential for breakthrough change. Process improvements should be shared with other appropriate units of the organisation to enable organisational learning.

■ Show integration.

Integration shows alignment and harmonisation among processes, plans, measures, and actions that generate organisational effectiveness and efficiencies.

■ Show focus and consistency.

There are four important considerations regarding focus and consistency: (1) the Organisational Profile should make clear what is important; (2) the Strategic Planning Category, including the strategic objectives and action plans, should highlight areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organisational level analysis and review (Item 4.1) should show how your organisation analyses and reviews performance information to set priorities; and (4) the Process Management Category should highlight processes that are key to your overall performance. Showing focus and consistency in the Process Items and tracking corresponding measures in the Results Items should improve organisational performance.

■ Respond fully to Item requirements.

Missing information will be interpreted as a gap in your process. All Areas to Address should be addressed. Individual questions within an Area to Address may be addressed individually or together.

4. Cross-reference when appropriate.

As much as possible, each Item response should be self-contained. However, responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses rather than repeat information. In such cases, key process information should be given in the Item requesting this information. For example, workforce and leader development and learning systems should be described in Item 5.2. Discussions about workforce and leader development and learning elsewhere in your application would then reference but not repeat details given in your Item 5.1 response.

5. Use a compact format.

Applicants should make the best use of the 50 application pages permitted. Applicants are encouraged to use flowcharts, tables, and “bullets” to present information concisely.

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Process Item responses include the Criteria Item requirements and the maturity of your approaches, breadth of deployment, extent of learning, and integration with other elements of your performance management system, as described in the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Criteria place a major emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

1. Focus on the most critical organisational performance.

Results reported should cover the most important requirements for your organisation’s success, highlighted in your Organisational Profile and in the Strategic Planning, Customer and Market Focus, Workforce Focus, and Process Management Categories.

2. Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:

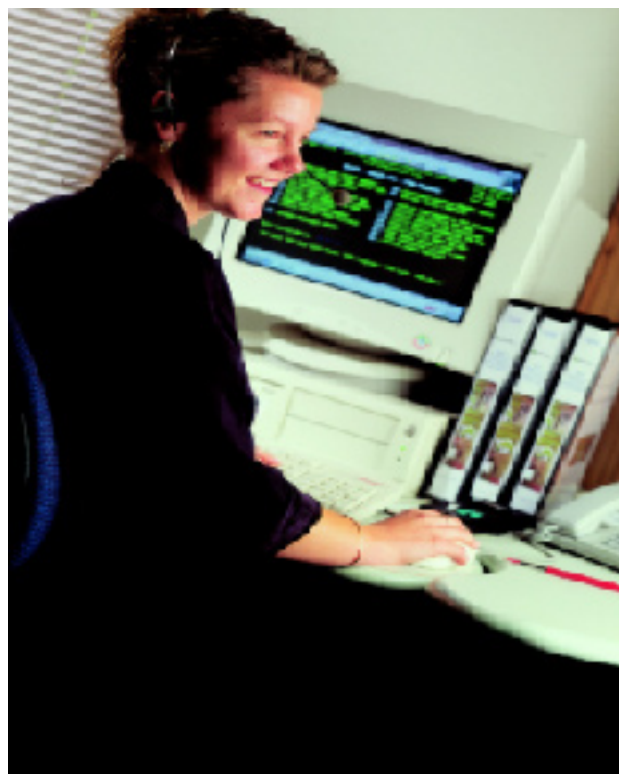
- performance levels that are reported on a meaningful measurement scale
- trends to show directions of results and rates of change and the extent of deployment
- comparisons to show how results compare with those of other, appropriately selected organisations
- integration to show that all important results are included and segmented, (e.g., by important customer, employee, process, and product line group)

3. Include trend data covering actual periods for tracking trends.

No minimum period of time is specified for trend data. However, a minimum of three historical data points generally is needed to ascertain a trend. Trends might span five years or more for some results. Time intervals between data points should be meaningful for the specific measure(s) reported. For important results, new data should be included even if trends and comparisons are not yet well established.

4. Use a compact format—graphs and tables.

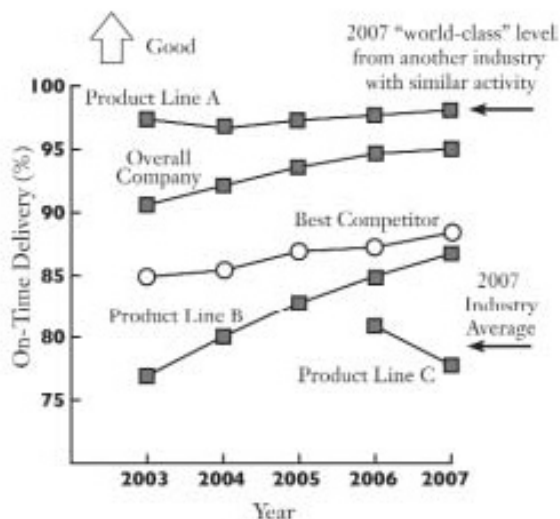
Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be “normalised,” i.e., presented in a way (such as use of ratios) that takes into account size factors. For example, reporting safety trends in terms of lost work days per 100 employees would be more meaningful than total lost work days if the number of employees has varied over the time period or if you are comparing your results to organisations differing in size.



5. Integrate results into the body of the text.

Discussion of results and the results themselves should be close together in an Award application. Trends that show a significant beneficial or adverse change should be explained. Use figure numbers that correspond to Items. For example, the third figure for Item 7.1 would be Figure 7.1-3. (See the example in the figure that follows.)

Figure 7.1-3 On-Time Delivery Performance



Use figure numbers that correspond to Items. For example, the third figure for Item 7.1 would be Figure 7.1-3. (See the example in the figure on this page.)

The graph shown on this page illustrates data an organisation might present as part of a response to Item 7.1, Product and Service Outcomes. In the Organisational Profile, the organisation has indicated on-time delivery as a key customer requirement.

The graph illustrates a number of characteristics of clear and effective results reporting.

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a key customer requirement—on-time delivery.

- Results are presented for several years.
- An arrow indicates that an upward trend is good for this measure.
- Appropriate comparisons are clearly shown.
- The organisation shows, using a single graph, that its three product lines are separately tracked for ontime delivery.

To help interpret the Scoring Guidelines (page 52), the following comments on the graphed results would be appropriate:

- The current overall organisational performance level is excellent. This conclusion is supported by the comparison with industry competitors and with a “world-class” level.
- The overall organisation shows beneficial improvement trends sustained over time.
- Product Line A is the current performance leader— showing sustained high performance (on-time delivery) and a slightly positive trend. Product Line B shows rapid improvement. Its delivery schedule is near that of the best industry competitor but trails the “world-class” level.
- Product Line C—identified in the application as a new product—is having early problems with on-time delivery. (The organisation should explain briefly these early problems.)

6. Refer to the Scoring Guidelines.

Considerations in the evaluation of Results Item responses include the Criteria Item requirements and the significance of the results trends, actual performance levels, relevant comparative data, alignment with important elements of your performance management system, and the strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines.



2008 CRITERIA: CATEGORY AND ITEM DESCRIPTIONS

Preface: Organisational Profile

The Organisational Profile provides an overview of your organisation. The profile addresses your operating environment, your key organisational relationships, your competitive environment and strategic challenges, and your approach to performance improvement. Your Organisational Profile provides a context for understanding. It helps the national Evaluators and Judges when reviewing your application to understand what you consider important. It also helps you to guide and prioritise the information you present in response to the Criteria Items in Categories 1–7.

The Organisational Profile provides your organisation with critical insight into the key internal and external factors that shape your operating environment. These factors, such as the mission, vision, values, competitive environment, and strategic challenges and advantages, impact the way your organisation is run and the decisions you make. As such, the Organisational Profile helps your organisation better understand the context in which it operates; the key requirements for current and future business success and organisational sustainability; and the needs, opportunities, and constraints placed on your organisation's performance management system.

P.1 Organisational Description: What are your key organisational characteristics?

Purpose

This Item addresses the key characteristics and relationships that shape your organisational environment. It also addresses your organisation's governance system. The aim is to set the context for your organisation and for your responses to the Criteria requirements in Categories 1–7.

Comments

- Use of such terms as “purpose,” “vision,” “mission,” and “values” varies depending on the organisation, and some organisations may not use one or more of these terms. Nevertheless, you should have a clear understanding of the essence of your organisation, why it exists, and where your senior leaders want to take the organisation in the future. This clarity enables you to make and implement strategic decisions affecting the future of your organisation.
- The regulatory environment in which you operate places requirements on your organisation and impacts how you run your organisation. Understanding this environment is key to making effective operational and strategic decisions. Further, it allows you to identify whether you are merely complying with the minimum requirements of applicable laws, regulations, and standards of practice or exceeding them, a hallmark of leading organisations.
- Leading organisations have well-defined governance systems with clear reporting relationships. It is important to clearly identify which functions are performed by senior leaders and, as applicable, by your board of directors and your parent organisation. Board independence and accountability frequently are key considerations in the governance structure.

- In supplier-dependent organisations, suppliers play critical roles in processes that are important to running the business and to maintaining or achieving a sustainable competitive advantage. Supply chain requirements might include on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, and customised manufacturing or services.

P.2 Organisational Challenges: What are your key organisational challenges?

Purpose

This Item addresses the competitive environment in which your organisation operates, including your key strategic challenges and advantages. It also addresses how you approach performance improvement and organisational learning. The aim is to understand your key organisational challenges and your system for maintaining a sustainable advantage.

Comments

- Knowledge of an organisation's strengths, vulnerabilities, and opportunities for both improvement and growth is essential to the success and sustainability of the organisation. With this knowledge, you can identify those products, service and program offerings, processes, and performance attributes that are unique to your organisation; those that set you apart from other organisations; and those that help you to sustain your competitive advantage.
- Understanding who your competitors and collaborators are, how many you have, and their key characteristics is essential for determining what your competitive advantage is and what your collaborative opportunities are in your industry and marketplace. Leading organisations have an in-depth understanding of their current competitive and collaborative environment, including the factors that affect day-to-day performance and factors that could impact future performance.
- Sources of comparative and competitive data might include industry journals and other publications, benchmarking activities, annual reports for publicly traded companies and public organisations, conferences, local networks, and industry associations.
- Operating your organisation in today's highly competitive marketplace means you are facing many strategic challenges that can affect your ability to sustain performance and maintain your competitive advantage. These challenges might include your operational costs (e.g., materials, labour, or geographic location); expanding or decreasing markets; mergers or acquisitions both by your organisation and by your competitors; economic conditions, including fluctuating demand and economic downturns both local and global; the cyclical nature of your industry; the introduction of new or substitute products or services, possibly based on a disruptive technology; rapid technological changes; or new competitors entering the market. In addition, your organisation may face challenges related to the recruitment, hiring, and retention of qualified employees or volunteers.

- A particularly significant challenge, if it occurs to your organisation, is being unprepared for a disruptive technology that threatens your competitive position or your marketplace. Examples of such technologies include personal computers replacing typewriters; cell phones challenging traditional and pay phones; fax machines capturing business from overnight delivery services; and e-mail challenging all other means of correspondence. Today, organisations need to be scanning the environment inside and outside their immediate industry to detect such challenges at the earliest possible point in time.
- One of the many issues facing organisations today is how to manage, use, and share your ever-increasing organisational knowledge. Leading organisations already benefit from the knowledge assets of their employees, customers, suppliers, collaborators, and partners, who together drive organisational learning and improve performance.

Leadership (Category 1)

Leadership addresses how your senior leaders guide and sustain your organisation, setting organisational vision, values, and performance expectations. Attention is given to how your senior leaders communicate with your workforce, develop future leaders, measure organisational performance, and create an environment that encourages ethical behaviour and high performance. The Category also includes your organisation's governance system, and how your organisation ensures ethical behaviour and practices good citizenship.

1.1 Senior Leadership: How do your senior leaders lead?

Purpose

This Item examines the key aspects of your senior leaders' responsibilities. It examines how your senior leaders set and communicate the organisation's vision and values and how they practice these values. It focuses on your senior leaders' actions to create a sustainable, high-performing organisation with a business and customer focus..

Comments

- Senior leadership's central role in setting values and directions, communicating, creating and balancing value for all stakeholders, and creating an organisational bias for action are the focus of this Item. Success requires a strong orientation to the future and a commitment to improvement and innovation, and organisational sustainability. Increasingly, this requires creating an environment for empowerment, agility, and learning.
- In highly respected organisations, senior leaders are committed to developing the organisation's future leaders and to recognising and rewarding contributions by members of the workforce. Senior leaders personally participate in the development of future leaders, in succession planning, and in recognition opportunities and events that celebrate the workforce. Development activities for future leaders might include personal mentoring or participation in leadership development courses.



1.2 Governance and Social Responsibilities: How do you govern and address your social responsibilities?

Purpose

This Item examines key aspects of your organisation's governance system. It also examines how your organisation fulfills its responsibilities to the public, ensures that everyone in the organisation behaves legally and ethically, and practices good citizenship..

Comments

- The organisational governance requirement addresses the need for a responsible, informed, and accountable governance or advisory body that can protect the interests of key stakeholders (including stockholders) in publicly traded, private, and non-profit organisations. This body should have independence in review and audit functions, as well as a performance evaluation function that monitors organisational and CEOs' or chief administrators' performance.
- An integral part of performance management and improvement is proactively addressing (1) the need for ethical behaviour, (2) the observance of all legal and regulatory requirements, and (3) risk factors. Ensuring high performance in these areas requires establishing appropriate measures or indicators that senior leaders track in their performance reviews. Your organisation should be sensitive to issues of public concern, whether or not these issues currently are embodied in laws and regulations. Role model organisations look for opportunities to exceed requirements and to excel in areas of legal and ethical behaviour.
- Public concerns that charitable and government organisations should anticipate might include the cost of products, programmes, and services; timely and equitable access to products, programmes, and services; and perceptions about the organisation's stewardship of its resources.
- This Item addresses the use of resource-sustaining processes. These processes might include the use of "green" technologies, the replacement of hazardous chemicals with water-based chemicals, energy conservation, use of cleaner energy sources, or the recycling of by-products or wastes.

- Social responsibility implies going beyond a compliance orientation. Good citizenship opportunities are available to organisations of all sizes. These opportunities might include encouraging and supporting your employees' community service.
- Examples of organisational community involvement include partnering with schools and school boards to improve education; partnering with health care providers to improve health in the local community by providing education and volunteer services to address public health issues; and partnering to influence trade, business, and professional associations to engage in beneficial, co-operative activities, such as sharing best practices to improve overall New Zealand global competitiveness and the environment. Examples specifically for non-profit organisations include partnering with other non-profit organisations or businesses to improve overall performance and stewardship of public and charitable resources.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning, deployment of plans, how adequate resources are ensured to accomplish the plans, how plans are changed if circumstances require a change, and how accomplishments are measured and sustained. The Category stresses that long-term organisational sustainability and your competitive environment are key strategic issues that need to be integral parts of your organisation's overall planning.

While many organisations are increasingly adept at strategic planning, plan execution is still a significant challenge. This is especially true given market demands to be agile and to be prepared for unexpected change, such as disruptive technologies that can upset an otherwise fast-paced but more predictable marketplace. This Category highlights the need to place a focus not only on developing your plans but also on your capability to execute them.

The Baldrige Criteria emphasise three key aspects of organisational excellence. These aspects are important to strategic planning:

- Customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, customer loyalty, new markets, and market share—key factors in competitiveness, profitability, and organisational sustainability.
- Operational performance improvement and innovation contributes to short- and longer-term productivity growth and cost/price competitiveness. Building operational capability—including speed, responsiveness, and flexibility—represents an investment in strengthening your organisational fitness.
- Organisational and personal learning are necessary strategic considerations in today's fast-paced environment. The Criteria emphasise that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes and learning initiatives with your organisation's strategic directions, thereby ensuring that improvement and learning prepare you for and reinforce organisational priorities.



The Strategic Planning Category examines how your organisation

- determines its key strengths, weaknesses, opportunities, and threats, and its ability to execute your strategy;
- optimises the use of resources, ensures the availability of a skilled workforce, and bridges short- and longer-term requirements that may entail capital expenditures, technology development or acquisition, and supplier development, and new partnerships or collaborations; and
- ensures that deployment will be effective—that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organisation and the executive level, (2) the work system and work process level, and (3) the work unit and individual job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting in order to develop a basis for a distinct competitive position in the marketplace. These requirements do not imply the need for formal planning systems and departments or specific planning cycles. They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change or innovation, compete for limited resources. In most cases, setting priorities depends heavily on a cost rationale. However, you also might have critical requirements, such as public responsibilities, that are not driven by cost considerations alone.

2.1 Strategy Development: How do you develop your strategy?

Purpose

This Item examines how your organisation determines its strategic challenges and advantages and establishes its strategy and strategic objectives to address these challenges and enhance its advantages. The aim is to strengthen your overall performance, competitiveness, and future success.

- This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect your organisation's future opportunities and directions—taking as long term a view as appropriate and possible from the perspectives of your organisation and your industry or marketplace. This approach is intended to provide a thorough and realistic context for the development of a customer- and market-focused strategy to guide ongoing decision making, resource allocation, and overall management.

- This Item is intended to cover all types of businesses, for-profit and non-profit organisations, competitive situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action but do not imply the need for formal planning departments, specific planning cycles, or a specified way of visualising the future. Even if your organisation is seeking to create an entirely new business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.
- This Item emphasises competitive leadership, which usually depends on revenue growth and operational effectiveness. Competitive leadership requires a view of the future that includes not only the markets or segments in which your organisation competes but also how it competes. How it competes presents many options and requires that you understand your organisation's and your competitors' strengths and weaknesses. Although no specific time horizons are included, the thrust of this Item is sustained competitive leadership.
- An increasingly important part of strategic planning is projecting the future competitive and collaborative environment. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of organisation, maturity of markets, pace of change, and competitive parameters (such as price, costs, or innovation rate), organisations might use a variety of modelling, scenarios, or other techniques and judgments to anticipate the competitive and collaborative environment.

2.2 Strategy Deployment: How do you deploy your strategy?

Purpose

This Item examines how your organisation converts your strategic objectives into action plans to accomplish the objectives. It also examines how your organisation assesses progress relative to these action plans. The aim is to ensure that your strategies are successfully deployed for goal achievement.

Comments

- This Item asks how your action plans are developed and deployed. Accomplishment of action plans requires resources and performance measures, as well as the alignment of work unit and supplier and partners. Of central importance is how you achieve alignment and consistency—for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities—part of the daily work of all work units. In addition, performance measures are critical for tracking performance.
- Many types of analyses can be performed to ensure adequate financial resources are available to support accomplishment of your action plans. For current operations, these efforts might include the analysis of cash flows, net income statements, and current liabilities versus current assets. For investments to accomplish action plans, the efforts might include analysis of discounted cash flows, return on investment (ROI), or return on invested capital (ROIC).
- The specific types of analyses will vary from organisation to organisation. These analyses should help your organisation assess the financial viability of your current operations and the potential viability of and risks associated with your action plan initiatives.
- Action plans should include human resource plans that are aligned with and support your overall strategy.
- Examples of possible human resource plan elements are:
 - a re-design of your work organisation and jobs to increase employee empowerment and decision making;
 - initiatives to promote greater labour-management cooperation, such as union partnerships;
 - initiatives to foster knowledge sharing and organisational learning;
 - modification of your compensation and recognition systems to recognise team, organisational, stock market, customer, or other performance attributes; or
 - education and training initiatives, such as developmental programmes for future leaders, partnerships with universities to help ensure the availability of an educated and skilled workforce, and establishment of training programmes on new technologies important to your future success of your workforce and your organisation.
- Projections and comparisons in this Item are intended to improve your organisation's ability to understand and track dynamic, competitive performance factors. Projected performance might include changes resulting from new business ventures, entry into new markets, the introduction of new technologies, product or service innovations, or other strategic thrusts. Through this tracking process, your organisation should be better prepared to take into account its rate of improvement and change relative to that of competitors or comparable organisations and relative to its own targets or stretch goals. Such tracking serves as a key diagnostic management tool.



Customer and Market Focus (Category 3)

Customer and Market Focus addresses how your organisation seeks to understand the voice of the customer and of the marketplace, with a focus on meeting customers' requirements, needs, and expectations; delighting customers; and building loyalty. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. Your customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the marketplace. In many cases, such results and trends provide the most meaningful information, not only on your customers' views but also on their marketplace behaviours (e.g., repeat business and positive referrals) and how these views and behaviours may contribute to the sustainability of your organisation in the marketplace.

3.1 Customer and Market Knowledge: How do you obtain and use customer and market knowledge?

Purpose

This Item examines your organisation's voice-of-the-customer processes for gaining knowledge about the needs and desires of your current and future customers and markets, with the aim of offering relevant products and services; understanding emerging customer requirements, needs, and expectations; and keeping pace with marketplace changes and changing ways of doing business.

Comments

- In a rapidly changing technological, competitive and social environment, many factors may affect customer preference and loyalty and your interface with customers in the marketplace. This makes it necessary to continually listen and learn. To be effective, listening and learning need to be closely linked with your organisation's overall business strategy.
- Knowledge of customer groups and market segments allows your organisation to tailor listening and learning strategies and offerings, to support and tailor your marketing strategies, to develop new business, and to ensure organisational sustainability.
- A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies.
- Selection of voice-of-the-customer strategies depends on your organisation's key business factors. Increasingly, organisations listen to the voice of the customer via multiple modes. Some frequently used modes include focus groups with key customers; close integration with key customers; interviews with lost and potential customers about their purchasing or relationship decisions; use of the customer complaint process to understand key product and service attributes; win/loss analysis relative to competitors and other organisations providing similar products or services; and survey or feedback information, including information collected on the Internet.



3.2 Customer Relationships and Satisfaction: How do you build relationships and grow customer satisfaction and loyalty?

Purpose

This Item examines your organisation's processes for building customer relationships and determining customer satisfaction, with the aim of acquiring new customers, retaining existing customers, and developing new market opportunities.

Comments

- This Item emphasises how you obtain actionable information from customers. Information that is actionable can be tied to key product, service, and business processes and be used to determine cost and revenue implications for setting improvement goals and priorities for change.
- Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to the setting of priorities for process, product, and service improvements. Successful outcomes require effective deployment of information throughout the organisation.
- In determining customers' satisfaction and dissatisfaction, a key aspect is their comparative satisfaction with competitors, competing or alternative offerings, and/or organisations providing similar products or services. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to customer preference are of critical importance in understanding factors that drive markets and potentially affect longer-term competitiveness and organisational sustainability.

Measurement, Analysis, and Knowledge Management (Category 4)

The Measurement, Analysis, and Knowledge Management Category is the main point within the Criteria for all key information about effectively measuring, analysing, and reviewing performance and managing organisational knowledge to drive improvement and organisational competitiveness. In the simplest terms, Category 4 is the "brain center" for the alignment of your organisation's operations and its strategic objectives. Central to such use of data and information are their quality and availability. Furthermore, since information, analysis, and knowledge management might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

4.1 Measurement, Analysis and Improvement of Organisational Performance: How do you measure, analyse, and then improve organisational performance?

Purpose

This Item examines your organisation's selection, management, and use of data and information for performance measurement, analysis, and review in support of organisational planning and performance improvement. The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and non-financial data and information. The aim of measurement, analysis, and review and improvement is to guide your organisation's process management toward the achievement of key organisational results and strategic objectives and to anticipate and respond to rapid or unexpected organisational or external changes.

Comments

- Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. Alignment and integration include how measures are aligned throughout your organisation, how they are integrated to yield organisation-wide data and information. Alignment and integration also include how performance measurement requirements are deployed by your senior leaders to track work group and process-level performance on key measures targeted for organisation-wide significance or improvement.
- The use of comparative data and information is important to all organisations. The major premises for use are (1) your organisation needs to know where it stands relative to competitors and to best practices, (2) comparative information and information obtained from benchmarking often provide the impetus for significant ("breakthrough") improvement or change, and (3) comparing performance information frequently leads to a better understanding of your processes and their performance. Comparative information also may support business analysis and decisions relating to core competencies, alliances, and outsourcing.
- Your effective selection and use of comparative data and information require (1) the determination of needs and priorities, (2) criteria for seeking appropriate sources for comparisons—from within and outside your organisation's industry and markets, and (3) use of data and information to set stretch goals and to promote major, non-incremental ("break-through") improvements in areas most critical to your organisation's competitive strategy.



- The organisational review called for in this Item is intended to cover all areas of performance. This includes not only how well you currently are performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvement and opportunities for innovation that are tied to your organisation's key objectives, success factors, and measures. Therefore, an important component of your organisational review is the translation of the review findings into an action agenda sufficiently specific for deployment throughout your organisation and to your suppliers, partners, collaborators, and key customers.
- Analyses that your organisation conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organisation, size, competitive environment, and other factors. Examples of possible analyses include:
 - how product and service quality improvement correlates with key customer indicators such as customer satisfaction, customer retention, and market share
 - cost and revenue implications of customer-related problems and effective problem resolution
 - interpretation of market share changes in terms of customer gains and losses and changes in customer satisfaction
 - improvement trends in key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels
 - relationships between employee and organisational learning and value added per employee
 - cost and revenue implications of employee-related problems and effective problem resolution
 - individual or aggregate measures of productivity and quality relative to competitors' performance
 - cost trends relative to competitors' trends
 - relationships among product and service quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilisation, and value added per employee
 - allocation of resources among alternative improvement projects based on cost/benefit implications or environmental and community impact
 - net earnings or savings derived from quality, operational, and human resource performance improvements
 - comparisons among business units showing how quality and operational performance improvement affect financial performance
 - contributions of improvement activities to cash flow, working capital use, and shareholder value
 - profit impacts of customer retention
 - cost and revenue implications of new market entry, including global market entry or expansion
 - cost and revenue, customer, and productivity implications of engaging in or expanding e-commerce or e-business and use of the Internet and intranets
 - market share versus profits
 - trends in economic, market, and shareholder indicators of value and the impact of these trends on organisational sustainability



- Individual facts and data do not usually provide an effective basis for setting organisational priorities. This Item emphasises that close alignment is needed between your analysis and your organisational performance review and between your analysis and your organisational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.
- Action depends on understanding cause-effect connections among processes and between processes and results or outcomes. Process actions and their results may have many resource implications. Organisations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause-effect connections often are unclear.

4.2 Management of Information, Information Technology and Knowledge Information: How do you manage your information, information technology and organisational knowledge?

Purpose

This Item examines how your organisation ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers and partners, collaborators, and customers. It also examines how your organisation builds and manages its knowledge assets. The aim is to improve organisational efficiency and effectiveness and to stimulate innovation.

Comments

- Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The continued growth of electronic information within organisations' operations, as part of organisational knowledge networks, from the Internet, and in business-to-business, organisation-to-organisation, and business-to-consumer communications, challenges organisational abilities to ensure reliability and availability in a user-friendly format.
- Data and information are especially important in business or organisation networks, alliances, and supply chains. Your responses to this Item should take into account this use of data and information and should recognise the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.

- Organisations should carefully plan how they will continue to provide data and information in the event of either a natural or man-made disaster. These plans should consider the needs of all of the organisation's stakeholders, including employees, customers, suppliers, partners, and collaborators. The plans also should be coordinated with the organisation's overall plan for business continuity (Item 6.1).
- The focus of an organisation's knowledge management is on the knowledge that people need to do their work; improve processes, products, and services; keep current with changing business needs and directions; and develop innovative solutions that add value for the customer and the organisation.

Workforced Focus (Category 5)

Workforce Focus addresses key workforce practices—those directed toward creating and maintaining a high-performance workplace and toward engaging your workforce to enable it and your organisation to adapt to change and to succeed. The Category covers workforce engagement, development and management requirements in an integrated way, (i.e., aligned with your organisation's strategic objectives and action plans). Your workforce focus includes your capability and capacity needs and your workforce support climate.

To reinforce the basic alignment of workforce management with overall strategy, the Criteria also cover human resource planning as part of overall planning in the Strategic Planning Category (Category 2).

5.1 Workforce Engagement: How do you engage your workforce to achieve organisational and personal success?

Purpose

This Item examines your organisation's systems for engaging, developing, and assessing the engagement of your workforce, with the aim of enabling and encouraging all members of your workforce to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to address your core competencies, and to help accomplish your action plans and ensure organisational sustainability.

Comments

- High-performance work is characterised by flexibility, innovation, knowledge and skill sharing, alignment with organisational objectives, customer focus, and rapid response to changing business needs and requirements of the marketplace. The focus of this Item is on a workforce capable of achieving high performance.
- Many studies have shown that high levels of workforce engagement have a significant, positive impact on organisational performance. Research has indicated that engagement is characterised by performing meaningful work; having organisational direction, performance accountability, and an efficient work environment; and having a safe, trusting, and co-operative environment. In many non-profit organisations, employees and volunteers are drawn to and derive meaning from their work because the work is aligned with their personal values.

- Factors inhibiting motivation should be understood and addressed by your organisation. Further understanding of these factors could be developed through workforce surveys or exit interviews with departing members of your workforce.
- Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills and to peer evaluations.
- Compensation and recognition approaches also might include profit sharing and rewards for exemplary team or unit performance. Compensation and recognition might be linked to customer satisfaction and loyalty measures, achievement of organisational strategic objectives, or other key organisational objectives.
- Although satisfaction with pay and satisfaction with promotion are important, these two factors generally are not sufficient to ensure workforce engagement and high performance. Some examples of other factors to consider are effective problem and grievance resolution; development and career opportunities; the work environment and management support; workplace safety and security; the workload; effective communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse employee groups; and organisational support for serving customers.
- In addition to direct measures of workforce satisfaction through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, and strikes.
- Depending on the nature of your organisation's work, workforce responsibilities, and the stage of organisational and personal development, workforce development needs might vary greatly. These needs might include gaining skills for knowledge sharing, communication, teamwork, and problem solving; interpreting and using data; meeting customer requirements; accomplishing process analysis and simplification; reducing waste and cycle time; working with and motivating volunteers; and setting priorities based on strategic alignment or cost/benefit analysis. Education needs also might include advanced skills in new technologies or basic skills, such as reading, writing, language, arithmetic, and computer skills.
- Education and training delivery might occur inside or outside your organisation and could involve on-the-job, classroom, computer-based, or distance learning, as well as other types of delivery. Training also might occur through developmental assignments within or outside your organisation.
- When you evaluate the effectiveness of workforce and leader development and learning systems, measures might address the impact on individual, unit, and organisational performance; the impact on customer-related performance; and a cost/benefit analysis.
- Although this Item does not specifically ask you about training for customer contact employees, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: your products, services, and customers; how to listen to customers; how to recover from problems or failures; and how to effectively manage or meet customer expectations or needs.



- An organisation's knowledge management system should provide the mechanism for sharing the knowledge of its people and the organisation to ensure that highperformance work is maintained through transitions. Each organisation should determine what knowledge is critical for its operations and should then implement systematic processes for sharing this information. This is particularly important for implicit knowledge (i.e., knowledge personally retained by members of the workforce).
- To help people realise their full potential, many organisations use individual development plans prepared with each person that address his or her career and learning objectives.

5.2 Workforce Environment: How do you build an effective and support workforce environment?

Purpose

This Item examines your organisation's workforce environment, your workforce capability and capacity needs, how you meet those needs to accomplish the work of your organisation, and how you ensure a safe and supportive work climate. The aim is to build an effective environment for accomplishing your work and for supporting your workforce.

Comments

- Most organisations, regardless of size, have many opportunities to support their workforce. Some examples of services, facilities, activities, and other opportunities are personal and career counseling, career development and employability services, recreational or cultural activities, formal and informal recognition, nonwork-related education, day care, special leave for family responsibilities and community service, flexible work hours and benefits packages, outplacement services, and retiree benefits, including extended health care and ongoing access to services.
- All organisations, regardless of size, are required to meet minimum regulatory standards for workplace safety; however, high-performing organisations have processes in place to ensure that they not only meet these minimum standards but go beyond a compliance orientation. This includes designing proactive processes, with input from people directly involved in the work, to ensure a safe working environment.

Process Management (Category 6)

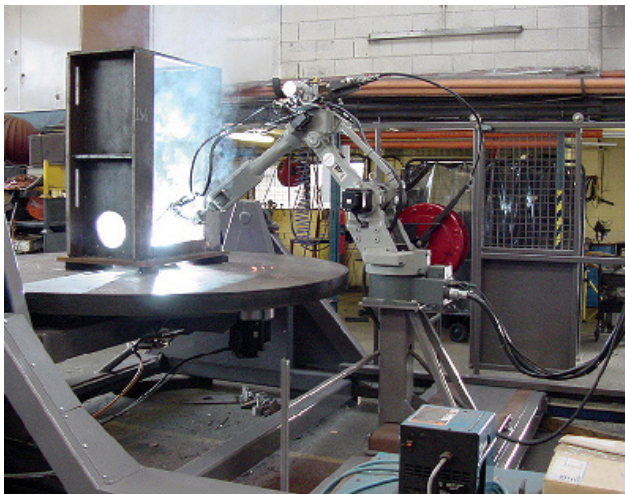
Process Management is the focal point within the Criteria for your key work systems and work processes. Built into the Category are the central requirements for identification and management of your core competencies to achieve efficient and effective work process management: effective design; a prevention orientation; linkage to customers, suppliers, partners, and collaborators and a focus on value creation for all key stakeholders; operational performance; cycle time; emergency readiness; and evaluation, continuous improvement, and organisational learning.

Agility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organisational design. In the simplest terms, “agility” refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Depending on the nature of your organisation’s strategy and markets, agility might mean rapid change from one product to another, rapid response to changing demands, or the ability to produce a wide range of customised services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and novel partnering arrangements. Flexibility might demand special strategies, such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialised training. Cost and cycle time reduction often involve Lean process management strategies. It is crucial to utilise key measures for tracking all aspects of your overall process management.

6.1 Work Systems Designs: How do you design your work system?

Purpose

This Item examines your organisation’s core competencies, work systems, and design of work processes, with the aim of creating value for your customers, preparing for potential emergencies, and achieving organisational success and sustainability.



Comments

- This Item calls for information on your key work processes. The information required includes a description of the key work processes and their specific requirements. Increasingly, these requirements might include the need for agility—speed and flexibility—to adapt to change.

- Your design approaches could differ appreciably depending on the nature of your products and services—whether the products and services are entirely new, are variants, or involve major or minor process changes. You should consider the key requirements for your products and services. Factors that might need to be considered in design include safety, long-term performance, environmental impact, “green” manufacturing, measurement capability, process capability, manufacturability, maintainability, variability in customer expectations requiring product or service options, supplier capability, and documentation. Effective design also must consider cycle time and productivity of production and delivery processes. This might involve detailed mapping of manufacturing or service processes and redesigning (“re-engineering”) those processes to achieve efficiency, as well as to meet changing customer requirements.
- Your key work processes are those non-product and non-service processes that are considered most important to organisation success and growth by your senior leaders. These processes frequently relate to an organisation’s strategic objectives and critical success factors. Key business processes might include processes for innovation, research and development, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, global expansion, project management, and sales and marketing. For some non-profit organisations, key business processes might include fundraising, media relations, and public policy advocacy. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.
- Your key work processes include those support processes that support your daily operations and your product and service delivery but are not usually designed in detail with the products and services. The support process requirements usually do not depend significantly on product and service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include processes for finance and accounting, facilities management, legal services, human resource services, public relations, and other administrative services.
- For many organisations, supply chain management is a growing factor in achieving productivity and profitability goals and overall organisational success. Suppliers, partners and collaborators are receiving increasing strategic attention as organisations re-evaluate their core functions. Supplier processes should fulfill two purposes: to help improve the performance of suppliers and partners and also, on specific actions, also to help them contribute to your organisation’s improved performance. Supply chain management might include processes for supplier selection, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.
- Many organisations need to consider requirements for suppliers, partners, and collaborators, at the design stage. Overall, effective design must take into account all stakeholders in the value chain. If many design projects are carried out in parallel or if your organisation’s products utilise parts, equipment, and facilities that are used for other products, coordination of resources might be a major concern, but it also might offer a means to significantly reduce unit costs and time to market.

- This Item calls for information on the incorporation of new technology. This could include e-technology for sharing information with suppliers, partners, and collaborators, communicating with customers, and giving them continuous (24/7) access, and automated information transfer from in-service products requiring maintenance in the field.
- Efforts to ensure the continuity of operations in an emergency should consider all facets of your organisation's operations that are needed to provide products or services to customers. You should consider all your key work processes in your planning. The specific level of service that you will need to provide will be guided by your organisation's mission and your customers' needs and requirements. For example, a public utility is likely to have a higher need for services than organisations that do not provide an essential function. Nonprofit organisations whose mission is to respond to emergencies will have a high need for service readiness. Your continuity of operations efforts also should be coordinated with your efforts to ensure data and information availability (Item 4.2).

6.2 Work Process Management and Improvement: How do you manage and improve your key organisational processes?

Purpose

This Item examines the implementation, management, and improvement of your key work processes, with the aim of creating value for your customers and achieving organisational success and sustainability.

Comments

- Specific reference is made to in-process measurements and customer and supplier interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimise problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting in-process performance levels or standards to guide decision making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technical and human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimise the likelihood of this type of variation occurring again or elsewhere in your organisation. When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services. Key process cycle times in some organisations may be a year or longer, which may create special challenges in measuring day-to-day progress and identifying opportunities for reducing cycle times, when appropriate.

- This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your customers' perspectives but also better financial and operational performance—such as productivity—from your other stakeholders' perspectives. A variety of process improvement approaches are commonly used. These approaches include (1) sharing successful strategies across your organisation to drive learning and innovation, (2) performing process analysis and research (e.g., process mapping, optimisation experiments, error proofing), (3) conducting technical and business research and development, (4) benchmarking, (5) using alternative technology, and (6) using information from customers of the processes—within and outside your organisation. Process improvement approaches might utilise financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including a complete redesign (“re-engineering”) of processes.

Business Results (Category 7)

The Results Category provides a results focus that encompasses your objective evaluation and your customers' evaluation of your organisation's products and services, your overall financial and market performance, your leadership system and social responsibility results, and results of all key processes and process improvement activities. Through this focus, the Criteria's purposes—superior value of offerings as viewed by your customers and the marketplace; superior organisational performance as reflected in your operational, legal, ethical, and financial indicators; and organisational and personal learning—are maintained. Category 7 thus provides “real-time” information (measures of progress) for evaluation and improvement of processes, products, and services, in alignment with your overall organisational strategy. Item 4.1 calls for analysis and review of business results data and information to determine your overall organisational performance and to set priorities for improvement.

7.1 Product and Service Outcomes: What are your product and service performance results?

Purpose

This Item examines your organisation's key product and service outcomes, with the aim of delivering product and service quality that leads to customer satisfaction, loyalty, and positive referral.



Comments

- This Item places emphasis on measures of product and service performance that serve as indicators of customers' views and decisions relative to future purchases and relationships. These measures of product and service performance are derived from customer-related information gathered in Items 3.1 and 3.2.
- Product and service measures appropriate for inclusion might be based upon the following: internal quality measurements, field performance of products, defect levels, service errors, response times, data collected from your customers by other organisations on ease of use or other attributes, and customer surveys on product and service performance.
- The correlation between product and service performance and customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and customer requirements; (2) identifying product and service differentiators in the marketplace; and (3) determining cause-effect relationships between your product and service attributes and evidence of customer satisfaction and loyalty, as well as positive referrals. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of product or service offerings.

7.2 Customer-Focused Results: What are your customer-focused performance results?

Purpose

This Item examines your organisation's customer-focused performance results, with the aim of demonstrating how well your organisation has been satisfying your customers and has developed loyalty, repeat business, and positive referral, as appropriate.

Comments

- This Item focuses on all relevant data to determine and help predict your organisation's performance as viewed by your customers. Relevant data and information include customer satisfaction and dissatisfaction; retention, gains, and losses of customers and customer accounts; customer complaints, complaint management, effective complaint resolution, and warranty claims; customer-perceived value based on quality and price; customer assessment of access and ease of use (including courtesy in-service interactions); and awards, ratings, and recognition from customers and independent rating organisations.
- This Item places an emphasis on customer-focused results that go beyond satisfaction measurement because loyalty, repeat business, and longer-term customer relationships are better indicators and measures of future success in the marketplace and of organisational sustainability.



7.3 Financial and Market Results: What are your financial and market results?

Purpose

This Item examines your organisation's key financial and market results, with the aim of understanding your financial sustainability and your market-place challenges and opportunities.

Comments

- Measures reported in this Item are those usually tracked by senior leadership on an on-going basis to assess your organisation's performance.
- In addition to the measures included in Item 7.3, Note 1, appropriate financial measures and indicators might include revenues, budgets, profits or losses, cash position, net assets, debt leverage, cash-to-cash cycle time, earnings per share, financial operations efficiency (collections, billing, receivables), and financial returns. Marketplace performance measures might include measures of business growth; charitable donations and grants received; new products, programmes, or services and markets entered (including Web-based markets and exports); or the percentage of revenues derived from new products, programmes, or services.

7.4 Workforce-Focused Results: What are your workforce-focused performance results?

Purpose

This Item examines your organisation's workforce-focused performance results, with the aim of demonstrating how well your organisation has been creating and maintaining a productive, engaging, and caring work environment for all members of your workforce.

Comments

- Results measures reported for indicators of workforce engagement and satisfaction might include improvement in local decision making, organisational culture, and workforce or leader development. Input data, such as the extent of training, might be included, but the main emphasis should be on data that show effectiveness or outcomes. For example, an outcome measure might be increased workforce retention resulting from establishing a peer recognition programme or the number of promotions that have resulted from the organisation's leadership development programme.
- Results reported might include generic or organisation-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons might be appropriate. Organisation-specific factors are those you assess for determining your workforce engagement and climate. These factors might include the extent of training, retraining, or cross-training to meet capability and capacity needs; the extent and success of self-direction; the extent of union-management partnering; or the extent of volunteer involvement in process and programme activities.

7.5 Process Effectiveness Outcomes: What are your process effectiveness results?

Purpose

This Item examines your organisation's other key operational performance results not reported in Items 7.1–7.4, with the aim of achieving organisational effectiveness and process efficiency.

Comments

- This Item encourages your organisation to develop and include unique and innovative measures to track key processes and operational improvement. All key areas of organisational and operational performance, including your organisation's readiness for emergencies, should be evaluated by measures that are relevant and important to your organisation.
- Measures and indicators of process effectiveness and efficiency might include work system performance that demonstrates improved cost savings or higher productivity by using internal and/or external resources; reduced emission levels, waste stream reductions, by-product use, and recycling; internal responsiveness indicators, such as cycle times, production flexibility, lead times, set-up times, and time to market; and improved performance of administrative and other support functions. They also might include business-specific indicators, such as innovation rates and increased use of product and process yields, Six Sigma initiative results, and acceptable product performance at the time of delivery; supply chain indicators, such as reductions in inventory and incoming inspections, increases in quality and productivity, improvements in electronic data exchange, and reductions in supply chain management costs; and third-party assessment results, such as ISO 9001 audits.

7.6 Leadership Outcomes: What are your leadership results?

Purpose

This Item examines your organisation's key results in the areas of leadership and governance, strategic plan accomplishment, and societal responsibilities, with the aim of maintaining a fiscally sound, ethical organisation that is a good citizen in its communities.

Comments

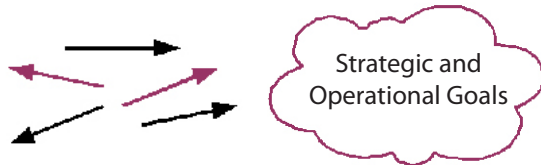
- Because of a lack of appropriate measures, a key challenge for many organisations is measuring their progress in accomplishing their strategic objectives. Frequently, these progress measures can be discerned by first defining the results that would indicate end-goal success in achieving the strategic objective and then using that measure to define intermediate measures.
- Independent of an increased national focus on issues of governance, ethics, and leadership accountability, it is important for organisations to practice and demonstrate high standards of overall conduct. Those responsible for Governance and senior leaders should track relevant performance measures on a regular basis and emphasise this performance in stakeholder communications.
- Results reported should include environmental, legal, and regulatory compliance; results or oversight audits by governmental or funding agencies; and noteworthy achievements in these areas, as appropriate. Results also should include indicators of support for key communities and other public purposes.
- If your organisation has received sanctions or adverse actions under law, regulation, or contract during the past three years, the incidents and their current status should be summarised.



Steps Toward Mature Processes

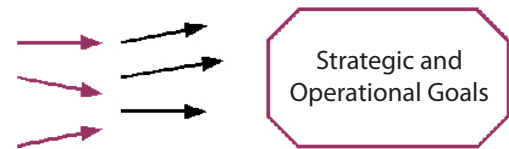
An aid for Scoring Process Items

(1) Reacting to Problems (0-25%)



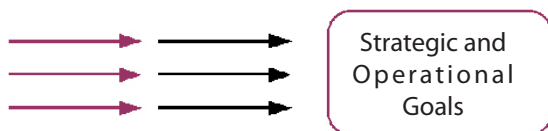
Operations are characterised by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

(2) Early Systematic Approaches (30-45%)



The organisation is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early co-ordination among organisational units. Strategy and quantitative goals are being defined.

(3) Aligned Approaches (50-65%)



Operations are characterised by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with co-ordination among organisational units. Processes address key strategies and goals of the organisation.

(4) Integrated Approaches (70-100%)



Operations are characterised by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.

2008 CRITERIA: CORE VALUES, AND CONCEPTS

Criteria Purposes

The Criteria are the basis for organisational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Criteria have three important roles in strengthening New Zealand competitiveness:

- to help improve organisational performance practices, capabilities, and results;
- to facilitate communication and sharing of best practices information among NZ organisations of all types;
- to serve as a working tool for understanding and managing performance; and for guiding organisational planning and opportunities for learning:

Criteria for Performance Excellence Goals

The Criteria are designed to help organisations use an integrated approach to organisational performance management that results in

- delivery of ever-improving value to customers, and stakeholders, contributing to organisational sustainability
- improvement of overall organisational effectiveness and capabilities
- organisational and personal learning

Core Values and Concepts

The Criteria are built upon the following set of interrelated Core Values and Concepts:

- visionary leadership
- customer-driven excellence
- organisational and personal learning
- valuing workforce members and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- social responsibility
- focus on results and creating value
- systems perspective

These values and concepts, described below, are embedded beliefs and behaviours found in high-performing organisations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action and feedback.

Visionary Leadership

Your organisation's senior leaders should set directions and create a customer focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving performance excellence, stimulating innovation,

building knowledge and capabilities, and ensuring organisational sustainability. The defined values and strategies should help guide all of your organisation's activities and decisions. Senior leaders should, inspire, motivate and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to embrace change. Senior leaders should be responsible to your organisation's governance body for their actions and performance. Those responsible for governance should be responsible ultimately to all your stakeholders for the ethics, actions, and performance of your organisation and its senior leaders.

Senior leaders should serve as role models through their ethical behaviour and their personal involvement in planning, communications, coaching the workforce, developing future leaders, reviewing organisational performance, and recognising members of your workforce. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organisation.

Customer-Driven Excellence

Performance and quality are judged by an organisation's customers. Thus, your organisation must take into account all product and service features and characteristics and all modes of customer access that contribute value to your customers. Such behaviour leads to customer acquisition, satisfaction, preference, and loyalty; to positive referrals; and ultimately, business expansion. Customer-driven excellence has both current and future components: understanding today's customer desires and anticipating future customer desires and marketplace potential.

Value and satisfaction may be influenced by many factors throughout your customers' overall experience with your organisation. These factors include your organisation's customer relationships with customers, which help to build trust, confidence, and loyalty.

Customer-driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. Nevertheless, these factors contribute to your customers' view of your organisation and thus also are important parts of customer-driven excellence. In addition, your organisation's success in recovering from defects, service errors, and mistakes is crucial to retaining customers and building customer relationships.

Customer-driven organisations address not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate products and services from competing offerings. Such differentiation may be based on innovative offerings, combinations of product and service offerings, customisation of offerings, multiple access mechanisms, rapid response, or special relationships.

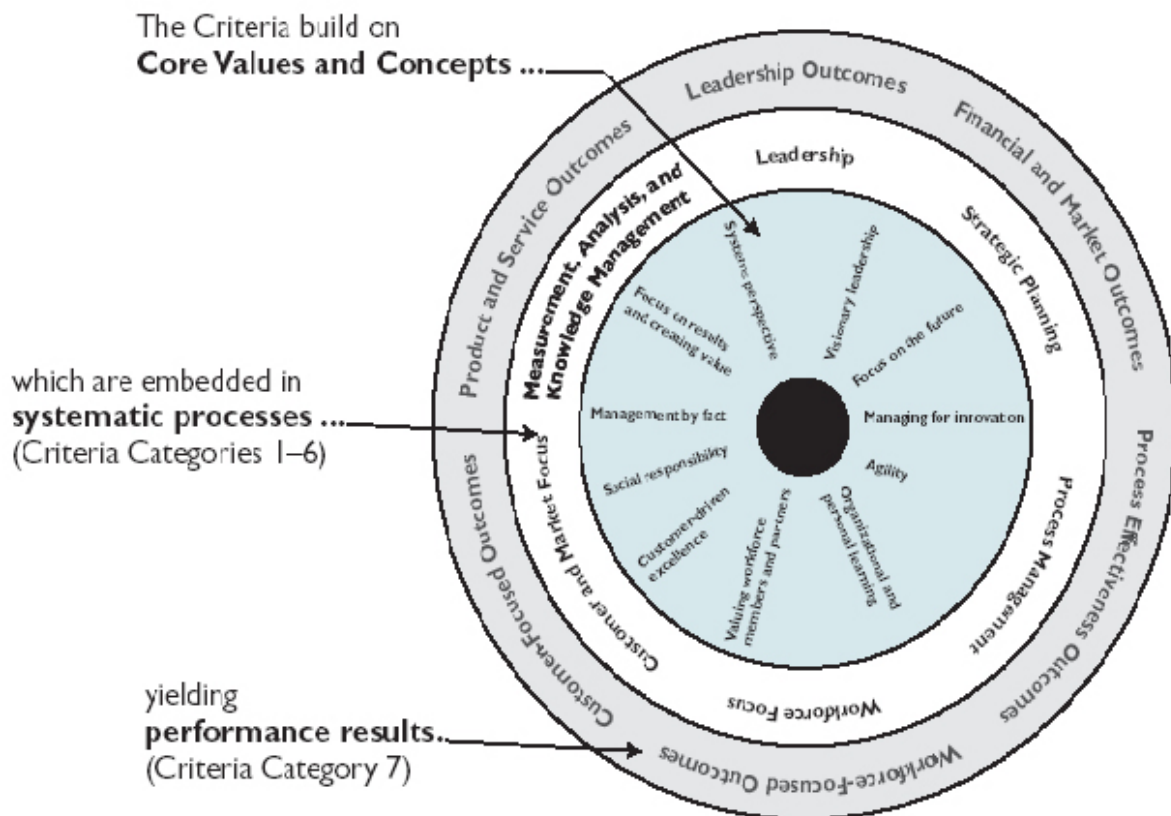
Customer-driven excellence is thus a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer satisfaction and loyalty. It demands close attention to the voice of the customer. It demands anticipating changes in the marketplace. Therefore, customer-driven excellence demands awareness of developments in technology and competitors' offerings, as well as rapid and flexible response to customer, environmental, and market changes

Organisational and Personal Learning

Achieving the highest levels of business performance requires a well-executed approach to organisational and personal learning that includes sharing knowledge via systematic processes. Organisational learning includes both continuous improvement of existing approaches and significant change or innovation, leading to new goals and approaches. Learning needs to be embedded in the way your organisation operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, work unit, and organisational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on building and sharing knowledge throughout your organisation; and (5) is driven by opportunities to effect significant, meaningful change and to innovate. Sources for learning include employees' and volunteers' ideas, research and development (R&D), customers' input, best-practice sharing, and benchmarking.

Organisational learning can result in (1) enhancing value to customers through new and improved products and services; (2) developing new business opportunities; (3) developing new and improved processes or business models; (4) reducing errors, defects, waste, and related costs; (5) improving responsiveness and cycle time performance; (6) increasing productivity and effectiveness in the use of all your resources; and (7) enhancing your organisation's performance in fulfilling its societal responsibilities and its service to your community.

The Role of Core Values and Concepts



The success of members of your workforce depends increasingly on having opportunities for personal learning and for practicing new skills. Leaders' success depends on access to these kinds of opportunities, as well. In organisations that rely on volunteers, the volunteers' personal learning also is important, and their learning and skill development should be considered with employees'. Organisations invest in personal learning through education, training, and other opportunities for continuing growth and development. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On-the-job training offers a cost-effective way to cross-train and to better link training to your organisational needs and priorities. Education and training programs may have multiple modes, including computer- and Web-based learning and distance learning.

Personal learning can result in (1) a more engaged, satisfied, and versatile workforce that stays with your organisation, (2) organisational cross-functional learning, (3) the building of your organisation's knowledge assets, and (4) an improved environment for innovation.

Thus, learning is directed not only toward better products and services but also toward being more responsive, adaptive, innovative, and efficient—giving your organisation marketplace sustainability and performance advantages and giving your workforce satisfaction and the motivation to excel.

Valuing Workforce Members and Partners

An organisation's success depends increasingly on an engaged workforce that benefits from meaningful work, clear organisational direction, and performance accountability and that has a safe, trusting, and cooperative environment. Additionally, the successful organisation capitalises on the diverse backgrounds, knowledge, skills, creativity, and motivation of its workforce and partners.

Valuing the people in your workforce means committing to their engagement, satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to varying workplace and home life needs. Major challenges in the area of valuing members of your workforce include (1) demonstrating your leaders' commitment to their success, (2) providing recognition that goes beyond the regular compensation system, (3) offering development and progression within your organisation, (4) sharing your organisation's knowledge so your workforce can better serve your customers and contribute to achieving your strategic objectives, (5) creating an environment that encourages risk taking and innovation, and (6) creating a supportive environment for a diverse workforce.

Organisations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include labor-management cooperation. Partnerships with members of your workforce might entail developmental opportunities, cross-training, or new work organisations, such as high-performance work teams. Internal partnerships also might involve creating network relationships among your work units or between employees and volunteers to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education or community organisations. Strategic partnerships

or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products or services. Also, partnerships might permit the blending of your organisation's core competencies or leadership capabilities with the complementary strengths and capabilities of partners to address common issues. Such partnerships may be a source of strategic advantage for your organisation.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for workforce development.

Agility

Success in today's ever-changing, globally competitive environment demands agility—a capacity for rapid change and flexibility. Organisations face ever-shorter cycles for the introduction of new/improved products and services, and nonprofit and government organisations are increasingly being asked to respond rapidly to new or emerging social issues. Major improvements in response times often require new work systems, simplification of work units and processes, or the ability for rapid changeover from one process to another. A cross-trained and empowered workforce is a vital asset in such a demanding environment.

A major success factor in meeting competitive challenges is the design-to-introduction (product or service initiation) or innovation cycle time. To meet the demands of rapidly changing markets, organisations need to carry out stage-to-stage integration (such as concurrent engineering) of activities from research or concept to commercialisation or implementation.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in work systems, organisation, quality, cost, and productivity.

Focus on the Future

In today's competitive environment, creating a sustainable organisation requires understanding the short- and longer-term factors that affect your organisation and marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, workforce, suppliers, partners, and stockholders; the public; and our community.

Your organisation's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities, workforce development and hiring needs, the increasingly global marketplace, technological developments, changes in customer and market segments, new business models, evolving regulatory requirements, changes in community and societal expectations and needs, and strategic moves by competitors. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing your leaders, workforce, and suppliers; accomplishing effective succession planning; creating opportunities for innovation; and anticipating public responsibilities and concerns.

Managing for Innovation

Innovation means making meaningful change to improve an organisation's products, services, programs, processes, operations, and business model and to create new value for the organisation's stakeholders. Innovation should lead your organisation to new dimensions of performance. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your operations and all work systems and work processes. Organisations should be led and managed so that innovation becomes part of the learning culture. Innovation should be integrated into daily work and should be supported by your performance improvement system. Systematic processes for innovation should reach across your entire organisation.

Innovation builds on the accumulated knowledge of your organisation and its people. Therefore, the ability to rapidly disseminate and capitalise on this knowledge is critical to driving organisational innovation.

Management by Fact

Organisations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include customer, product, service, and process performance; comparisons of operational, market, and competitive performance; supplier, workforce, partner, cost, and financial performance; and governance and compliance outcomes. Data should be segmented by, for example, markets, product lines, and workforce groups to facilitate analysis.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision making, improvement, and innovation. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, accomplishing change management, and comparing your performance with competitors' or with "best practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. The measures or indicators you select should best represent the factors that lead to improved customer, operational, financial, and ethical performance. A comprehensive set of measures or indicators tied to customer and organisational performance requirements provides a clear basis for aligning all processes with your organisation's goals. Measures and indicators may need to support decision making in a rapidly changing environment. Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

Social Responsibility

An organisation's leaders should stress responsibilities to the public, ethical behaviour, and the need to practice good citizenship. Leaders should be role models for your organisation in focusing on ethics and the protection of public health, safety, and the environment. The protection of health, safety, and the environment includes your organisation's operations, as well as the life cycles of your products and services. Also, organisations should emphasise resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of your products. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available the information and support needed to maintain public awareness, safety, and confidence.

For many organisations, the product or service design stage is critical from the point of view of public responsibility. Design decisions impact your production processes and often the content of municipal and industrial waste. Effective design strategies should anticipate growing environmental concerns and responsibilities.

Organisations should not only meet all local, state, and federal laws and regulatory requirements, but they should treat these and related requirements as opportunities for improvement "beyond mere compliance." Organisations should stress ethical behaviour in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organisation's governance body.

Practicing good citizenship refers to leadership and support—within the limits of an organisation's resources—of publicly important purposes. Such purposes might include improving education and health care in your community, pursuing environmental excellence, practicing resource conservation, performing community service, improving industry and business practices, and sharing nonproprietary information. Leadership as a role-model organisational citizen also entails influencing other organisations, private and public, to partner for these purposes.

Managing social responsibility requires the organisation to use appropriate measures and leaders to assume responsibility for those measures.

Focus on Results and Creating Value

An organisation's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—customers, your workforce, stockholders, suppliers, partners, the public, and the community. By creating value for your key stakeholders, your organisation builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value implies, organisational strategy explicitly should include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Systems Perspective

The Baldrige Criteria provide a systems perspective for managing your organisation and its key processes to achieve results—and to strive for performance excellence. The seven Baldrige Criteria Categories, the Core Values, and the Scoring Guidelines form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organisation-specific synthesis, alignment, and integration. Synthesis means looking at your organisation as a whole and builds on key business requirements, including your core competencies, strategic objectives, action plans, and work systems. Alignment means using the key linkages among requirements given in the Baldrige Criteria Categories to ensure consistency of plans, processes, measures, and actions. Integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner and deliver anticipated results.

These concepts are depicted in the Baldrige framework on page iv. A systems perspective includes your senior leaders' focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your results. A systems perspective also includes using your measures, indicators, core competencies, and organisational knowledge to build your key strategies. It means linking these strategies with your work systems and key processes and aligning your resources to improve overall performance and satisfy customers and stakeholders. Thus, a systems perspective means managing your whole organisation, as well as its components, to achieve success.

KEY CHARACTERISTICS OF THE CRITERIA

1. The Criteria focus on business results.

The Criteria focus on the key areas of organisational performance given below.

Organisational performance areas:

- (1) product and service outcomes
- (2) customer-focused outcomes
- (3) financial and market outcomes
- (4) workforce-focused outcomes
- (5) process effectiveness outcomes, including key operational performance results
- (6) leadership outcomes, including governance and social responsibility results

The use of this composite of measures is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

2. The Criteria are non-prescriptive and adaptable.

The Criteria are made up of results-oriented requirements. However, the Criteria do not prescribe

- how your organisation should be structured;
- that your organisation should or should not have departments for planning, ethics, quality, or other functions; or
- that different units in your organisation should be managed in the same way.

These factors differ among organisations, and they are likely to change as needs and strategies evolve.

The Criteria are non-prescriptive for the following reasons:

- (1) The focus is on results, not on procedures, tools, or organisational structure. Organisations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting requirements. Non-prescriptive requirements are intended to foster incremental and major (“breakthrough”) improvements, as well as basic change through innovation.
- (2) The selection of tools, techniques, systems, and organisational structure usually depends on factors such as business type and size, organisational relationships, your organisation’s stage of development, and the capabilities and responsibilities of your workforce.
- (3) A focus on common requirements, rather than on common procedures, fosters understanding, communication, sharing, alignment, and integration, while supporting innovation and diversity in approaches.

3. The Criteria support a systems perspective to maintaining organisation-wide goal alignment.

The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Organisational Profile, the Criteria, the Scoring Guidelines, and the results-oriented, cause-effect, cross-process linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organisation’s processes and strategy. These measures tie directly to customer and stakeholder value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralised decision making, or overly complex process management. Measures thereby serve both as a communications tool and as a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralised decision making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four, clearly defined stages:

- (1) planning, including design of processes, selection of measures, and deployment of requirements
- (2) executing plans
- (3) assessing progress and capturing new knowledge, taking into account internal and external results
- (4) revising plans based upon assessment findings, learning, new inputs, new requirements, and opportunities for innovation

4. The Criteria support goal-based diagnosis.

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 18 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions—Process and Results—and the key factors used to assess each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 18 performance-oriented requirements and relative to process and performance maturity as determined by the Scoring Guidelines. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in the box above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies, management systems, and types of organisations.

SCORING SYSTEM

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on two evaluation dimensions: (1) Process and (2) Results. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on pages 51-52.

Process

“Process” refers to the methods your organisation uses and improves to address the Item requirements in Categories 1–6. The four factors used to evaluate process are Approach, Deployment, Learning, and Integration (A–D–L–I).

“Approach” refers to

- the methods used to accomplish the process
- the appropriateness of the methods to the Item requirements
- the effectiveness of your use of the methods
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic)

“Deployment” refers to the extent to which

- your approach is applied in addressing Item requirements relevant and important to your organisation
- your approach is applied consistently
- your approach is used by all appropriate work units

“Learning” refers to

- refining your approach through cycles of evaluation and improvement
- encouraging breakthrough change to your approach through innovation
- sharing of refinements and innovation with other relevant work units and processes in your organisation

“Integration” refers to the extent to which

- your approach is aligned with your organisational needs identified in other Criteria Item requirements
- your measures, information, and improvement systems are complementary across processes and work units
- your plans, processes, results, analyses, learning, and actions are harmonised across processes and work units to support organisation-wide goals

Results

“Results” refers to your organisation’s outputs and outcomes in achieving the requirements in Items 7.1–7.6 (Category 7). The four factors used to evaluate results are Levels, Trends, Comparisons, and Integration (LeTCI).

“Levels” refers to

- your current level of performance

“Trends” refers to

- the rate of your performance improvements or the sustainability of good performance (i.e., the slope of trend data)
- the breadth (i.e., the extent of deployment) of your performance results

“Comparisons” refers to

- your performance relative to appropriate comparisons, such as competitors or organisations similar to yours
- your performance relative to benchmarks or industry leaders

“Integration” refers to the extent to which

- your results measures (often through segmentation) address important customer, product and service, market, process, and action plan performance requirements identified in your Organisational Profile and in Process Items
- your results include valid indicators of future performance
- your results are harmonised across processes and work units to support Organisation-wide goals

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and data you are expected to furnish relative to the two evaluation dimensions given above.

The two types of Items are designated as

1. Process

Process

2. Results

Results

In Process Items, Approach–Deployment–Learning–Integration are linked to emphasise that descriptions of approach should always indicate the deployment—consistent with the specific requirements of the Item. As processes mature, their description also should indicate how cycles of learning, as well as integration with other processes and work units, occur. Although the Approach–Deployment–Learning–Integration factors are linked, feedback to Award applicants reflects strengths and opportunities for improvement in any or all of these factors.

Results Items call for data showing performance levels, improvement rates, and relevant comparative data for key measures and indicators of organisational performance. Results Items also call for data on breadth of performance improvements. This is directly related to deployment and organisational learning; if improvement processes are widely shared and deployed, there should be corresponding results. A score for a Results Item is thus a composite based upon overall performance, taking into account the four results factors (LeTCI).

“Importance” as a Scoring Consideration

The two evaluation dimensions described previously are critical to evaluation and feedback. However, another critical consideration in evaluation and feedback is the importance of your reported process and results to your key business factors. The areas of greatest importance should be identified in your Organisational Profile and in Items such as 2.1, 2.2, 3.1, 5.1, and 6.1. Your key customer requirements, competitive environment, key strategic objectives, and action plans are particularly important.

Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to Item responses.

- All Areas to Address should be included in your Item response. Also, responses should reflect what is important to your organisation.
- In assigning a score to an Item, first decide which scoring range (e.g., 50 percent to 65 percent) is most descriptive of the organisation's achievement level as presented in the Item response. "Most descriptive of the organisation's achievement level" can include some gaps in one or more of the ADLI (process) factors or the LeTCI (results) results factors for the chosen scoring range. An organisation's achievement level is based on a holistic view of either the four process or four results factors in aggregate and not on a tallying or averaging of independent assessments against each of the four factors. Assigning the actual score within the chosen range requires evaluating whether the Item response is closer to the statements in the next higher or next lower scoring range.
- A Process Item score of 50 percent represents an approach that meets the overall requirements of the Item, that is deployed consistently and to most work units, that has been through some cycles of improvement and learning, and that addresses the key organisational needs. Higher scores reflect greater achievement, demonstrated by broader deployment, significant organisational learning, and increased integration.
- A Results Item score of 50 percent represents a clear indication of good levels of performance, beneficial trends, and appropriate comparative data for the results areas covered in the Item and important to the organisation's business or mission. Higher scores reflect better trends and levels of performance, stronger comparative performance, and broader coverage and integration with the requirements of the business or mission.

SCORING GUIDELINES For Use With Categories 1–6

SCORE	PROCESS
0% or 5%	<ul style="list-style-type: none"> ■ No SYSTEMATIC APPROACH to Item requirements is evident; information is ANECDOTAL. (A) ■ Little or no DEPLOYMENT of an APPROACH is evident. (D) ■ An improvement orientation is not evident; improvement is achieved through reacting to problems. (L) ■ No organisational ALIGNMENT is evident; individual areas or work units operate independently. (I)
10%, 15%, 20% or 25%	<ul style="list-style-type: none"> ■ The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. (A) ■ The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in achieving the BASIC REQUIREMENTS of the Item. (D) ■ Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) ■ The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40% or 45%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) ■ The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L) ■ The APPROACH is in early stages of ALIGNMENT with your basic organisational needs identified in response to the Organisational Profile and other Process Items. (I)
50%, 55%, 60% or 65%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D) ■ A fact-based, SYSTEMATIC evaluation and improvement PROCESS and some organisational LEARNING are in place for improving the efficiency and effectiveness of KEY PROCESSES. (L) ■ The APPROACH is ALIGNED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I)
70%, 75%, 80% or 85%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is well DEPLOYED, with no significant gaps. (D) ■ Fact-based, SYSTEMATIC evaluation and improvement and organisational LEARNING are KEY management tools; there is clear evidence of refinement and INNOVATION as a result of organisational-level ANALYSIS and sharing. (L) ■ The APPROACH is INTEGRATED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I)
90%, 95% or 100%	<ul style="list-style-type: none"> ■ An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE REQUIREMENTS of the Item, is evident. (A) ■ The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D) ■ Fact-based, SYSTEMATIC evaluation and improvement and organisational LEARNING are KEY organisation-wide tools; refinement and INNOVATION, backed by ANALYSIS and sharing, are evident throughout the organisation. (L) ■ The APPROACH is well INTEGRATED with your organisational needs identified in response to the Organisational Profile and other Process Items. (I)



SCORING GUIDELINES

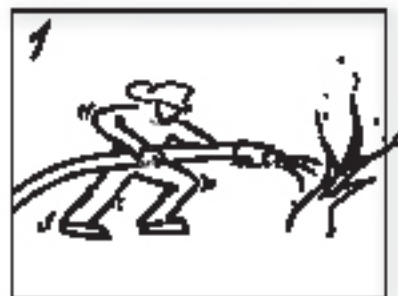
For Use With Category 7

SCORE	RESULTS
0% or 5%	<ul style="list-style-type: none"> There are no organisational PERFORMANCE RESULTS or poor RESULTS in areas reported. TREND data are either not reported or show mainly adverse TRENDS. Comparative information is not reported. RESULTS are not reported for any areas of importance to your organisation's KEY MISSION or business requirements.
10%, 15%, 20% or 25%	<ul style="list-style-type: none"> A few organisational PERFORMANCE RESULTS are reported; there are some improvements and/or early good PERFORMANCE LEVELS in a few areas Little or no TREND data are reported, or many of the TRENDS shown are adverse. Little or no comparative information is reported. RESULTS are reported for a few areas of importance to your organisation's KEY MISSION or business requirements.
30%, 35%, 40% or 45%	<ul style="list-style-type: none"> Improvements and/or good PERFORMANCE LEVELS are reported in many areas addressed in the Item requirements. Early stages of developing TRENDS are evident. Early stages of obtaining comparative information are evident. RESULTS are reported for many areas of importance to your organisation's KEY MISSION and business requirements.
50%, 55%, 60% or 65%	<ul style="list-style-type: none"> Improvement TRENDS and/or good PERFORMANCE LEVELS are reported for most areas addressed in the Item requirements No pattern of adverse TRENDS and no poor PERFORMANCE LEVELS are evident in areas of importance to your organisation's KEY business requirements. Some TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of good to very good relative PERFORMANCE. Organisational PERFORMANCE RESULTS address most KEY CUSTOMER, market, and PROCESS requirements.
70%, 75%, 80% or 85%	<ul style="list-style-type: none"> Current PERFORMANCE is good to excellent in most areas of importance to the Item requirements. Most improvement TRENDS and/or current PERFORMANCE LEVELS have been sustained over time. Many to most reported TRENDS and/or current PERFORMANCE LEVELS—evaluated against relevant comparisons and/or BENCHMARKS—show areas of leadership and very good relative PERFORMANCE. Organisation PERFORMANCE RESULTS address most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements.
90%, 95% or 100%	<ul style="list-style-type: none"> Current PERFORMANCE is excellent in most areas of importance to the Item requirements. Excellent improvement TRENDS and/or sustained excellent PERFORMANCE LEVELS are reported in most areas. Evidence of industry and BENCHMARK leadership is demonstrated in many areas. Organisational PERFORMANCE RESULTS fully address KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements.

An Analogy for Learning: From Fighting Fires to Innovation

Learning is an essential attribute of high-performing organizations and, therefore, a critical concept in performance excellence. It is a key term used throughout the Criteria booklet and is one of the four scoring factors used to assess the maturity of an organization's processes (pages 63–64, Scoring System and Scoring Guidelines).

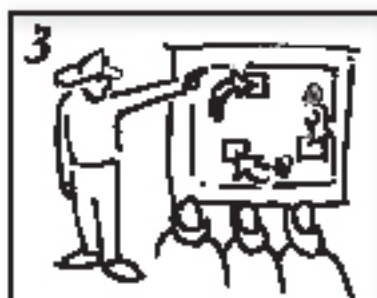
Effective, well-deployed organizational learning can help an organization improve from the early stages of reacting to problems (0–5% in the Scoring Guidelines) to the highest levels of organization-wide improvement, refinement, and innovation (70–100%). The firefighting analogy illustrated here depicts a progression through the levels of maturity for this scoring dimension.



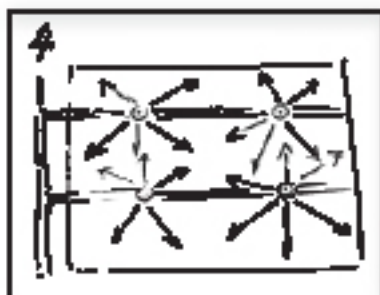
Reacting to the problem
Run with the hose and put out the fire.
(0–5%)



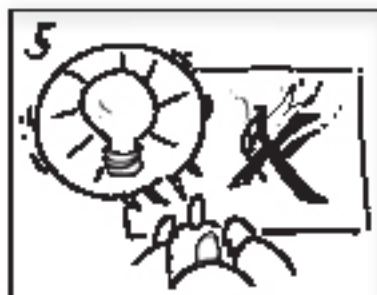
Incremental improvement initiatives
Install more fire hoses to get to the fire faster quickly and reduce their impact.
(10–25%)



Systematic evaluation and improvements
Evaluate which locations are most susceptible to fire. Install heat sensors and sprinklers in those locations.
(30–45%)



Learning and strategic improvements
Install systematic heat sensors and a sprinkler system that is activated by the heat preceding fire.
(50–65%)



Organizational analysis and innovation
Use fireproof and fire-retardant materials. Replace combustible liquids with water-based liquids. Sensors and sprinklers become the secondary line of protection, with prevention the primary approach for protection.
(70–100%)

APPLYING FOR THE NEW ZEALAND BUSINESS EXCELLENCE AWARD

The New Zealand Business Excellence Award is an annual Award programme to recognise New Zealand organisations for performance excellence.

Award Purpose

The Award promotes:

- Awareness of performance excellence as an increasingly important element in competitiveness
- Information sharing of successful performance strategies and the benefits derived from using these strategies

Award Participation

To participate in the Award process, an organisation must submit an application package that addresses the Criteria for Performance Excellence. See page 59 for The Timetable of Events for Award Applicants and National Evaluators.

Application Requirements

Applying for the Award is a two-step process (1) Eligibility Determination followed by (2) Application Evaluation. Detailed information on the requirements and contents of the Eligibility Form and the Application Form, due dates, and fees are provided in the *New Zealand Business Excellence Awards : Applicant Information and Forms*. Accessing the booklet can be viewed and downloaded from our Website - www.nzbef.org.nz.

Application Review

Applications are reviewed and evaluated by members of the Panel of Evaluators and a Panel of Judges, who adhere to strict rules regarding conflict of interest, using the following process:

Stage 1 - independent review and evaluation by a team of National Evaluators

Stage 2 - consensus review by the Evaluator Team

Stage 3 - site visits to applicants that score well in Stage 2

Stage 4 - Judges' review and recommendations of Award recipients

Feedback to Applicants

Each Award applicant receives a confidential feedback report at the conclusion of the review process. The feedback report is a written assessment by the evaluation team.

The feedback report contains an applicant-specific listing of strengths and opportunities for improvement based on the Criteria. Used by organisations, as part of their strategic planning processes, the feedback report helps organisations focus on their customers and improve overall performance. Feedback is one of the most important parts of the New Zealand Business Excellence Award process; it provides a pathway for improvement.

Award Recipients

Award recipients may publicise and advertise their Awards. Recipients are expected to share information about their successful performance strategies with other N.Z. organisations. Award recipients are also asked to provide digital images (.jpg format) for the use in the 2009 Baldrige Criteria for Performance Excellence and other marketing material.

Expressions of Interest for Award Application due—TBA

National Evaluator Application form due - TBA

Award Application Form submitted on paper due—TBA

Please visit www.nzbef.org.nz ...

New Zealand Business Excellence Awards : Application Information and Forms and
New Zealand Business Excellence Awards : National Evaluator Information and Forms

GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used throughout the Criteria booklet that are important to performance management. As you may have noted, key terms are presented in SMALL CAPS/JANSEN-ROMAN every time they appear in the Categories and Scoring Guidelines sections of this Criteria booklet.

Action Plans

The term “action plans” refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective, organisation-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creating aligned measures for work units. Deployment might also require specialised training for some employees or recruitment of personnel.

An example of a strategic objective for a supplier in a highly competitive industry might be to develop and maintain a price leadership position. Action plans could entail designing efficient processes and creating an accounting system that tracks activity-level costs, aligned for the organisation as a whole. Deployment requirements might include unit and team training in setting priorities based upon costs and benefits. Organisational-level analysis and review likely would emphasise productivity growth, cost control, and quality.

See also the definition of “strategic objectives” on page 62.

Alignment

The term “alignment” refers to consistency of plans, processes, information, resource decisions, actions, results, and analysis to support key organisation-wide goals. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organisational level, the key process level, and the work unit level.

See also the definition of “integration” on page 62.

Analysis

The term “analysis” refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organisational analysis guides the management of processes toward achieving key business results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Effective actions depend on an understanding of relationships, derived from analysis of facts and data.

Anecdotal

The term “anecdotal” refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation/improvement/learning factors. anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all organisation’s facilities. On the other hand, a systematic process might describe the communication methods used by all senior leaders to deliver performance expectations on a regular basis to all employee locations, the measures used to assess effectiveness of the methods, and the tools and techniques used to evaluate and improve the communication methods.

See also the definition of “strategic objectives” on page 57

Approach

The term “approach” refers to the methods used by an organisation to address the Baldrige Criteria Item requirements. Approach includes the appropriateness of the methods to the Item requirements and the effectiveness of their use.

Approach is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on page 52.

Basic Requirements

The term “basic requirements” refers to the topic Criteria users need to address when responding to the most central concept of an Item. Basic requirements are the fundamental theme of that Item (e.g., an approach for strategy development for Item 2.1). In the Criteria, the basic requirements of each Item are presented as the Item title. This presentation is illustrated in the Item format shown on page 29.

Benchmarks

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organisation’s industry. Organisations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (non-incremental) or “breakthrough” improvement.

Benchmarks are one form of comparative data. Other comparative data organisations might use include industry data collected by a third party (frequently industry averages), data on competitors’ performance, and comparisons with similar organisations in the same geographic area or that provide similar products and services.

Capability, Workforce

See “workforce capability.”

Capacity, Workforce

See “workforce capacity.”

Collaborators

The term “collaborators” refers to those organisations or individuals who cooperate with your organisation to support a particular activity or event or who cooperate on an intermittent basis when short-term goals are aligned or are the same. Typically, collaborations do not involve formal agreements or arrangements.

See also the definition of “partners” on page 60.

Core Competencies

The term “core competencies” refers to your organisation’s areas of greatest expertise. Your organisation’s core competencies are those strategically important capabilities that provide an advantage in your marketplace or service environment. Core competencies frequently are challenging for competitors or suppliers and partners to imitate, and they provide a sustainable competitive advantage.

Core competencies may involve technology expertise, unique service offerings, a marketplace niche, or a particular business acumen (e.g., business acquisitions).

Customer

The term “customer” refers to actual and potential users of your organisation’s products or services. Customers include the end users of your products or services, as well as others who might be the immediate purchasers of your products or services.

These others might include wholesale distributors, agents, or companies that further process your product as a component of their product. The Criteria address customers broadly, referencing current customers, future customers, as well as customers of your competitors.

Customer-driven excellence is a Baldrige Core Value embedded in the beliefs and behaviour of high-performance organisations. Customer focus impacts and should integrate an organisation’s strategic directions, its value creation processes, and its business results.

See the definition of “stakeholders” on page 61 for the relationship between customers and others who might be affected by your products or services.

Cycle Time

The term “cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving competitiveness. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include time to market, order fulfillment time, delivery time, change over time, customer response time, and other key measures of time.

Deployment

The term “deployment” refers to the extent to which an approach is applied in addressing the requirements of a Baldrige Criteria Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant work units throughout the organisation.

Deployment is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 52.

Diversity

The term “diversity” refers to valuing and benefiting from personal differences. These differences address many variables including race, religion, color, gender, national origin, disability, sexual orientation, age, generational differences, education, geographic origin, and skill characteristics, as well as differences in ideas, thinking, academic disciplines, and perspectives.

The Baldrige Criteria refer to the diversity of your employee hiring and customer communities. Capitalising on both provides enhanced opportunities for high performance; customer, employee, and community satisfaction; and customer and workforce loyalty.

Effective

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires the evaluation of how well the approach is aligned with the organisation’s needs and the deployment of the approach, or the outcome of the measure used.

Empowerment

The term “empowerment” refers to giving employees the authority and responsibility to make decisions and take actions. Empowerment results in decisions being made closest to the “front line,” where work-related knowledge and understanding reside.

Empowerment is aimed at enabling employees to satisfy customers on first contact, to improve processes and increase productivity, and to improve the organisation’s business results. Empowered employees require information to make appropriate decisions; thus, an organisational requirement is to provide that information in a timely and useful way.

Engagement, Workforce

See the definition of “workforce engagement”

Ethical Behaviour

The term “ethical behaviour” refers to how an organisation ensures that all its decisions, actions, and stakeholder interactions conform to the organisation’s moral and professional principles. These principles should support all applicable laws and regulations and are the foundation for the organisation’s culture and values. They define “right” from “wrong.”

Senior leaders should act as role models for these principles of behaviour. The principles apply to all people involved in the organisation, from employees to members of the board of directors, and need to be communicated and reinforced on a regular basis. Although there is no universal model for ethical behaviour, senior leaders should ensure that the organisation’s mission and vision are aligned with its ethical principles. Ethical behaviour should be practiced with all stakeholders, including employees, shareholders, customers, partners, suppliers, and the organisation’s local community.

While some organisations may view their ethical principles as boundary conditions restricting behaviour, well-designed and clearly articulated ethical principles should empower people to make effective decisions with great confidence.

Goals

The term “goals” refers to a future condition or performance level that one intends to attain. Goals can be both short and longer-term. Goals are ends that guide actions. Quantitative goals, frequently referred to as “targets,” include a numerical point or range. Targets might be projections based on comparative data or competitive data. The term “stretch goals” refers to desired major, discontinuous (nonincremental) or “breakthrough” improvements, usually in areas most critical to your organisation’s future success.

Goals can serve many purposes, including :

- clarifying strategic objectives and action plans to indicate how you will measure success
- fostering teamwork by focusing on a common end
- encouraging “out-of-the-box” thinking to achieve a stretch goal
- providing a basis for measuring and accelerating progress

Governance

The term “governance” refers to the system of management and controls exercised in the stewardship of your organisation. It includes the responsibilities of your organisation’s owners/shareholders, board of directors, and senior leaders. Corporate or organisational charters, by-laws, and policies document the rights and responsibilities of each of the parties and describe how your organisation will be directed and controlled to ensure (1) accountability to stakeholders and other owners/shareholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of CEO performance, the establishment of executive compensation and benefits, succession planning, financial auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders’ and the larger society’s trust and to organisational effectiveness.

High-Performance Work

The term “high-performance work” refers to work processes used to systematically pursue ever-higher levels of overall organisational and individual performance, including quality, productivity, innovation rate, and cycle time performance. High-performance work results in improved service for customers and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. High-performance work frequently includes cooperation between management and the workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; self-directed responsibility and employee empowerment; employee input to planning; individual and organisational skill building and learning; learning from other organisations; flexibility in job design and work assignments; a flattened organisational structure, where decision making is decentralised and decisions are made closest to the “front line”; and effective use of performance measures, including comparisons. Many high-performance work systems use monetary and non-monetary incentives based upon factors such as organisational performance, team and individual contributions, and skill building. Also, high-performance work processes usually seek to align the organisation’s structure, work, jobs, employee development, and incentives.

How

The term “how” refers to the processes that an organisation uses to accomplish its mission requirements. In responding to “how” questions in the Process Item requirements, process descriptions should include information such as approach (methods and measures), deployment, learning, and integration factors.

Indicators

See “measures and indicators.”

Innovation

The term “innovation” refers to making meaningful change to improve products, services, processes, or organisational effectiveness, and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is either new or new to its proposed application.

Successful organisational innovation is a multi-step process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning.

Although innovation is often associated with technological innovation, it is applicable to all key organisational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs. It could include fundamental changes in organisational structure to more effectively accomplish the organisation’s work.

Integration

The term “integration” refers to the harmonisation of plans, processes, information, resource decisions, actions, results, and analysis to support key organisation-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of a performance management system operate as a fully interconnected unit.

See also the definition of “alignment” on page 57.

Integration is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 52.

Key

The term “key” refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The Baldrige Criteria, for example, refer to key challenges, key plans, key processes, key measures—those that are most important to the organisation’s success. They are the essential elements for pursuing or monitoring a desired outcome.

Knowledge Assets

The term “knowledge assets” refers to the accumulated intellectual resources of your organisation. It is the knowledge possessed by your organisation and its employees in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. Employees, software, patents, databases, documents, guides, policies and procedures, and technical drawings are repositories of an organisation’s knowledge assets. Knowledge assets are held not only by an organisation but reside within its customers, suppliers, and partners as well.

Knowledge assets are the “know how” that your organisation has available to use, to invest, and to grow. Building and managing its knowledge assets are key components for your organisation to create value for its stakeholders and to help sustain competitive advantage.

Leadership System

The term “leadership system” refers to how leadership is exercised, formally and informally, throughout the organisation—the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision making; selection and development of leaders and managers; and reinforcement of values, ethical behaviour, directions, and performance expectations.

An effective leadership system respects the capabilities and requirements of employees and other stakeholders, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on the organisation’s vision and values and the pursuit of shared goals. It encourages and supports initiative and appropriate risk taking, subordinates organisation structure to purpose and function, and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders to conduct self-examination, receive feedback, and improve.

Learning

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The Baldrige Criteria include two distinct kinds of learning: organisational and personal. Organisational learning is achieved through research and development, evaluation and improvement cycles, employee and customer ideas and input, best practice sharing, and benchmarking. Personal learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way an organisation operates. Learning contributes to a competitive advantage for the organisation and its employees. For further description of organisational and personal learning, see the related Core Value and Concept on page 1.

Learning is one of the dimensions considered in evaluating Process Items. For further description, see the Scoring System on pages 52.

Levels

The term “levels” refers to numerical information that places or positions an organisation’s results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

Measures and Indicators

The term “measures and indicators” refers to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organisation (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer the term indicator (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor (“leading indicator”) of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

Mission

The term “mission” refers to the overall function of an organisation. The mission answers the question, “What is this organisation attempting to accomplish?” The mission might define customers or markets served, distinctive competencies, or technologies used.

Multiple Requirements

The term “multiple requirements” refers to the individual questions Criteria users need to answer within each Area to Address. These questions constitute the details of an Item’s requirements. They are presented in black text under each Item’s Area(s) to Address. This presentation is illustrated in the Item format shown on page 29.

Overall Requirements

The term “overall requirements” refers to the topics Criteria users need to address when responding to the central theme of an Item. Overall requirements address the most significant features of the Item requirements. In the Criteria, the overall requirements of each Item are presented in one or more introductory sentences printed in bold. This presentation is illustrated in the Item format shown on page 29.

Partners

The term “partners” refers to those key organisations or individuals who are working in concert with your organisation to achieve a common goal or to improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or to deliver a specific product or service.

Formal partnerships are usually for an extended period of time and involve a clear understanding of the individual and mutual roles and benefits for the partners.

See also the definition of “collaborators” on page 57.

Performance

The term “performance” refers to output results and their outcomes obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organisations. Performance might be expressed in non-financial and financial terms.

The Baldrige Criteria address four types of performance: (1) product and service, (2) customer-focused, (3) financial and marketplace, and (4) operational.

“Product and service performance” refers to performance relative to measures and indicators of product and service characteristics important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time. For non-profit organisations, “product and service performance” examples might include programmemememe and project performance in areas of rapid response to emergencies, at-home services, or multi-lingual services.

“Customer-focused performance” refers to performance relative to measures and indicators of customers’ perceptions, reactions, and behaviours. Examples include customer retention, complaints, and customer survey results.

“Financial and marketplace performance” refers to performance relative to measures of cost, revenue, and market position, including asset utilisation, asset growth, and market share. Examples include returns on investments, value added per employee, debt-to-equity ratio, returns on assets, operating margins, performance to budget, amount of reserve funds, cash-to-cash cycle time, other profitability and liquidity measures, and market gains.

“Operational performance” refers to human resource, leadership, organisational, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, employee turnover, employee cross-training rates, regulatory compliance, fiscal accountability, and community involvement. Operational performance might be measured at the work unit level, key process level, and organisational level.

Performance Excellence

The term “performance excellence” refers to an integrated approach to organisational performance management that results in (1) delivery of ever-improving value to customers, contributing to marketplace success; (2) improvement of overall organisational effectiveness and capabilities; and (3) organisational and personal learning. The Baldrige Criteria for Performance Excellence provide a framework and an assessment tool for understanding organisational strengths and opportunities for improvement and thus for guiding planning efforts.

Performance Projections

The term “performance projections” refers to estimates of future performance. Projections may be inferred from past performance, may be based on competitors’ performance that must be met or exceeded, may be predicted based on changes in a dynamic marketplace, or may be goals for future performance. Projections integrate estimates of your organisation’s rate of improvement and change, and they may be used to indicate where breakthrough improvement or change is needed. Thus, performance projections serve as a key management planning tool.

Process

The term “process” refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organisation. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a defined series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, particularly when customers are directly involved in the service, process is used in a more general way, i.e., to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Such service processes also require guidance to the providers of those services on handling contingencies related to the possible actions or behaviours of those served.

In knowledge work such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

In the Baldrige Scoring System, process achievement level is assessed. This achievement level is based on four factors that can be evaluated for each of an organisation’s key processes: Approach, Deployment, Learning, and Integration. For further description, see the Scoring System on pages 50-51.

Productivity

The term “productivity” refers to measures of the efficiency of resource use.

Although the term often is applied to single factors such as staffing (labour productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process—possibly involving resource trade-offs—is beneficial.

Purpose

The term “purpose” refers to the fundamental reason that an organisation exists. The primary role of purpose is to inspire an organisation and guide its setting of values. Purpose is generally broad and enduring. Two organisations in different businesses could have similar purposes, and two organisations in the same business could have different purposes.

Results

The term “results” refers to outputs and outcomes achieved by an organisation in addressing the requirements of a Baldrige Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organisational performance requirements. For further description, see the Scoring System on pages 52.

Segment

The term “segment” refers to a part of an organisation’s overall customer, market, product line, or employee base. Segments typically have common characteristics that can be logically grouped. In Results Items, the term refers to disaggregating results data in a way that allows for meaningful analysis of an organisation’s performance. It is up to each organisation to determine the specific factors that it uses to segment its customers, markets, products, and employees.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and employee groups and to tailoring products, services, and programmes to meet their needs and expectations. As an example, market segmentation might be based on geography, distribution channels, business volume, or technologies employed. Employee segmentation might be based on geography, skills, needs, work assignments, or job classification.

Senior Leaders

The term “senior leaders” refers to an organisation’s senior management group or team. In many organisations, this consists of the head of the organisation and his or her direct reports.

Stakeholders

The term “stakeholders” refers to all groups that are or might be affected by an organisation’s actions and success. Examples of key stakeholders include customers, employees, partners, governing boards, stockholders, suppliers, and local and professional communities.

See also the definition of “customer” on page 58.

Strategic Advantages

The term “strategic advantages” refers to those marketplace benefits that exert a decisive influence on an organisation’s likelihood of future success. These advantages frequently are sources of an organisation’s current and future competitive success relative to other providers of similar products and services. Strategic advantages generally arise from either or both of two sources: (1) core competencies, through building and expanding on an organisation’s internal capabilities, and (2) strategically important external resources, which are shaped and leveraged through key external relationships and partnerships.

When an organisation realises both sources of strategic advantage, it can amplify its unique internal capabilities by capitalising on complementary capabilities in other organisations.

See the definitions of “strategic challenges” and “strategic objectives” on this page for the relationship among strategic advantages, strategic challenges, and the strategic objectives an organisation articulates to address its challenges and advantages.

Strategic Challenges

The term “strategic challenges” refers to those pressures that exert a decisive influence on an organisation’s likelihood of future success. These challenges frequently are driven by an organisation’s future competitive position relative to other providers of similar products or services. While not exclusively so, strategic challenges generally are externally driven. However, in responding to externally driven strategic challenges, an organisation may face internal strategic challenges.

External strategic challenges may relate to customer or market needs or expectations; product, service, or technological changes; or financial, societal, and other risks. Internal strategic challenges may relate to an organisation’s capabilities or its human and other resources.

See the definitions of “strategic advantages” and “strategic objectives” on this page for the relationship among strategic challenges, strategic advantages, and the strategic objectives an organisation articulates to address its challenges and advantages..

Strategic Objectives

The term “strategic objectives” refers to an organisation’s articulated aims or responses to address major change or improvement, competitiveness issues, and business advantages. Strategic objectives generally are focused both externally and internally and relate to significant customer, market, product, service, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what an organisation must achieve to remain or become competitive and ensure the organisation’s long-term sustainability. Strategic objectives set an organisation’s longer-term directions and guide resource allocations and redistributions.

See the definition of “action plans” on page 57 for the relationship between strategic objectives and action plans and for an example of each.

Sustainability

The term “sustainability” refers to your organisation’s ability to address current business needs and to have the agility and strategic management to prepare successfully for your future business and market environment. Both external and internal factors need to be considered. The specific combination of factors might include industry-wide and organisation-specific components.

In addition to responding to changes in the business and market environment, sustainability also has a component related to preparedness for real-time or short-term emergencies.

Systematic

The term “systematic” refers to approaches that are well-ordered, repeatable, and use data and information so learning is possible. In other words, approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity.

For use of the term, see the Scoring Guidelines on pages 53.

Trends

The term “trends” refers to numerical information that shows the direction and rate of change for an organisation’s results. Trends provide a time sequence of organisational performance.

A minimum of three data points generally is needed to begin to ascertain a trend. More data points are needed to define a statistically valid trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer time periods before meaningful trends can be determined.

Examples of trends called for by the Criteria include data related to product and service performance, customer and employee satisfaction and dissatisfaction results, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

Value

The term “value” refers to the perceived worth of a product, service, process, asset, or function relative to cost and to possible alternatives.

Organisations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organisations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as stockholders, employees, and the community.

Values

The term “values” refers to the guiding principles and behaviours that embody how your organisation and its people are expected to operate. Values reflect and reinforce the desired culture of the organisation. Values support and guide the decision making of every employee, helping the organisation to accomplish its mission and attain its vision in an appropriate manner. Examples of values might include integrity and fairness in all interactions, exceed customer expectations, value employees and diversity, protect the environment, and performance excellence every day.

Vision

The term “vision” refers to the desired future state of your organisation. The vision describes where the organisation is headed, what it intends to be, or how it wishes to be perceived in the future.

Work Systems

The term “work systems” refers to how your employees are organised into formal or informal units to accomplish your mission and your strategic objectives; how job responsibilities are managed; and your processes for compensation, employee performance management, recognition, communication, hiring, and succession planning. Organisations design work systems to align their components to enable and encourage all employees to contribute effectively and to the best of their ability.

Decisions about work systems are strategic. These decisions involve protecting and capitalising on core competencies and deciding what should be procured or produced outside your organisation in order to be efficient and sustainable in your marketplace.

Workforce

The term “workforce” refers to all people actively involved in accomplishing the work of your organisation, including paid employees (e.g., permanent, part-time, temporary, and telecommuting employees, as well as contract employees supervised by the organisation) and volunteers, as appropriate. The workforce includes team leaders, supervisors, and managers at all levels.

Workforce Capability

The term “workforce capability” refers to your organisation’s ability to accomplish its work processes through the knowledge, skills, abilities, and competencies of its people. Capability may include the ability to build and sustain relationships with your customers; to innovate and transition to new technologies; to develop new products, services, and work processes; and to meet changing business, market, and regulatory demands.

Workforce Capacity

The term “workforce capacity” refers to your organisation’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver your products and services to your customers, including the ability to meet seasonal or varying demand levels.

Workforce Engagement

The term “workforce engagement” refers to the extent of workforce commitment, both emotional and intellectual, to accomplishing the work, mission, and vision of the organisation. Organisations with high levels of workforce engagement are often characterised by high-performing work environments in which people are motivated to do their utmost for the benefit of their customers and for the success of the organisation.

In general, members of the workforce feel engaged when they find personal meaning and motivation in their work and when they receive positive interpersonal and workplace support. An engaged workforce benefits from trusting relationships, a safe and cooperative environment, good communication and information flow, empowerment, and performance accountability. Key factors contributing to engagement include training and career development, effective recognition and reward systems, equal opportunity and fair treatment, and family friendliness.

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Royal New Zealand Navy - Corporate Member

2005 NZ Business Excellence Award Winner Achievement (Silver) Level

NZ Fire Service - Corporate Member

2005 NZ Business Excellence Award Winner Commendation (Bronze) Level

Metso Minerals - Corporate Member

2006 NZ Business Excellence Award Winner Commendation (Bronze) Level

City Care Ltd - Corporate Member

2006 NZ Business Excellence Award Winner Commendation (Bronze) Level

NZ Couriers - Corporate Members

2007 National Evaluator Training





CORE VALUES AND CONCEPTS

VISIONARY LEADERSHIP

Leaders should ensure the creation of strategies, systems and methods for achieving excellence, stimulating innovation, and building knowledge and capabilities. Senior leaders should inspire and motivate your entire workforce and should encourage all employees to contribute, to develop and learn, to be innovative, and to be creative.

CUSTOMER-DRIVEN EXCELLENCE

Quality and performance are judged by an organisation's customers. Customer-driven excellence is a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth. Customer-driven excellence demands awareness of developments in technology and competitors' offerings, as well as rapid and flexible response to customer and market changes.

ORGANISATIONAL AND PERSONAL LEARNING

Achieving the highest levels of business performance requires a well-executed approach to organisational and personal learning. Organisational learning includes both continuous improvement of existing approaches and adaptation to change, leading to new goals and/or approaches. Learning needs to be embedded in the way your organisation operates.

VALUING EMPLOYEES AND PARTNERS

An organisation's success depends increasingly on the diverse knowledge, skills, creativity, and motivation of all its employees and partners. Valuing employees means committing to their satisfaction, development, and well-being. Organisations need to build internal and external partnerships to better accomplish overall goals.

AGILITY

Success in globally competitive markets demands agility - a capacity for rapid change and flexibility. Businesses face ever-shorter cycles for the introduction of new/improved products and services, as well as for faster and more flexible response to customers.

FOCUS ON THE FUTURE

In today's competitive environment, a focus on the future requires understanding the short- and longer-term factors that affect your business and marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders.

MANAGING FOR INNOVATION

Innovation means making meaningful change to improve an organisation's products, services, and processes and to create new value for the organisations stakeholders. Innovation should lead your organisation to new dimensions of performance. Innovation builds on the accumulated knowledge of your organisation and its employees

MANAGEMENT BY FACT

Organisations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results.

SOCIAL RESPONSIBILITY

An organisation's leaders should stress responsibilities to the public, ethical behaviour, and the need to practice good citizenship. Leaders should be role models for your organisation in focusing on business ethics and protection of public health, safety, and the environment.

FOCUS ON RESULTS AND CREATING VALUE

An organisation's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders.

SYSTEMS PERSPECTIVE

The Criteria for Performance Excellence provides a systems perspective for managing your organisation and its key processes to achieve results - performance excellence. The seven Criteria Categories and the Core Values form the building blocks and the integrating mechanism for the system.



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