

2011

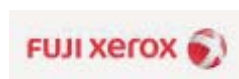


New Zealand Business Achievement Criteria



An Assessment Tool for NZ Businesses

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NEW ZEALAND BUSINESS ACHIEVEMENT AWARD WINNERS

2010

Thames Coromandel District Council

2009

Saint Clair Family Estate
Recreational Services Ltd

2007 (inaugural year)

Pink Fit - Highly Commended





To: NZ Business Community
From: The Board of the
New Zealand Business Excellence Foundation
Subject: Take the Baldrige Challenge

The Criteria for Performance Excellence have been used by thousands of organisations worldwide to improve performance and capability and to help them respond to current challenges and address all the complexities of delivering today's results while preparing effectively for the future.

The Business Achievement Criteria are an abridged version of the internationally recognised and respected Baldrige Criteria for Performance Excellence (CPE) and are the ideal starting point for assessing your business to identify strengths and opportunities for improvement.

The criteria can help you align resources with approaches such as ISO 9000, Lean, Balanced Scorecard, and Six Sigma, enabling your organisation to improve communication, productivity and effectiveness, and achieve strategic goals.

The New Zealand 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 Business Achievement 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 Achievement 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.

Why not take advantage of this opportunity? When you turn the pages you turn the corner toward performance excellence.

If you want more information please contact the Foundation at info@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 an incorporated society that provides services to support New Zealand organisations to 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. We aim 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 biennially by the U.S. Department of Commerce who is responsible for the Baldrige National Quality Programme 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.

Using 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.

This abridged version was developed with NZ Ministry for Economic Development and NZTE funding in order to provide a robust and structured basis for NZ Sectoral and Regional Award Programmes to use as an evaluation criteria and provide actionable feedback to applicants. The NZ Business Achievement Awards were established to provide a National level of recognition and also to provide a stepping stone for sectoral and regional award winners to the International Baldrige Criteria.

The Criteria (and this abridged version) 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 NZ Business Achievement Criteria 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 Achievement 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 and 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

THE NEW ZEALAND BUSINESS EXCELLENCE FOUNDATION CELEBRATES THE 2010 BUSINESS ACHIEVEMENT AWARDS



THAMES COROMANDEL DISTRICT
COUNCIL



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The first step in the Award application process is to provide an Award Expression of Interest, please e-mail info@nzbef.org.nz for more information

If you would like to recommend a member of your organisation to become a National Evaluator, please e-mail info@nzbef.org.nz for more information

or visit our website: www.nzbef.org.nz

PERFORMANCE EXCELLENCE FRAMEWORK

The requirements of the Business Achievement Criteria are embodied in seven Categories, as follows:

- 1 Leadership
- 2 Strategy and Planning
- 3 Customer and Market
- 4 Information and Analysis
- 5 Workforce
- 6 Processes
- 7 Results

The figure below 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 organisation's environment, key working relationships, and strategic situation - including competitive environment, strategic challenges and advantages, and performance improvement system - serve as an over-arching guide for your organisational performance management system.

System Operations

The system operations are composed of the six categories in the centre of the figure that define your operations and the results you achieve.

Leadership (category 1), Strategy and Planning (category 2), and Customer and Market (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 (category 5), Processes (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 performance results. All actions point toward results - a composite of product and service, customer, market and financial, and internal operational performance results, including workforce, leadership, governance, and social responsibility results.

The horizontal arrow in the centre 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

Information and Analysis, (category 4) are critical to the effective management of your organisation and to a fact-based, knowledge-driven system for improving performance and competitiveness.

Criteria Structure

The seven Criteria Categories shown in the figure are subdivided into items and areas to address.

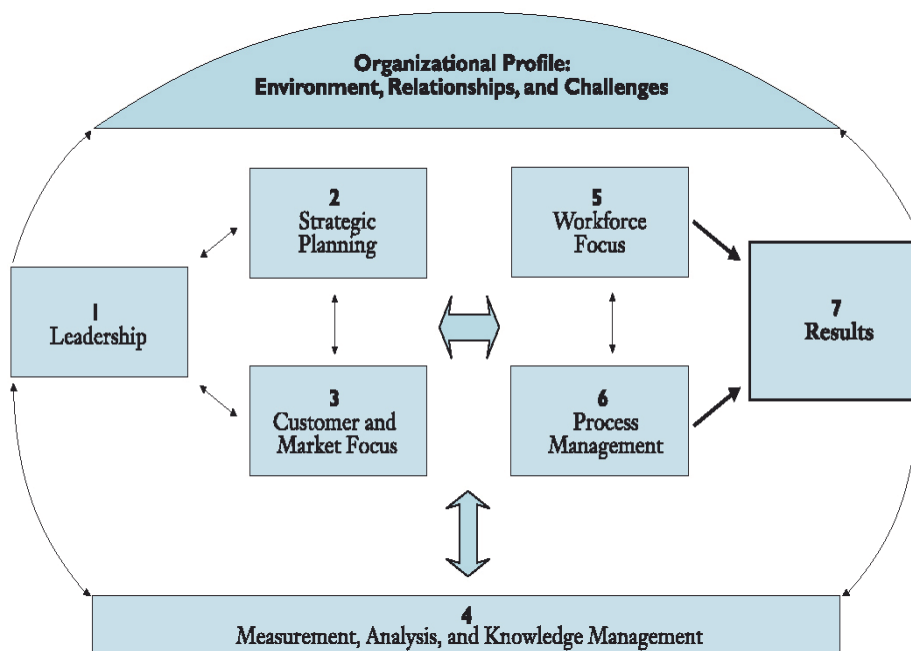
Items

There are 22 items, each focusing on a major requirement. item titles and point values are given on page 2.

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.

Performance Excellence Framework: A Systems Perspective



2011 BUSINESS ACHIEVEMENT CRITERIA—ITEM LISTING

P Preface: Organisational Profile

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

2011 Categories and Items Point Values

1	Leadership	120
	1.1 Setting Direction and Behaviours	
	1.2 Establishing Performance Expectations	
	1.3 Monitoring Performance	
	1.4 Public, Ethical, Regulatory, and Legal Responsibilities	
2	Strategy and Planning	85
	2.1 Developing Future Directions	
	2.2 Communicating the Plans	
	2.3 Monitoring Performance to Plan	
3	Customer and Market	85
	3.1 Customer and Market Knowledge	
	3.2 Customer Relationships	
	3.3 Customer Satisfaction	
4	Information and Analysis	90
	4.1 Key Information and Data	
	4.2 Managing and Using Information	
5	Workforce	85
	5.1 Organising Work and Jobs	
	5.2 Training & Education	
	5.3 Work Environment	
6	Processes	85
	6.1 Work System Design	
	6.2 Work Process Management and Improvement	
7	Results	450
	7.1 Products and Services	
	7.2 Customer	
	7.3 Financial and Market	
	7.4 Workforce	
	7.5 Business Effectiveness	
TOTAL POINTS		1000

Note: The Scoring System used with the Criteria Items in a Business Achievement Awards assessment can be found on page 24

NZ BUSINESS ACHIEVEMENT CRITERIA

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 operating 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 product offerings (see note 1 below)? What mechanisms do you use to deliver your products to your customers?
- (2) What are the distinctive characteristics of your organisational culture? What are your stated PURPOSE, VISION, VALUES, and MISSION?
- (3) What is your WORKFORCE profile? What are your WORKFORCE or employee groups and SEGMENTS?
- (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 are your organisational structure and GOVERNANCE system? What are the reporting relationships among your GOVERNANCE board, SENIOR LEADERS, and parent organisation, as appropriate?
- (2) What are your KEY market SEGMENTS, CUSTOMER groups, and STAKEHOLDER groups, as appropriate? What are their KEY requirements and expectations for your products, CUSTOMER support services, and operations? What are the differences in these requirements and expectations among MARKET SEGMENTS, CUSTOMER groups and STAKEHOLDER groups?
- (3) What are your KEY types of suppliers, PARTNERS, and COLLABORATORS? What are your KEY mechanisms for communicating and managing relationships with suppliers, PARTNERS, and COLLABORATORS? What are your KEY supply chain requirements?

Notes

N1. “Product offerings” and “products” (P.1a[1]) refer to the goods and services that your organisation offers in the marketplace. Mechanisms for product delivery to your end-use customers might be direct or through dealers, distributors, collaborators, or channel partners. *Nonprofit organisations might refer to their product offerings as programmes, projects, or services.*

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. Customer groups (P.1b[2]) might be based on common expectations, behaviours, preferences, or profiles. Within a group there may be customer segments based on differences and commonalities. Your markets might be subdivided into market segments based on product lines or features, distribution channels, business volume, geography, or other factors that your organisation uses to define related market characteristics.

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

N5. Communication mechanisms (P.1b[3]) should be two-way and in understandable language, and they might be in person, via e-mail, Web-based, or by telephone. For many organisations, these mechanisms may change as market-place, customer, or stakeholder requirements change.

N6. Customers (P.1a[1]) include the users and potential users of your products. *In some nonprofit organisations, customers might include members, taxpayers, citizens, recipients, clients, and beneficiaries. Market segments might be referred to as constituencies.*

N7. *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]).*

N8. *For non-profit organisations, 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 sub-sector of one of these.*

N9. *For some non-profit organisations, governance and reporting relationships (P.1b[1]) might include relationships with major agency, foundation, or other funding sources.*

For additional description of this item, see page 17

Information for Understanding Criteria Items

Item notes serve three purposes: (1) to clarify terms or requirements presented in an item, (2) to give instructions and examples for 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.

The items in the Criteria are divided into three groups: the *Preface*, which defines your organisational environment; categories 1-6 which define your organisation’s processes; and category 7, which contains your results for your organisation’s processes. Only responses to the last two groups are scored during an award evaluation; the Organisational Profile items are used to provide context for the evaluation.

Item notes which appear in italics include guidance specifically for non-profit organisations.

P.2 Organisational Situation : What is your organisation’s strategic situation?

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 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, affect your ability to obtain these data?

b. Strategic Context

What are your KEY business, operational, and human resource STRATEGIC CHALLENGES and ADVANTAGES?

c. Performance Improvement System

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

Notes

N1. Strategic challenges and advantages (P.2b) might relate to technology, products, your operations, your customer support, your industry, globalisation, your value chain, and people.

Strategic advantages might include differentiators such as your price leadership, design services, innovation rate, geographic proximity, accessibility, and warranty and product options. *For some nonprofit organisations, differentiators also might include your relative influence with decision makers, ratio of administrative costs to contributions, reputation for programme or service delivery, and wait times for service.*

N3. Performance improvement (P.2c) through learning and integration is an assessment dimension used in the scoring system to evaluate the maturity of organisational approaches and deployment (see page 52). This question is intended to help you and the National Evaluators set an overall context for your approach to performance improvement.

Approaches to performance improvement should be related to your organisation’s needs and might include implementing a Lean Enterprise System, applying Six Sigma methodology, using ISO standards, or employing other process improvement and innovation tools. A growing number of organisations have implemented specific processes for meeting goals in product and process innovation.

N4. *Non-profit organisations frequently are in a highly 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 page 17

Page Limit

For New Zealand Business Achievement 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 Achievement Award: Applicant Guidebook. This guidebook is available from our website - www.nzbef.org.nz

1 Leadership (120 points)

The leaders are the people in your business that are responsible for guiding and managing the business. This section asks you to describe HOW the leaders set business direction, PERFORMANCE expectations, and behaviours, and HOW they monitor the performance of the business. It also asks you to describe HOW the business ensures compliance with legal and regulatory requirements, public responsibility and HOW ETHICAL behaviour is encouraged.

1.1 Setting Direction and Behaviours (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do SENIOR LEADERS create a VISION for the business, identify business opportunities and set overall business direction?
- (b) HOW do SENIOR LEADERS communicate and reinforce VISION/future direction and business objectives with everyone?
- (c) What are the KEY behaviours and VALUES for the business that everyone is expected to exhibit?

For additional description of this item, see page 18

1.2 Establishing Performance Expectations (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do SENIOR LEADERS establish, communicate, and reinforce PERFORMANCE expectations with all employees?
- (b) HOW do SENIOR LEADERS encourage a focus on INNOVATION?
- (c) HOW do SENIOR LEADERS encourage responsiveness to CUSTOMER requirements in the business?
- (d) HOW do SENIOR LEADERS encourage continuous improvement and LEARNING?
- (e) HOW do SENIOR LEADERS seek feedback on their own PERFORMANCE?

For additional description of this item, see page 18

1.3 Monitoring Performance (30 points)

Process

Within your response, include answers to the following questions:

- (a) What are the KEY PERFORMANCE INDICATORS for the business?
- (b) HOW do SENIOR LEADERS monitor overall business PERFORMANCE?
- (c) HOW do SENIOR LEADERS take action to improve PERFORMANCE?

For additional description of this item, see page 18

1.4 Public, Ethical, Regulatory, and Legal Responsibilities (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do SENIOR LEADERS ensure the business meets its KEY legal and regulatory requirements?
- (b) HOW do SENIOR LEADERS ensure that all employees follow ETHICAL business practices?
- (c) HOW is the PERFORMANCE of SENIOR LEADERS evaluated?
- (d) HOW do SENIOR LEADERS demonstrate a commitment to SUSTAINABLE development (social, economic, and environmental responsibility)?
- (e) HOW do you identify and support your KEY communities?

For additional description of this item, see page 18

Notes

N1. The way an organisation operates and is perceived by its customers, employees and other parties with a vested interest in its success, is a direct result of the attitudes and values of the leaders and those who manage major components of the organisation. They are often referred to as Senior Leaders although influence may also come from informal leaders.

N2. This category looks at the processes used by the leaders in your business to set the business direction, performance expectations, values and behaviours. It also looks at how expectations are

established and encouraged, how performance is monitored across the business and how the leaders address ethics, legal requirements and how a commitment to sustainable development is demonstrated.

It also reviews the way leaders achieve the desired organisational results as a consequence of those activities. Leadership has influence on all other categories, in particular on (2) Strategy and Planning, and (3) Customer and Market.

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 their deployment, and strength of your improvement processes and results relative to the scoring system. Refer to the scoring system information on page 24.

2 Strategy and Planning (85 points)

Strategy and planning is the **PROCESS** by which the future direction of the business is determined i.e. strategy. Planning involves determining actions, responsibilities, and resources that will ensure the business achieves its short- and long-term objectives.

In this section you are asked to describe **HOW** you establish strategy and plans, communicate these plans, and monitor **PERFORMANCE** against the plans.

2.1 Developing Future Directions (45 points)

Process

Within your response, include answers to the following questions:

- (a) HOW does your organisation establish the business objectives and what are they?
- (b) HOW do you conduct your business planning in order to meet business objectives?
- (c) HOW do you take account of the needs of your CUSTOMERS and other STAKEHOLDERS in your planning PROCESS?
- (d) HOW do you take account of your competitors and their capabilities in your planning PROCESS?
- (e) HOW do you take account of risks to your business including business strengths, weaknesses, opportunities, and threats?

For additional description of this item, see page 18.

2.2 Communicating the plans (20 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you communicate your business plans and objectives to all relevant STAKEHOLDERS of the business?
- (b) HOW do you develop and deploy operational plans/action plans through the business?
- (c) HOW do you ensure that all employees understand and are committed to achieving these plans?

For additional description of this item, see page 19

2.3 Monitoring Performance to Plan (20 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you monitor progress in achieving the plan and the business objectives?
- (b) HOW do you ensure everyone is accountable for the RESULTS?

For additional description of this item, see page 19

Notes

N1. Strategy is the process of developing the medium to long term future position of the organisation. Planning is the process by which an organisation defines and determines its future position and the actions required to attain that position.

This category looks at an organisation's development process, its current strategic objectives, how action plans are developed and communicated, and the organisation's future projections of performance.

N2. The Strategy and Planning process should not be complicated but rather consideration should be taken of the key factors when determining future direction and opportunities. The process should bring focus and clarity to the purpose and direction of the organisation, and in doing so ensuring that the various units in the organisation understand, support and work towards achieving that purpose and direction.

3 Customer and Market (85 points)

The **Customer and Market** Category asks you to describe HOW you determine the market requirements and expectations, determine the requirements and expectations of your CUSTOMERS, acquire new CUSTOMERS, build relationships with your CUSTOMERS, monitor CUSTOMER perception of your success and develop future opportunities.

3.1 Customer and Market Knowledge (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you SEGMENT your market and/or CUSTOMER groups?
- (b) HOW do you determine KEY CUSTOMER requirements and their relative importance to CUSTOMERS?
- (c) HOW do you ensure that your products and/or services meet KEY CUSTOMER requirements?

For additional description of this item, see page 19.

3.2 Customer Relationships (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you seek and obtain new CUSTOMERS?
- (b) HOW do you satisfy existing CUSTOMERS and ensure that you retain loyal CUSTOMERS?
- (c) HOW do you ensure that everyone throughout the business understands and responds to CUSTOMER needs?
- (d) HOW do you increase repeat business and positive referrals?
- (e) What mechanisms do you use to support CUSTOMERS and enable them to seek information and conduct business with you? HOW were these mechanisms determined?
- (f) HOW do you listen to CUSTOMERS and seek information and feedback on products, services and CUSTOMER support services?
- (e) HOW do you collect, manage and respond to CUSTOMER complaints and feedback?

For additional description of this item, see page 19

3.3 Customer Satisfaction (25 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you determine whether or not your CUSTOMERS are satisfied?
- (b) HOW do you use/have you used CUSTOMER feedback/CUSTOMER satisfaction information to improve your business?

For additional description of this item, see page 19

Notes

N1. Organisations rely on customers wanting and needing their products and services. The ability to meet and exceed those needs is a key element in the successful operation of any organisations.

N2. The term customers includes individuals, specific customer groups, re-sellers, dealers, distribution agents, retail outlets, market segments, and former, current and potential customers.

Your organisation also needs to be aware of competitors' customers in comparison to your own.

N3. Customer relationship building might include the development of partnerships or alliances with customers.

4 Information and Analysis (90 points)

Information and analysis of this information is the foundation of a PERFORMANCE-orientated business. It means having a fact based measurement system with the use of information and data (knowledge) to support KEY business activities, to make decisions based on fact, as well as analyse the PERFORMANCE of the business.

In this section you are asked to define the KEY information and data used by the business, HOW this is analysed and made available to others both inside and outside the business.

4.1 Key Information and Data (45 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you determine which KEY business information and data you will use to manage the business and to track PERFORMANCE?
- (b) HOW do you collect, collate, and analyse the information and data to track the PERFORMANCE of the business?
- (c) What are the organisational performance measures that support and align with your KEY PERFORMANCE INDICATORS?
- (c) HOW do you use this information and data to review business PERFORMANCE and to support daily operations and make business decisions?

For additional description of this item, see page 20

4.2 Managing and Using Information (45 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you ensure that information and data is reliable, accurate, and made available in a timely fashion?
- (b) HOW do you ensure that the systems used to store and manage information and data are reliable, user friendly, and kept current with business needs and directions?
- (c) HOW is information and data made available to CUSTOMERS, suppliers and PARTNERS, as appropriate?
- (d) HOW is information and data made available to employees for decision-making in their daily activities?
- (e) HOW do you manage organisational knowledge, including the collection and transfer of WORKFORCE knowledge, the sharing of best practices across the business, and retaining knowledge from departing employees?
- (f) In the event of an emergency HOW do you ensure the continuity of operations with regard to hardware and software systems?

For additional description of this item, see page 20

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 organisational levels.

N2. Analysis includes examining performance trends; organisational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations.

Analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly analysis draws on all types of data: customer-related, financial and market, operational, and competitive.

N3. Data and information access might be via electronic or other means.

5 Workforce (85 points)

Excellent businesses encourage their people to develop and use their full potential while contributing to the achievement of the business's short- and long-term goals.

In this section you are asked to describe HOW the work and jobs are organised, HOW training and education provides the skills and knowledge required, and HOW the employee work environment is measured and improved to ensure satisfied committed employees.

5.1 Organising Work and Jobs (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you structure work and jobs in the business?
- (b) HOW do you recruit, hire, and induct new employees?
- (c) HOW do you motivate your employees and develop a culture that promotes CUSTOMER-focus, high PERFORMANCE, and INNOVATION?
- (d) HOW do you manage and monitor employee PERFORMANCE?

For additional description of this item, see page 21

5.2 Training and Education (30 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you assess WORKFORCE CAPABILITY and CAPACITY, including skills, competencies, and staffing levels?
- (b) HOW do your training and development activities both of employees and leaders support the achievement of the business's plans and objectives?
- (c) HOW does training and development support and enable employees to develop their full potential?
- (d) HOW do you manage succession planning and EFFECTIVE career progression within the business?
- (e) HOW do you evaluate the effectiveness of your LEARNING and development systems?

For additional description of this item, see page 21

5.3 Work Environment (25 points)

Process

Within your response, include answers to the following questions:

- (a) HOW do you establish and maintain a safe and healthy work environment and provide support for all employees?
- (b) HOW do you determine the key factors that affect employee satisfaction and ENGAGEMENT?
- (c) HOW do you monitor the level of well being, satisfaction and ENGAGEMENT of all employees?

For additional description of this item, see page 21

Notes

N1. "Workforce" refers to the people in your 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. *For non-profit organisations that also rely on volunteers, "workforce" includes those volunteers.*

N2. Your organisation might have unique considerations relative to workforce development, learning, and career progression, if this is the case your response should include how you address these considerations.

6 Processes (85 points)

PROCESSES are the way things are done to carry out the business.

KEY PROCESSES are those PROCESSES that “touch” the CUSTOMER and may include design, development, manufacture, and delivery of products and/or services to CUSTOMERS or suppliers.

6.1 Work System Design (45 points)

Process

Within your response, include answers to the following questions:

- (a) What are your KEY PROCESSES that enable you to provide products and/or services to your CUSTOMERS?
- (b) Describe HOW these KEY PROCESSES were designed and implemented.
- (c) Describe HOW you determine the KEY CUSTOMER requirements for these KEY PROCESSES.
- (d) HOW do you determine whether or not your KEY WORK PROCESSES and/or the products and services you provide are meeting your CUSTOMER’S requirements?
- (e) HOW do you review and INNOVATE your WORK PROCESSES to meet all KEY requirements and/or changing CUSTOMER needs?
- (f) HOW do you manage your internal support PROCESSES (e.g., HR, Finance, IT etc.) to ensure they meet your business needs and allow you to meet your CUSTOMER’S needs?

For additional description of this item, see page 22.

6.2 Work Process Management and Improvement (40 points)

Process

Within your response, include answers to the following questions:

- (a) What are the specific measures in place to monitor the PERFORMANCE of your KEY PROCESSES and to ensure that they meet the KEY requirements?
- (b) HOW do you identify improvement opportunities and find ways to increase the efficiency and effectiveness of your KEY PROCESSES?
- (c) HOW do you manage business improvement activities across the business and what approaches are you using?
- (d) HOW prepared are you for a potential disaster or workplace emergency? Address HOW you would ensure continuity of operations.

For additional description of this item, see page 22.

Notes

N1. Work systems refers to how the work of your organisation is accomplished. Work systems involve your workforce, key suppliers and partners, your contractors, and other components of the supply chain needed to produce and deliver your products and services. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products and/or services to your customers.

N2. Your key work processes are your most important internal value creation processes and might include product design

and delivery, customer support, supply chain management, business, and support processes. Your key work processes are the processes that involve the majority of your organisation’s workforce and produce customer and stakeholder value.

N3. Disasters and emergencies might be weather-related, security-related, or due to a local or national emergency, including potential pandemics. Emergency considerations related to information technology should be addressed in Category 4.

7 Business Results (450 points)

The RESULTS are the outputs from the business activities.

In this section you are asked to describe the business's PERFORMANCE and improvement in five KEY areas - products and services, CUSTOMER, financial and market, WORKFORCE, and business effectiveness. You are asked to provide the actual RESULTS and where possible the TRENDS (PERFORMANCE over time).

7.1 Products and Services (90 points)

Results

Product and service RESULTS reported in this item should relate to the KEY product and service features identified as CUSTOMER requirements and expectations in Category 3

- (a) Describe your current PERFORMANCE LEVELS and TRENDS, for areas of product and/or service PERFORMANCE that are important to your CUSTOMERS.

For additional description of this item, see page 23.

7.2 Customer (90 points)

Results

CUSTOMER satisfaction RESULTS reported in this item should relate to the CUSTOMER groups and market SEGMENTS described in Category 3. Provide data and information to answer the following questions:

- (a) Describe your current PERFORMANCE LEVELS and TRENDS, for CUSTOMER growth and retention
- (b) Describe your current PERFORMANCE LEVELS and TRENDS, for CUSTOMER satisfaction and loyalty.
- (c) Describe any other relevant CUSTOMER MEASURES and INDICATORS that you use.

For additional description of this item, see page 23.

7.3 Financial and Market (90 points)

Results

Financial and Market RESULTS reported in this item are those that your organisation uses to monitor financial health and your PERFORMANCE in your chosen markets. These might include measures of financial return, such as return on investment (ROI), return on capital (ROC), operating margins, profitability, and/or profitability by market or CUSTOMER SEGMENT. Responses also might include measures of financial viability, such as liquidity, debt-to-equity ratio, pays cash on hand, asset utilisation, and cash flow.

Provide data and information to answer the following questions:

- (a) Describe your current LEVELS and TRENDS of relevant financial PERFORMANCE.
- (b) Show any other relevant RESULTS for MEASURES and INDICATORS of financial and market PERFORMANCE.

For additional description of this item, see page 23.

7.4 Workforce (90 points)

Results

WORKFORCE RESULTS reported in this item should relate to the various activities and satisfaction LEVELS identified within items 5.1, 5.2 and 5.3.

Provide data and information to answer the following questions:

- (a) Describe your current PERFORMANCE LEVELS and TRENDS for WORKFORCE satisfaction and engagement.
- (b) Show any other relevant RESULTS for MEASURES and INDICATORS relating to your WORKFORCE.

For additional description of this item, see page 23.

7.5 Business Effectiveness (90 points)

Results

Business Effectiveness RESULTS reported in this item should address the KEY operational requirements of the KEY PROCESSES and areas to address in items 6.1 and 6.2. As an example, cycle times for completing elements of KEY PROCESSES may be an important factor in enabling you to deliver a product or service to meet your CUSTOMER'S requirements.

Provide data and information to answer the following questions:

- (a) Describe your current PERFORMANCE LEVELS and TRENDS, for KEY business PROCESSES.
- (b) Describe your current PERFORMANCE LEVELS and TRENDS related to business efficiency and effectiveness.
- (c) Describe your current RESULTS for KEY MEASURES or INDICATORS of achieving regulatory, legal, health & safety, compliance requirements.
- (d) Summarise your organisation's RESULTS in relation to sustainable development issues and impacts as identified as most important by your STAKEHOLDERS and the organisation.

For additional description of this item, see page 23.

Notes

N1. What an organisation achieves is an effect of how it operates. This category looks at the effect of the processes and systems described in Categories 1-6, that are in place for managing your organisation.

N2. The results category looks at five sets of measures that provide information on the performance of your organisation. This information is directly related to the objectives that your organisation has set and its plans for achieving those objectives. In each of the five sets of measures, your organisation ideally requires information on (1) its own performance over time, performance against targets; (2) the performance of its competitors; and (3) best practice performance levels for all areas that are important to the success of your organisation.

N3. Key areas for monitoring your organisation's performance are identified via business objectives in category 2, analysed in category 4 and reported on in category 7. The information produced as a result of this process is used to support decision making when leaders review the organisation's performance.

The following are indicators of excellence in this category:

(1) sustained improvement trends in areas of importance; (2) results that outperform competitors; (3) results that indicate industry leadership; (4) results that indicate best practice levels of performance; and (5) results that meet or exceed key customer, process and action plan requirements.

CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist Criteria users in responding most effectively to the requirements of the Criteria items. Writing an application for the NZ Business Achievement Award involves responding to these requirements in 25 or fewer pages.

The guidelines are presented in three parts:

- (1) General Guidelines regarding the Criteria booklet
- (2) Guidelines for Responding to Process Items
- (3) Guidelines for Responding to Results Items

To respond most effectively to the Criteria items, it also is important to refer to the scoring guidelines (page 26), which describe how organisations can demonstrate increasing accomplishment and improvement relative to the requirements of the Criteria 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:

- Business Achievement Criteria (pages 3-14)
- Category and Item Descriptions (pages 17-23)
- Scoring System (pages 24-26)
- Glossary of Key Terms (pages 28-32)

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

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 pages 15-16. Guidelines for responding to results items are given on page 16.

3. Refer to the Scoring Guidelines.

The evaluation of process and results item responses includes a review of the Criteria items in combination with the scoring guidelines (page 26). Specifically, as a complement to requirements of the process Items (categories 1–6), the scoring guidelines address the maturity of your approaches, breadth of deployment, extent of learning, and integration with other elements of your performance management system. Similarly, as a complement to requirements of the results items (category 7), the scoring guidelines focus on the significance of the results trends, actual performance levels, relevant comparative data, integration with important elements of your performance management system, and the strength of the improvement process. Therefore, you need to consider both the Criteria and the scoring guidelines as you prepare your responses to all items.

4. 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 can be found in the Glossary of Key Terms beginning on page 28. Understanding these terms can help you accurately self assess your organisation and communicate your processes and results to those reviewing your responses and planning your improvement efforts.

5. 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—understand what is most relevant and important to your organisation’s business and mission and to its performance. The questions in the Organisational Profile are on pages 3-5. The Organisational Profile is described in greater detail on page 17.

Guidelines for Responding to Process Items

Although the Criteria focus on key organisational 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’ or comparable organisations, 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 outcomes or performance 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 (See scoring system page 24). 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, some of your performance measures, and some results reported in category 7 are expected to relate to the stated strategic objectives.



3. Write and review responses 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 knowledge sharing, thereby enabling 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, actions, and results 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 to your organisation; (2) the Strategic Planning category (category 2), including the strategic objectives and action plans, and core competencies should highlight areas of greatest focus and describe how deployment is accomplished; (3) the 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 (category 6) 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 performance management system. All areas to address should be covered.

4. Cross-reference when appropriate.

As much as possible, each Item response should be self-contained. However, responses to different items also should be mutually reinforcing. It is 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 development and learning systems should be described in item 5.2. Discussions about workforce development and learning elsewhere in your application would then reference but not repeat details given in your item 5.2 response.

5. Use a compact format.

Applicants should make the best use of the 25 application pages permitted. Applicants are encouraged to use flowcharts, tables,

and “bullets” to present information concisely. The page limit is designed to force your organisation to consider what is most important in managing your enterprise and reporting your results.

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.

Results reported should cover the most important requirements for your organisation's success, highlighted in your Organisational Profile and in the Leadership, Strategic Planning, Customer 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, 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, segmented, (e.g., by important customer, workforce, process, and product line groups)

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 or more years for some results. Trends should represent historic and current performance and not rely on projected (future) performance. 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 labelled 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 those of organisations differing in size.

5. Incorporate 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. Use figure numbers that correspond to Items. For example, the third figure for item 7.5 would be Figure 7.5-3

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 context, and your approach to performance improvement. Your Organisational Profile provides a framework for understanding your organisation. 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, core competencies, competitive environment, and strategic challenges and advantages, impact the way your organisation is run and the decisions you make.

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

- The use of such terms as “purpose,” “vision,” “mission,” “values,” and “core competencies” 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.
- A clear identification and thorough understanding of your organisation's core competencies are central to organisational sustainability and competitive performance. Keeping your core competencies current with your strategic directions can provide a strategic advantage, and protecting intellectual property contained in your core competencies can provide sustainability.
- 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 governance board. 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, process and product innovation, and customised manufacturing or services.

P.2 Organisational Situation: What is your organisations strategic situation?

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, organisational learning, and innovation processes. The aim is to understand your key organisational challenges and your system for establishing and preserving your competitive advantage.

Comments

- Knowledge of an organisation's strengths, vulnerabilities, and opportunities for improvement and growth is essential to the success and sustainability of the organisation. With this knowledge, you can identify those products, processes, competencies, and performance attributes that are unique to your organisation; those that set you apart from other organisations; those that help you to preserve your competitive advantage; and those that you must develop to sustain or build your market position.
- Understanding who your competitors are, how many you have, and their key characteristics is essential for determining what your competitive advantage is in your industry and marketplace. Leading organisations have an in-depth understanding of their current competitive environment, including key changes taking place.
- Sources of comparative and competitive data might include industry publications 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 strategic challenges that can affect your ability to sustain performance and maintain your competitive position. These challenges might include your operational costs (e.g., materials, labour, or geographic location); expanding or decreasing markets; mergers or acquisitions by your organisation and by your competitors; economic conditions, including fluctuating demand and local and global economic downturns; the cyclical nature of your industry; the introduction of new or substitute products; rapid technological changes; or new competitors entering the market. In addition, your organisation may face challenges related to the recruitment, hiring, and retention of a qualified workforce.
- 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. In the past, such technologies have included personal computers replacing typewriters, cell phones challenging traditional phones, fax machines capturing business from overnight delivery services, and e-mail and social media 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.

Leadership (Category 1)

Leadership addresses how your leaders' actions guide and sustain your organisation, setting organisational vision, values, direction, and performance expectations. Attention is given to how your senior leaders communicate with your workforce, encourage innovation and responsiveness to customer requirements, participate in organisational learning, monitor organisational performance, create an environment that encourages legal and ethical behaviour and how the organisation demonstrates a commitment to sustainability by being socially, economically, and environmentally responsible.

1.1 Setting Direction and Behaviours

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 by word and deed. Those using this Criteria should remember that the word "how" specifically asks "by what process?" i.e., is there a process by which this is done that is repeatable and in all probability, well documented and understood.

1.2 Establishing Performance Expectations

Purpose

Senior Leaders' 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, 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 enhance their personal leadership skills. They participate in organisational learning, in the development of future leaders, in succession planning, and in recognition opportunities and events that celebrate the workforce. Development of future leaders might include personal mentoring or participation in leadership development courses.

1.3 Monitoring Performance

Purpose

Monitoring or organisational performance is integral to the effective leadership and management of the organisation. Ensuring that business objectives are clearly articulated and the measures by which success will be judged are also in place and understood by staff, including expected levels of performance (targets), are all characteristics of best practice organisations. Monitoring of performance should be regular and structured with areas for improvement and actions to be taken clearly detailed. Follow up on actions would ideally form part of the next review of performance.

1.4 Public, Ethical, Regulatory and Legal Responsibilities

Purpose

This item examines how your organisation assures that everyone in the organisation behaves legally and ethically, fulfils its societal responsibilities, and supports its key communities. 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 organisational performance reviews. Role-model organisations look for opportunities to exceed requirements and to excel in areas of legal and ethical behaviour.

Societal responsibility implies going beyond a compliance orientation. Opportunities to consider and promote the well-being of environmental, social, and economic systems to which your organisation may contribute and opportunities to support key communities are available to organisations of all sizes. The level and breadth of these contributions will depend on the size of your organisation and your ability to contribute.

Strategic Planning (Category 2)

Strategic Planning addresses the process for strategic planning including how customer and business needs are included, associated action planning to ensure delivery against objectives, the deployment of plans and monitoring progress against plans.

This category 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 being to ensure that your strategies are successfully deployed in order to achieve your goals.

This category highlights the need to place a focus not only on developing your plans, but also on your capability to execute them. While many organisations are increasingly adept at strategic planning, plan execution is still a significant challenge for many. This is especially true given market demands to be agile yet also be prepared for unexpected change such as volatile economic conditions.

In summary the Strategic Planning category examines how your organisation: (1) carries out its planning and establishes and agrees its strategic objectives; (2) determines the needs of customers and other stakeholders in the planning process; (3) determines its organisational strengths, weaknesses, opportunities, and threats, its core competencies, and its ability to execute its strategy; (4) ensures deployment will be effective - that there are mechanisms to communicate requirements and achieve alignment through the organisation and executive level, the work process level, and the work unit and individual job level; (5) monitors progress against plans and ensures appropriate accountability for the achievement of objectives and plans.

2.1 Developing Future Directions

Purpose

This Item examines how your organisation determines its core strategic challenges, and strategic advantages, and establishes its strategic direction and objectives.

The 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 organisations future opportunities and direction. Strategic planning also involves the organisation in many types of analyses to provide a common understanding of the current business environment, to identify key issues, risks etc., and to ensure resources are available to support accomplishment of your action plans. The specific type of analyses will vary from organisation to organisation.

How you identify customer and stakeholder needs, take account of competitors and their capabilities relative to your own, and how you identify and mitigate risks to the organisation are also addressed.

2.2 Communicating the Plans

Purpose

This item asks how your action plans are developed and deployed to your workforce, key suppliers, and partners. Accomplishment of action plans requires resources and performance measures, as well as the alignment of the plans of your work units, suppliers, and partners. Of central importance is how you achieve alignment and consistency— for example, via cascading plans and associated activities throughout the organisation, its work systems, work processes, and business units. 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.

2.3 Monitoring Performance to Plan

Purpose

Performance measures and associated targets are critical for tracking performance. Projections and comparisons and benchmarks are intended to improve your organisations ability to understand and track performance. 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 tool for management.

Customer and Market (Category 3)

Customer Focus addresses how your organisation seeks to engage your customers, with a focus on meeting customers' needs, building relationships, and demonstrating loyalty through their investment in your brand and product offerings. Your customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the marketplace. In many cases, the "voice of the customer" provides meaningful information not only on your customers' views but also on their marketplace behaviours and how these views and behaviours may contribute to the sustainability of your organisation in the marketplace.

3.1 Customer and Market Knowledge

Purpose

Knowledge of customers, customer groups, market segments, former customers, and potential customers allows your organisation to tailor product offerings, to support and tailor your marketing strategies, to develop a more customer-focused workforce culture, to develop new business, and to ensure organisational sustainability.

This item examines your organisation's processes for identifying and innovating product offerings that serve your customers and markets. It also examines your mechanisms for supporting customer use of those products and for building a customer culture within your workforce. The aim of these efforts is to build relationships with your customers and increase their engagement with you.

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 attributes, win/loss analysis relative to competitors and other organisations providing similar products.

This item emphasises how you obtain actionable information from customers. Information that is actionable can be tied to key product offerings and business processes and can be used to determine cost and revenue implications for setting improvement goals and priorities for change.

In a rapidly changing technological, competitive, economic, and social environment, many factors may affect customer expectations 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.

3.2 Customer Relationships

Purpose

Customer engagement is a strategic action aimed at achieving such a degree of loyalty that the customer will advocate for your brand and product offerings. Achieving such loyalty requires a customer-focused culture in your workforce based on a thorough understanding of your business strategy and the behaviours and preferences of your customers.

A relationship strategy may be possible with some customers but not with others. The relationship strategies you do have may need to be distinctly different for each customer group, and market segment. They also may need to be distinctly different during various stages of the customer life cycle.

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 and product improvements. Successful outcomes require effective deployment of information throughout the organisation.

3.3 Customer Satisfaction

Purpose

This item examines your organisation's processes for listening to your customers, determining their satisfaction and dissatisfaction, and analysing and using customer data, with the aim of improving marketing, building a more customer-focused culture, and identifying opportunities for innovation.

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. 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.





Information and Analysis (Category 4)

The Information and Analysis category addresses the key relating to effectively measuring, analysing, and improving organisational performance and managing organisational knowledge. Category 4 is the “brain centre” for the alignment of data and information with your strategic objectives. Central to such use of data and information are their quality and availability.

4.1 Key Information and Data

Purpose

This item examines your organisation’s selection 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 that relies on financial and non financial data and information. The aim of performance measurement, analysis, review, and improvement is to guide your organisation’s process management toward the achievement of key organisational results and strategic objectives.

Alignment and integration are key concepts for successful implementation of your performance measurement system. Alignment and integration include how measures are aligned throughout your organisation and 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 their use are that (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, partnering, 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) the use of data and information to set stretch goals and to promote major, non incremental (“breakthrough”) improvements in areas most critical to your organisation’s competitive strategy.

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
- financial benefits derived from improvements in workforce safety, absenteeism, and turnover
- benefits and costs associated with improved organisational knowledge management and sharing
- cost and revenue implications of workforce-related problems and effective problem resolution
- cost trends relative to competitors’ trends
- 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 loyalty

4.2 Managing and Using Information

Purpose

This item examines how your organisation ensures the quality and availability of data, information, software, and hardware for your workforce, suppliers and partners, and customers. It also examines how your organisation builds and manages its knowledge assets.

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 manner.

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.

One of the many issues facing organisations today is how to manage, use, evaluate, and share their ever-increasing organisational knowledge. Leading organisations benefit from the knowledge assets of their workforce, customers, suppliers, collaborators, and partners, who together drive organisational learning and improve performance

Organisations should carefully plan how they will continue to provide an information technology infrastructure, 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 the workforce, customers, suppliers, partners, and collaborators. The plans also should be coordinated with the organisation’s overall plan for business continuity (Item 6.2).

Workforce (Category 5)

Workforce addresses key workforce practices— those directed toward creating and maintaining a high performance work environment and toward engaging your workforce to enable it and your organisation to adapt to change and to succeed. The category covers the structure of jobs, recruitment, hiring and induction, performance management, training and education, health and safety, and workforce satisfaction and engagement.

5.1 Organising Work and Jobs

Purpose

High-performance work is characterised by flexibility, innovation, knowledge and skill sharing, good communication and information flow, alignment with organisational objectives, customer focus, and rapid response to changing business needs and marketplace requirements. 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.

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; rewards for exemplary team or unit performance; and linkage to customer engagement measures, achievement of organisational strategic objectives, or other key organisational objectives.

5.2 Training & Education

Purpose

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; and working with and motivating volunteers. Education needs also might include advanced skills in new technologies or basic skills, such as reading, writing, language, arithmetic, and computer skills.

Learning and development opportunities might occur inside or outside your organisation and could involve on-the-job, classroom, computer-based, or distance learning, as well as developmental assignments, coaching, or mentoring. 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.

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 and customers, how to listen to customers, how to recover from problems or failures, and how to effectively manage or meet customer expectations engagement.

An organisation's knowledge management system should provide the mechanism for sharing the knowledge of its people and the organisation to ensure that high performance 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).

Measures to evaluate the effectiveness and efficiency of your workforce and leader development and learning systems might address the impact on individual, unit, and organisational performance; the impact on customer related performance; and a cost/benefit analysis.

5.3 Work Environment

Purpose

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 counselling, career development and employability services, recreational or cultural activities, formal and informal recognition, non work-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 workforce 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.

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; and the appreciation of the differing needs of diverse workforce groups.

In addition to direct measures of workforce engagement through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, and strikes. Factors inhibiting engagement 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.

Processes (Category 6)

Process Management is the focal point within the Criteria for your key work systems and work processes. This category addresses how the work of your organisation is accomplished. It stresses the importance of your core competencies and how you protect and capitalise on them for success and organisational sustainability. It calls specific attention to the need to prepare for potential emergencies and to ensure continuity of operations.

Efficient and effective work systems require effective design; a prevention orientation; and linkage to customers, suppliers, partners, and collaborators, as well as a focus on value creation for all key stakeholders; operational performance; cycle time; emergency readiness; and evaluation, continuous improvement, innovation, 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 and maintain a wide range of customised services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and partnering arrangements. Flexibility might demand special strategies, such as implementing modular designs, sharing components, sharing manufacturing lines, or providing specialised training. Cost and cycle time reduction often involves Lean process management strategies. Defect reduction and improved product yield often involve Six Sigma projects. It is crucial to utilise key measures for tracking all aspects of your overall process management.

6.1 Work System Design

Purpose

This item examines your organisation’s work systems, core competencies, and work process decisions, with the aim of creating value for your customers, and achieving organisational success and sustainability.

This item asks how you design your work systems and how you organise the work needed to produce your products and/or services. It draws a critical linkage to your core competencies, which frequently are under appreciated as key sources of organisational sustainability, competitive advantage, and marketplace respect.

This item calls for information on your key work processes, including 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 key work processes include your product-/service-related processes that are considered important to organisational success and growth. These processes frequently relate to an organisation’s core competencies, strategic objectives, and critical success factors. Key business processes might include processes for product and service delivery and management, information and knowledge management, supply chain management, and sales and marketing. For some nonprofit 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 delivery but are not usually designed in detail with the products. The support process requirements usually do not depend significantly on product 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, marketing, IT, and other administrative services.

6.2 Work Process Management and Improvement

Purpose

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

Specific reference is made to in process measurements. These measurements require the identification of critical points in processes for measurement, observation, or interaction with suppliers and other stakeholders. 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 technology and/or people. 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 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) using the results of organisational performance reviews, (2) sharing successful strategies across your organisation to drive learning and innovation, (3) performing process analysis and research (e.g., process mapping, optimisation experiments, error proofing), (4) conducting technical and business research and development, (5) benchmarking, (6) using alternative technology, and (7) using information from customers of the processes—within and outside your organisation. Together, these approaches offer a wide range of possibilities, including a complete redesign (“re-engineering”) of processes.

Efforts to ensure the continuity of operations in an emergency should consider all facets of your organisation’s operations that are needed to provide your products and/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.

Results (Category 7)

The Results category provides a results focus that encompasses your objective evaluation and your customers' evaluation of your organisation's product and/or service offerings, your overall financial and market performance, your workforce results, your leadership system and societal responsibility results, and results of all key processes and process improvement activities.

7.1 Products and Services

Purpose

This item examines your organisation's key product and service results, with the aim of delivering product and service quality and value that lead to customer satisfaction and engagement.

This item places emphasis on measures of product performance that serve as indicators of customers' views and decisions relative to future interactions and relationships. These measures of product performance are derived from customer-related information gathered in items 3.1 and 3.2.

Product measures appropriate for inclusion might be based on the following: internal quality measurements, performance of products, defect levels, service errors, response times, and data collected from your customers on ease of use or other attributes, as well as customer surveys on specific product and service performance.

7.2 Customer

Purpose

This item examines your organisation's customer related performance results, with the aim of demonstrating how well your organisation has been satisfying your customers and engaging them in a long-term relationship, as appropriate.

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); customer advocacy for your brand and product offerings; and awards, ratings, and recognition from customers and independent rating organisations.

This item places an emphasis on customer-focused results that go beyond satisfaction measurements, because relationships and engagement are better indicators and measures of future success in the marketplace and of organisational sustainability.

7.3 Financial and Market

Purpose

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

Measures reported in this item are those usually tracked by senior leadership on an on-going basis to assess your organisation's financial performance and viability.

Appropriate financial measures and indicators might include revenues, budgets, profits or losses, cash position, net assets, debt leverage, 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 and markets entered, or the percentage of revenues derived from new products.

7.4 Workforce

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.

Results measures reported for indicators of workforce engagement and satisfaction might include specific results for satisfaction and engagement and organisational culture. 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 for indicators of workforce capacity and capability might include staffing levels across organisational units and certifications to meet skill needs.

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 Business Effectiveness

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 work system and work process effectiveness and efficiency.

This item encourages your organisation to develop and include relative measures to track key processes and operational improvement (see Category 6 Item 6.2). 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, 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. Measures and indicators also might include business-specific indicators, such as 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.

Steps Toward Mature Processes

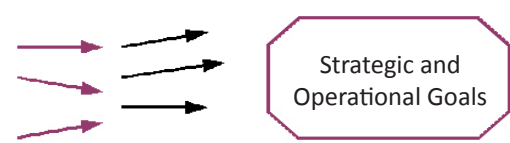
An aid for Assessing and Scoring Process Items

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



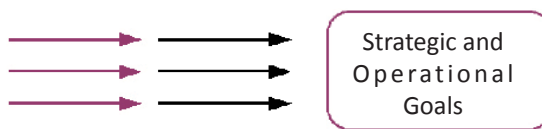
Operations are characterised by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

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



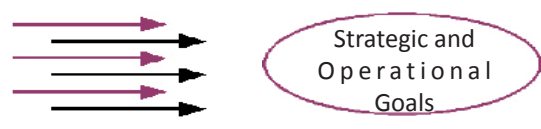
The organisation is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early co-ordination among organisational units. Strategy and quantitative goals are being defined.

(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.

SCORING SYSTEM

The scoring of responses to Criteria items and Award applicant feedback are based on two evaluation dimensions: (1) process and (2) results. Criteria users need to provide information relating to these dimensions. Specific factors for these dimensions are described below. Scoring guidelines are given on page 26.

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 and the organisation’s operating environment
- 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 (executed) 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 the Organisational Profile and other Process Items
- 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 7.1–7.5 (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, 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 and integration are linked to emphasise that descriptions of approach should always indicate the deployment—consistent with the *specific requirements* of the item and your organisation. As processes mature, their description also should indicate how cycles of learning (including innovation), as well as integration with other processes and work units, occur. Although the ADLI 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, trends and relevant comparisons for key measures and indicators of organisational performance, and Integration with key organisational requirements. Results items also call for data on breadth of

performance results reported. 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 central to evaluation and feedback. A 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, 5.2, and 6.1. Your key customer requirements, competitive environment, workforce needs, 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 the item response. Also, responses should reflect what is important to the 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) 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. Performance projections are present for some high-priority results. 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.

PROCESS SCORING GUIDELINES

SCORE	PROCESSES (for use with categories 1-6)
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 any SYSTEMATIC 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 the 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, including INNOVATION, 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, including INNOVATION are KEY management tools; there is clear evidence of refinement as a result of organisational-level ANALYSIS and sharing. (L) The APPROACH is INTEGRATED with your current and future 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 through INNOVATION 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 current and future organisational needs identified in response to the Organisational Profile and other process items. (I)

RESULTS SCORING GUIDELINES

SCORE	RESULTS (for use with category 7)
0% or 5%	<ul style="list-style-type: none"> There are no organisational PERFORMANCE RESULTS and/or poor RESULTS in areas reported. (Le) TREND data are either not reported or show mainly adverse TRENDS. (T) Comparative information is not reported. (C) RESULTS are not reported for any areas of importance to the accomplishment of your organisation's MISSION. (I)
10%, 15%, 20% or 25%	<ul style="list-style-type: none"> A few organisational PERFORMANCE RESULTS are reported responsive to the BASIC REQUIREMENTS of the item, and early good PERFORMANCE LEVELS are evident. (Le) Some TREND data are reported, with some adverse TRENDS evident. (T) Little or no comparative information is reported. (C) RESULTS are reported for a few areas of importance to the accomplishment of your organisation's MISSION. (I)
30%, 35%, 40% or 45%	<ul style="list-style-type: none"> Good organisational PERFORMANCE LEVELS are reported responsive to the BASIC REQUIREMENTS of the item. (Le) Some TREND data are reported, and a majority of the TRENDS presented are beneficial. (T) Early stages of obtaining comparative information are evident. (C) RESULTS are reported for many areas of importance to the accomplishment of your organisation's MISSION. (I)
50%, 55%, 60% or 65%	<ul style="list-style-type: none"> Good organisational PERFORMANCE LEVELS are reported responsive to the OVERALL REQUIREMENTS of the item. (Le) Beneficial TRENDS are evident in areas of importance to the accomplishment of your organisation's MISSION. (T) Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C) Organisational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, and PROCESS requirements. (I)
70%, 75%, 80% or 85%	<ul style="list-style-type: none"> Good to excellent organisational PERFORMANCE LEVELS are reported responsive to the MULTIPLE REQUIREMENTS of the item. (Le) Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organisation's MISSION. (T) Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative PERFORMANCE. (C) Organisational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements. (I)
90%, 95%, or 100%	<ul style="list-style-type: none"> Excellent organisational PERFORMANCE LEVELS are reported that are fully responsive to the MULTIPLE REQUIREMENTS of the item. (Le) Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organisation's MISSION. (T) Evidence of industry and BENCHMARK leadership is demonstrated in many areas. (C) Organisational PERFORMANCE RESULTS and PROJECTIONS are reported for most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements. (I)

APPLYING FOR THE NEW ZEALAND BUSINESS ACHIEVEMENT AWARD

The New Zealand Business Achievement 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 below for Key Dates 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 Achievement Awards: Applicant Information and Forms*. To access the booklet you can view and/or download it 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 Achievement 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 NZ organisations.

KEY DATES

Expressions of Interest for Award Application due—21 February 2011

National Evaluator Application form due—14 March 2011

Award Application Form submitted in hard copy due—27 May 2011

Please visit www.nzbef.org.nz for more information

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** every time they appear in the categories and scoring guidelines sections of this Criteria booklet.

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”.

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 work systems and work 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.

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 in other geographic areas.

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”.

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 are central to fulfilling your mission or 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, programmes or services (referred to as “products” in the Criteria). Customers include the end users of your products or services, as well as others who might be the immediate purchasers or users. These others might include distributors, agents, or organisations that further process your product as a component of their product. The Criteria address customers broadly, referencing current and future customers, as well as the customers of your competitors.

Customer-driven excellence is a core value embedded in the beliefs and behaviours of high-performing organisations. Customer focus impacts and should integrate an organisation’s strategic directions, its work systems and work processes, and its business results.

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

Customer Engagement

The term “customer engagement” refers to your customers’ investment in or commitment to your brand and product offerings. It is based on your ongoing ability to serve their needs and build relationships so they will continue using your products. Characteristics of customer engagement include customer retention and loyalty, customers’ willingness to make an effort to do business with your organisation, and customers’ willingness to actively advocate for and recommend your brand and product offerings.

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 and overall performance. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include time to market, order fulfilment 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 an 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 page 24.

Diversity

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

Effective

The term “effective” refers to how well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) the evaluation of how well the process is aligned with the organisation’s needs and how well the process is deployed or (2) the evaluation of the outcome of the measure used.

Engagement, Customer

See “customer engagement”.

Engagement, Workforce

See “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 temporary members of the workforce 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 practised with all stakeholders, including the workforce, 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.

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 owners/shareholders and other stakeholders, (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 the CEO’s 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.

How

The term “how” refers to the systems and 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, processes, or organisational effectiveness, and to create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, product or business model that is either new or new to its proposed application. The outcome of innovation is a discontinuous or breakthrough change in results, products, or processes. 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 a change in approach or outputs. It could include fundamental changes in organisational structure or the business model 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 analyses 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”.

Integration is one of the dimensions considered in evaluating both process and results items. For further description, see the scoring system and guidelines on pages 24-26.

Key

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

Learning

The term “learning” refers to new knowledge or skills acquired through evaluation, study, experience, and innovation. The Criteria include two distinct kinds of learning: organisational and personal. Organisational learning is achieved through research and development, evaluation and improvement cycles, workforce and stakeholder 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 and sustainability for the organisation and its workforce.

Learning is one of the dimensions considered in evaluating process items. For further description, see the scoring system on page 24.

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, programmes, projects, 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 or core competencies, or technologies used.

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.

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”.

Performance

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

“Product 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 performance” examples might include programme 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 market 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 workforce, leadership, organisational, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, regulatory compliance, fiscal accountability, and community involvement. Operational performance might be measured at the work unit level, key work 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 and stakeholders, contributing to organisational sustainability; (2) improvement of overall organisational effectiveness and capabilities; and (3) organisational and personal learning. The Business Achievement Criteria 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 innovation is needed. While performance projections may be set to attain a goal, they also may be predicted levels of future performance that indicate the challenges your organisation faces in achieving a goal. 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, and improvements in a defined series of steps or actions. Processes rarely operate in isolation and must be considered in relation to other processes that impact them. 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 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 Scoring System, your 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 page 24

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 page 24.

Segment

The term “segment” refers to a part of an organisation’s overall customer, market, product offering, or workforce base. Segments typically have common characteristics that can be grouped logically. 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 workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups and to tailoring product offerings to meet their needs and expectations. As an example, market segmentation might be based on distribution channels, business volume, geography, or technologies employed. Workforce segmentation might be based on geography, skills, needs, work assignments, or job classifications.

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, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policy makers, funders, and local and professional communities.

See also the definition of “customer”.

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. Strategic advantages generally arise from either or both of two sources: (1) core competencies, which focus on 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.

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. 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, or technological changes; or financial, societal, and other risks or needs. 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” 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 or social issues, and business advantages. Strategic objectives generally are focused both externally and internally and relate to significant customer, market, product, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what an organisation must achieve to remain or become competitive and ensure long-term sustainability. Strategic objectives set an organisation’s longer-term directions and guide resource allocations and redistributions.

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, market, and operating environment. Both external and internal factors need to be considered. The specific combination of factors might include industry-wide and organisation-specific components.

Sustainability considerations might include workforce capability and capacity, resource availability, technology, knowledge, core competencies, work systems, facilities, and equipment. Sustainability might be affected by changes in the marketplace and customer preferences, changes in the financial markets, and changes in the legal and regulatory environment. In addition, sustainability has a component related to day-to-day preparedness for real-time or short-term emergencies.

In the context of the Criteria, the impact of your organisation’s products and operations on society and the contributions you make to the well-being of environmental, social, and economic systems are part of your organisation’s overall societal responsibilities. Whether and how your organisation addresses such considerations also may affect its sustainability.

Systematic

The term “systematic” refers to approaches that are well-ordered, are 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 page 26.

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 historical (not projected) 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 performance, customer and workforce 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, 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 your workforce, 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 an organisation. Values support and guide the decision making of every workforce member, helping the organisation accomplish its mission and attain its vision in an appropriate manner. Examples of values might include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and striving for 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.

Voice of the Customer

The term “voice of the customer” refers to 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, expectations, and desires. The goal is to achieve customer engagement. Listening to the voice of the customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, warranty data, and complaint data, that affect customers’ purchasing and engagement decisions.

Work Processes

The term “work processes” refers to your most important internal value creation processes. They might include product design and delivery, customer support, supply chain management, business, and support processes. They are the processes that involve the

majority of your organisation’s workforce and produce customer, stakeholder, and stockholder value.

Your key work processes frequently relate to your core competencies, to the factors that determine your success relative to competitors, and to the factors considered important for business growth by your senior leaders.

Work Systems

The term “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 and your business and support processes. Your work systems coordinate the internal work processes and the external resources necessary for you to develop, produce, and deliver your products to your customers and to succeed in your marketplace.

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, 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 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.



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.

SOCIETAL 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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