

## **The Baldrige Model: An Integrated and Aligned Systems Approach to Performance Excellence**

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Making a good association great requires a performance management system that focuses on sustainability and innovation.

As early as World War II, the American Society for Quality (ASQ) found itself at the forefront of promoting the quality knowledge being developed by some of the greatest business minds in America. The formation of the American Society of Quality Control (ASQC), as it was called in 1946, is credited with gathering and training more than 30,000 quality professionals in statistical quality control<sup>1</sup> to meet the government's adoption of quality standards for military suppliers set by Joseph Juran<sup>2</sup> and procedures for statistical process control and acceptance sampling earlier established at Western Electric's Bell Telephone Laboratories by Walter Shewart, George Edwards, Harold Dodge, Juran, and Harry Romig.<sup>3</sup>

In the 60s, quality gurus such as W. Edwards Deming, Philip Crosby, Armand V. Feigenbaum, and Juran helped the discipline of quality leapfrog the era of quality assurance and control into the era of total quality management (TQM). Feigenbaum declared that the underlying principle of total quality management is that "quality is everybody's job."<sup>4</sup> In the 1980s and 1990s, TQM developed as a catchall phrase in America for a broad spectrum of quality-focused strategies and practices. Having observed Japan's success in employing quality initiatives, American companies introduced their own to remain competitive. TQM became the center of focus for the American quality movement.

In 1988, a major step forward in quality management was made with the development of the Malcolm Baldrige Award. The integrated and aligned systems model on which the award is based represented the first clearly defined and internationally recognized TQM model. The award was developed by the U. S. Department of Commerce to encourage companies to adopt the principles and practices of TQM and improve their competitiveness. A similar model was developed by the European Foundation of Quality Management in 1992 and became the framework for the European Quality Award. Today, hundreds of quality awards based on a systems approach to performance excellence exist in most countries of the world.

As the influx of quality practitioners into corporate America grew, so did the need for training in new procedures for quality control, statistics, quality data systems, formal problem-solving approaches, measurement standards, quality audits, and the principles of total quality management. The American Society for Quality (ASQ) was there to provide the professional development and training these quality directors and managers were seeking. ASQ's reach quickly moved beyond its corporate headquarters in Milwaukee, Wisconsin, and offered the global cadre of quality professionals a worldwide forum where they could get together to share and contribute to the expanding quality body

of knowledge (QBoK)<sup>5</sup>. Today, ASQ's 100,000 members reside in 120 countries, and its numerous affiliations with other quality associations represent nearly every country across the globe.

## **Quality Management Hits Home**

In the mid-1980s, the importance of quality management was brought home to ASQ. To put it mildly, ASQ was a troubled organization. It was a \$6 million association with only \$166,000 dollars in its reserve fund. Despite the fact that membership was growing, the association was losing money. Only one out of every three phone calls was answered. It took 14 weeks to process a member application, six months to make an address change, and 120 days to close the books on the month. Staff members were burning themselves out on overtime to get the work done. Even members knew of our difficulties. Complaint letters to Paul Borawski, CAE, the newly appointed executive director, would often include some version of the phrase "one would think ASQ would be a quality organization." ASQ had to dramatically change the way it was managed.

Two decades later, ASQ is globally recognized as one of the most successful professional associations in the world. ASQ operates with 225 employees and a \$45 million budget. Because of quality improvement initiatives, phones are answered within three rings 98.5 percent of the time, member applications are processed within 48 hours 100 percent of the time, and monthly financial statements are available within 10 days of month end. ASQ identified five drivers of member loyalty and used feedback from members to improve performance trends against each of the drivers. For example, satisfaction with products and services, a key driver, has improved eight percent since 2005.

How did ASQ achieve this remarkable turnaround? How did it successfully engage its staff in this success? How did ASQ leverage the QBoK of its members and volunteer leaders to continuously provide innovative products and services in the marketplace? Most importantly, how is ASQ currently ensuring the organizational capability and capacity to sustain this success in the future?

There is no doubt in the board's mind that ASQ's focus on improving quality enabled the enterprise to survive the 1980s and thrive in the early 1990s. The focus on quality management changed the way ASQ led the organization, organized its work systems, managed its workforce, improved its processes, and leveraged its partnerships.

Today, ASQ fully engages its governance board of volunteer leaders in setting the association's vision and participating in strategic decision making. Leadership communicates more with staff and departments, shares information, and creates opportunities for two-way exchanges of information and feedback. Staff are organized into work teams, resulting in improved communication and cooperation between individuals. Crossfunctional teams are chartered to address issues and problems involving other work units and shared processes. To support the effectiveness of teams, leaders and staff

receive training in problem-solving methodologies and tools such as Six Sigma.

Most significantly, ASQ board, leaders, and staff make decisions that are based not on intuition but on fact and analysis. ASQ leaders recognize we cannot effectively track progress on whether we are meeting our goals and member requirements without metrics. Beginning in 2000, ASQ introduced the value-driven measurement model, which identified measures of success tied to key areas of value including the customer, staff, financial, and operations. By 2004, this model evolved into the balanced scorecard (BSC) approach, which maps measures at all levels of the organization against five dimensions: customer, financial, process, learning and growth, and impact and community. Results against BSC measures are used at all levels to plan, track, analyze, and improve performance.

ASQ headed toward the next millennium with a renewed sense of what it meant to be a quality organization. ASQ had become good, but it desired to be great. Only through greatness can it truly achieve its vision to be the community of choice and champion of the quality movement.

The integrated and aligned systems approach that ASQ adopted is illustrated in the model represented by the Baldrige Business Criteria for Performance Excellence Framework<sup>6</sup> on page 11.

In the Baldrige Systems Framework, the relationship between performance management processes is as important as the processes themselves. Leadership, strategic planning, and customer and market focus represent the Leadership Triad. These categories are placed together to emphasize the importance of senior leaders' focus on strategy and customers. ASQ's governance board sets direction; senior staff leaders establish a clear bias for action through planning and seek future opportunities for the enterprise. Workforce focus, process management, and results represent the results triad. ASQ's staff and key work processes accomplish the work of ASQ that lead to target results.

Measurement, analysis, and knowledge management are critical to the effective management of the enterprise and to a fact-based, knowledge-driven system for improving performance. ASQ embraces measurement, analysis, and knowledge management as the foundation for its performance management system.

The arrow in the center links the Leadership Triad to the Results Triad, a linkage critical to enterprise success. Furthermore, the arrow indicates the central relationship or line of sight between leadership and results. The two-headed arrows in both the Leadership and Results Triads indicate the importance of feedback in an effective performance management system.

All actions point toward results—a composite of ASQ's product and service, member, stakeholder, market, financial, and internal operational performance and workforce, governance, and social responsibility outcomes.

For some, the understanding of this system view of an organization comes easy. For others, it takes time to internalize the value of a systems model for rationalizing every aspect of leading and managing the enterprise. According to Borawski, “Lacking a systems model, managing seems a random walk and a legacy of spot treating problems rather than creating an enterprise capable of achieving breakthrough results and sustainability.”

To illustrate systems thinking, Russell Ackoff, the father of systems thinking, uses the analogy of a car: “If you take the best parts from each automobile manufacturer and put them together, you wouldn’t have a car that works. It’s the fit of the parts that determine the function of the whole system.” If systems thinking is adapted for business, points out Ackoff, then it follows that the most important things managers need to know is how the parts of the enterprise interact, and how these interactions affect the performance of the whole.<sup>7</sup>

## Baldrige Criteria for Performance Excellence Framework:

### A Systems Perspective



### The First Baldrige Assessment

In 1995, ASQ conducted its first internal assessment. Conducting an assessment is similar to taking an open book exam. The Baldrige Criteria for Excellence provide a series of questions related to your organization's processes and results. An organization's responses to the questions provide the basis for the assessment. Here are two examples of Baldrige Criteria questions:

- How does your organization conduct its strategic planning?
- What are your results for key measures or indicators of accomplishment of your organizational strategy and action plans?

In the beginning, the answers to these and other Baldrige questions helped ASQ determine where we had gaps in our performance-management system and how well we were doing in deploying systematic processes to achieve the desired results. Over a decade later, the process of assessing where our processes and results stand compared to those of a highperformance organization continues to help us identify our strengths and opportunities for improvement and accelerate our progress in achieving goals.

In 1996 and 1998, ASQ called upon Baldrige experts from its member ranks and invited them to conduct an external review of ASQ against the Baldrige Criteria. There's something powerful about third-party feedback. The review brought greater clarity and affirmation to the understanding of our strengths and opportunity. From those findings, ASQ set out to improve. Not everything at once, but the few improvements that would have the greatest impact. We set out to meld our various department level processes into organization-wide key business processes. We began work on customer segmentation, which led to a complete reorganization of work systems that aligned staff and work teams to markets rather than products. We continued to build upon our measurement system and tightened alignment of individual work system and team measures to enterprise-level goals and measures. To build internal

competencies, ASQ targeted the growth of staff knowledge, skills, and capabilities needed for our future. A cross-functional learning and development team was launched and tasked with ensuring all education and professional development is aligned to the strategic direction of the enterprise.

## **Accelerating Improvement Efforts**

“The goal of applying for the Wisconsin Forward Award (WFA) is not to win an award” says Brian LeHouillier, managing director, “but to accelerate ASQ’s improvement efforts by learning more about ourselves and how to improve by measuring our efforts against others.” The WFA review provides a rigorous and objective assessment of ASQ’s maturing performance management system. The value-added benefit is that ASQ is assessed against high performance standards of management excellence among Wisconsin’s organizations. Since 2003, ASQ annually uses the WFA review process to gauge its rate of improvement.

For ASQ, the cycle of evaluation and improvement is never ending and has led to several management innovations. In 2004, ASQ deployed the Living Strategy, an innovative and dynamic approach to setting strategic direction.<sup>8</sup> Based on strategic dialogues among all stakeholders, the Living Strategy drives the development and deployment of ASQ goals and plans for the short and longer term. Adoption of the Baldrige system model focuses ASQ on the development of and sharing of staff knowledge and skills among the staff, departments, and volunteer leaders and continuous monitoring of the processes to effectively and efficiently accomplish the work of the association.

## **Getting Over the Baldrige Language Hurdle**

At first and even now as we enter our eighth cycle of assessment and new staff members are added to our assessment team, staff have difficulty understanding the language and concepts described in the Baldrige Criteria questions. A survey conducted by Booz, Allen, and Hamilton on leadership attitudes about the Baldrige National Quality Program (BNQP) found that the criteria are often perceived as “complex and difficult to grasp.”<sup>9</sup> ASQ shares that perception, but with one important caveat. One of the unexpected and value-added benefits of conducting assessments comes from the involvement of staff in the discovery process that results from understanding the key principles embodied in the Baldrige Criteria, which describe a high-performance enterprise. Once you understand what great looks like, the second step is to ask and answer the criteria questions to understand where your organization compares to high-performing organizations. The process of understanding and applying the criteria becomes a learning exercise in itself as leaders and staff members develop a shared and common language for describing the workings of ASQ’s performance-management system.



But more than learning, understanding the criteria also enable staff at all levels of the organization to more fully understand the enterprise and how their work impacts the organization. From this greater clarity emerges higher levels of staff engagement. Engagement is all about getting employees to “give it their all.” According to Development Dimensions International, staff feel more engaged when they are able to make a unique contribution and be empowered to make meaningful choices.<sup>10</sup> The assessment process helps staff understand the link between their actions and enhanced performance.

To expand our shared knowledge, each year ASQ leaders and staff attend the Quest for Excellence<sup>11</sup> to learn from recipients from all sectors what they discovered in their journey to achieve high performance. In a sense, learning and applying the Baldrige Criteria provides the delivery mechanism to become a learning organization. And because staff understands and uses the language of Baldrige, the examples of the recipients are easily understood and their fit in our efforts is obvious.

Clearly a benefit of being a quality association is the opportunity to tap into your membership for support. Since that first assessment in 1995 and even now as we begin our eighth cycle of assessment in 2008, ASQ has had the good fortune to receive Baldrige training and expert coaching from volunteer leaders and members who themselves are or have been Baldrige examiners and judges. To build internal knowledge and capability, ASQ supports the time and effort of our staff to participate in state quality award programs as examiners. Each year, five to seven staff members serve as examiners in the Wisconsin Forward Award.

The opportunity to call on the Baldrige community for help are largely out there and available to far more than those who call upon them. Forty states host quality Baldrige-style award programs ([www.networkforexcellence.org](http://www.networkforexcellence.org)), and between the national and state programs there are many opportunities for organizations to learn the criteria.

## **Organizational Maturity and Performance Model**

The outcome of each assessment informs ASQ on whether it has systematic and consistently deployed processes in its performance management system. Performance management also provides ASQ with feedback on whether its strategies, plans, and measures are sufficiently aligned and integrated to address organizational needs and strategic challenges and whether staff and processes are adequately aligned and integrated to ensure the enterprise has the capability and capacity to achieve ASQ's vision and goals in the short and long term. The evaluation of ASQ results tell ASQ not only whether performance is improving over time, but whether it is improving at a rate of change required for ASQ to remain agile against changing global, national economic, and association marketplace events.

With each cycle of assessment, ASQ leaders and staff are eager to receive the feedback and understand where the enterprise falls on the Organizational Maturity and Performance Model,<sup>12</sup> developed by Maryann Brennan and presented on page 20. The purpose of the model is to help organizations understand the progress an enterprise is making in aligning and integrating its people and processes against vision, goals, plans, and performance measures.

The Organizational Maturity and Performance model represents the maturity of an organization in relationship to alignment and integration. There are four levels of maturity, represented by the four quadrants in the model.

Organizations at low levels of maturity find their enterprise in the bottom left quadrant. These organizations lack alignment and integration of people and processes to vision, goals, plans, and measures. Goals, if they exist, are typically poorly defined and do not reflect the use of measures to plan, track, analyze, and improve performance. Processes are rarely systematic. Since the organization finds itself frequently in a reactive mode (putting out fires) and people operate in a silo mentality (little communication and sharing between work units), performance may be at risk. Two decades ago, ASQ might have placed itself somewhere within this at-risk quadrant.

Organizations that find themselves in the upper left quadrant are characterized by the alignment of people through measurable goals and plans to the vision of the organization. Performance may be good and demonstrates improvement over time. However, these organizations lack maturity in terms of integration of people and processes across units. People are clear on where the organization is headed, but don't have systematic and well-deployed processes to get them there. As stated earlier, ASQ improved communications and sharing direction with staff, deployed the use of teams to accomplish work, and expanded involvement of the governance in setting a clear direction and strategic imperatives. The improved alignment of the enterprise moved ASQ from a reactive mode to one with greater clarity of vision and significantly improved performance.

Organizations that find themselves in the bottom right quadrant consistently deploy systematic work processes that are regularly evaluated for effectiveness and improvement in collaboration with other related work



systems and processes. Efficiencies across work processes are sought and achieved through the use of process and in-process measures that track process performance. Although performance may be good and demonstrate improvement over time, these organizations lack alignment between processes and the goals and plans. In other words, there may be much hustle and bustle in work activity, but little progress is made toward achieving the vision.

Based on the findings of the Wisconsin Forward Award, ASQ has placed a strong focus on the development of systematic and integrated work processes that are consistently deployed across the enterprise and provide the capability to effectively achieve our vision and efficiently utilize our people and funding resources. Much progress has been made in this area.

The key characteristics of the high performance enterprise are the capability to leverage the power of all the attributes of alignment and integration for the purpose of achieving the vision, goals, plans, and target performance results. Those organizations that have been recognized at the national and state levels as benchmarks operate at a high level of maturity that produces leadership performance results and provides them with a strategic advantage over the competition.

Enterprises achieving this level of maturity enjoy an engaged staff that is clear on the goals of the organization and how they personally fit into the plan, key work systems, and processes designed and implemented to work in concert with other work systems and processes. Working in synergy, the people and processes ensure the capability and capacity to contribute to the achievement of the vision and goals and to the sustainability of success.

Achieving this level of maturity takes time and requires patience, discipline, and the engagement of all staff. Based on its assessment findings, ASQ is currently in the upper right quadrant, albeit not quite yet in the upper-most corner. ASQ is proud to place itself in that high performance quadrant. In 2003 and 2004, ASQ was recognized by the Wisconsin Forward Award at the Proficiency Level. In 2006, ASQ was recognized at the Mastery Level.

ASQ leaders view the upper-right quadrant as dynamic because it is subject to economic and market forces that are ever-changing. Between the 1960s and 1990s, our members were directors and managers of quality departments. Today, quality has been mainstreamed and dedicated quality positions are fewer in numbers. ASQ's Living Strategy provides the enterprise with a sense-and-respond system that builds agility into our strategic planning process to address the evolution of our target membership. In 2001, Six Sigma surfaced and was quickly adopted into corporate practice; those being trained in the techniques were not necessarily traditional quality practitioners. By sensing the environment, ASQ was able to introduce both Six Sigma Forum membership and an array of learning offerings that served this community's emerging needs. ASQ earned 22,000 members of its Six Sigma community who otherwise might have found association homes elsewhere.

## Focus on the Future: A Core Baldrige Value

In the middle of the 20th century, ASQ helped members enhance skills required to transcend the era of control toward the era of quality management. Today, we may be witness to the next shift into a new quality paradigm—the era of quality of knowledge. The sheer quantity of knowledge is expanding exponentially and is changing the world in which we live and how we access and process information. As Kevin Dooley of Arizona State University notes, “Internet customers are essentially free to behave in any number of ways without obligation to identify their needs.”<sup>13</sup> How does one meet customer internet needs if they are not easily defined? How does one control the quality of information on the internet, if the customer is the one in control? Is this shift in how a customer behaves and the reliability of information a precursor to a paradigm shift in the quality discipline?

In broad terms, what are the key forces shaping the future of quality? How might this future unfold? What are the implications? To explore these questions, ASQ relies on futuring,<sup>14</sup> which involves taking a structured approach to look ahead at the different scenarios that are playing out in the world today and the planning implications these scenarios hold for the field of quality, quality professionals, and ASQ.

The 2005 ASQ *Futures Study* concluded that the need to provide training in basic quality and management knowledge and skills will never go away, but quality professionals will need to develop new skills—skills that embrace an understanding of a system approach and how to handle the increasing complexity of business and the world. Whereas TQM relies on predictability, the Baldrige Criteria for Performance Excellence continue to evolve to reflect the dynamic environment that senior leaders and enterprises face today.<sup>15</sup>

ASQ relies on the integrated and aligned systems approach embedded in the Baldrige Criteria. It is our belief that the Baldrige Criteria ask the critical questions that help us guide and align our enterprise systems approach toward sustainable success. By using a systems approach, keeping our focus on the future, and building innovative products and services as a core competency, we are confident that ASQ is positioned to build an agile and sustainable enterprise that is prepared to help its members meet the challenges of the next paradigm shift.

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