To: U.S. Organizations

From: Harry S. Hertz, Director
Baldrige Performance Excellence Program

Subject: Why Is Baldrige Important for You Now?

Because the Baldrige Criteria for Performance Excellence are about you! Because they are about survival and sustainability in your marketplace with a high-performing, high-integrity organization. Because the Baldrige Criteria ask you all the right questions.

Is addressing all the Baldrige Criteria easy? No! But neither is achieving sustainable results in today's challenging environment. Will the Criteria help you think and act strategically? Yes. Will they help you align your processes and your resources? Yes. Will they help you engage your workforce and your customers? Yes. Are these worthwhile goals? You decide.

Whether your organization is small or large; is involved in service, manufacturing, government, or nonprofit work; and has one location or sites across the globe, the Criteria provide a valuable framework that can help you plan, perform, and measure results in an uncertain environment. The Criteria can help you decide on tools such as ISO 9000, Lean, a Balanced Scorecard, and Six Sigma.

How to begin that first Baldrige assessment? Take a few minutes and scan the questions in the Organizational Profile on pages 4-6. A discussion of the answers to these questions might be your first Baldrige assessment. For additional guidance, refer to our free booklet Your Guide to Performance Excellence.

Do you need to know what your employees and your senior leaders think? Or do you believe you have been making progress but want to accelerate or better focus your efforts? Try using our simple Are We Making Progress? and Are We Making Progress as Leaders? questionnaires. Organized by the seven Baldrige Criteria categories, they will help you check your progress on organizational goals and can improve communication among your workforce members and your leadership team.

Even if you don’t expect to receive the Baldrige Award, submitting an award application has valuable benefits. Every applicant receives a detailed feedback report based on a rigorous evaluation conducted by a panel of specially trained experts.

The Criteria are in your hands . . . so is an incredible opportunity. Why not take advantage of that opportunity? When you turn these pages, you turn the corner toward performance excellence. If you want more information, please contact me at baldrige@nist.gov.

**Need some useful tools to begin the Baldrige challenge? Try using**

- Getting Started with the Baldrige Criteria, available on our Web site at [http://www.nist.gov/baldrige/enter/self_started.cfm](http://www.nist.gov/baldrige/enter/self_started.cfm)

Besides using these resources from the Baldrige Performance Excellence Program, visit [http://www.baldrigeprogram.org/alliance](http://www.baldrigeprogram.org/alliance) to get support from Baldrige-based programs in your state or local area.
The Quest for Excellence

The 23rd and 24th Annual Quest for Excellence® Conferences

Each year, The Quest for Excellence, the official conference of the Malcolm Baldrige National Quality Award, provides a forum for Baldrige Award recipients to share their exceptional performance practices with worldwide leaders in business, education, health care, and nonprofit organizations. The 23rd Quest for Excellence will showcase the year 2010 award recipients, and the 24th Annual Quest for Excellence will feature the year 2011 award recipients.

Since 1988, executives, managers, and other leaders have come to this conference to learn how these role-model organizations have achieved performance excellence. Chief executive officers (CEOs) and other leaders from the award recipient organizations give presentations covering all seven categories of the Baldrige Criteria, their journey to performance excellence, and their lessons learned. At this three-day conference designed to maximize learning and networking opportunities, attendees will be able to interact with award recipients.

The conferences will be held April 3–6, 2011, at the Marriott Wardman Park Hotel in Washington, D.C., and April 15–18, 2012, at the same location. For further information, contact the Baldrige Program by mail: Baldrige Performance Excellence Program, NIST, Administration Building, Room A600, 100 Bureau Drive, Stop 1020, Gaithersburg, MD 20899-1020; telephone: (301) 975-2036; fax: (301) 948-3716; or e-mail: baldrige@nist.gov. For a general overview of the Baldrige Performance Excellence Program, visit the Baldrige Website: http://www.nist.gov/baldrige.

The Malcolm Baldrige National Quality Award

The President of the United States traditionally presents the award at a special ceremony in Washington, D.C. The award crystal, composed of two solid crystal prismatic forms, stands 14 inches tall. The crystal is held in a base of black anodized aluminum, with the award recipient's name engraved on the base. A 22-karat gold-plated medallion is captured in the front section of the crystal. The medallion bears the name of the award and "The Quest for Excellence" on one side and the Presidential Seal on the other.

Crystal by Steuben

The Malcolm Baldrige National Quality Award logo and the phrases "The Quest for Excellence" and "Performance Excellence" are trademarks and service marks of the National Institute of Standards and Technology.
Baldrige Criteria for Performance Excellence Framework
A Systems Perspective

Organizational Profile:
Environment, Relationships, and Strategic Situation

1 Leadership
2 Strategic Planning
3 Customer Focus
4 Measurement, Analysis, and Knowledge Management
5 Workforce Focus
6 Operations Focus
7 Results
The requirements of the Criteria for Performance Excellence are embodied in seven categories, as follows:

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

The figure on page iv provides the framework connecting and integrating the categories.

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

Organizational Profile
Your Organizational Profile (top of figure) sets the context for the way your organization operates. Your organization’s environment, key working relationships, and strategic situation—including competitive environment, strategic challenges and advantages, and performance improvement system—serve as an overarching guide for your organizational performance management system.

Performance System
The performance system is composed of the six Baldrige categories in the center of the figure that define your processes and the results you achieve.

Leadership (category 1), Strategic Planning (category 2), and Customer Focus (category 3) represent the leadership triad. These categories are placed together to emphasize the importance of a leadership focus on strategy and customers. Senior leaders set your organizational direction and seek future opportunities for your organization.

Workforce Focus (category 5), Operations Focus (category 6), and Results (category 7) represent the results triad. Your organization’s workforce and key operational processes accomplish the work of the organization that yields your overall performance results.

All actions point toward Results—a composite of product and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes.

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

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

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

Items
There are 17 process and results items, each focusing on a major requirement. Item titles and point values are given on page 3. The item format is shown on page 29.

Areas to Address
Items consist of one or more areas to address (areas). Organizations should address their responses to the specific requirements of these areas.
### Criteria for Performance Excellence—Item Listing

#### Preface: Organizational Profile
- P.1 Organizational Description
- P.2 Organizational Situation

#### Categories and Items

<table>
<thead>
<tr>
<th>Category</th>
<th>Items</th>
<th>Point Values</th>
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<tr>
<td><strong>Leadership</strong></td>
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<tr>
<td>1.1 Senior Leadership</td>
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<td>1.2 Governance and Societal Responsibilities</td>
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<td><strong>Strategic Planning</strong></td>
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<td>2.1 Strategy Development</td>
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<td>2.2 Strategy Implementation</td>
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<td><strong>Customer Focus</strong></td>
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<td>3.2 Customer Engagement</td>
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<tr>
<td><strong>Measurement, Analysis, and Knowledge Management</strong></td>
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<td>6.1 Work Systems</td>
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<td>6.2 Work Processes</td>
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<tr>
<td><strong>Results</strong></td>
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<tr>
<td>7.1 Product and Process Outcomes</td>
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<td>7.2 Customer-Focused Outcomes</td>
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<td>7.3 Workforce-Focused Outcomes</td>
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<td>80</td>
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<td>7.4 Leadership and Governance Outcomes</td>
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<td>80</td>
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<tr>
<td>7.5 Financial and Market Outcomes</td>
<td></td>
<td>80</td>
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</table>

**TOTAL POINTS**                                |                                                                      | 1,000        |

**Note:** The scoring system used with the Criteria items in a Baldrige assessment can be found on pages 66–70.
The Importance of Beginning with Your Organizational Profile

Your Organizational 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 examiners and judges in application review, including the site visit, to understand your organization and what you consider important (you will be assessed using the Criteria requirements in relation to your organization's environment, relationships, influences, and challenges, as presented in your Organizational 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 Organizational Profile can serve as your complete assessment, and you can use these topics for action planning.

Preface: Organizational Profile

The Organizational Profile is a snapshot of your organization, the key influences on how you operate, and the key challenges you face.

P.1 Organizational Description: What are your key organizational characteristics?

Describe your organization's operating environment and your key relationships with customers, suppliers, partners, and stakeholders.

Within your response, include answers to the following questions:

a. Organizational Environment
   (1) Product Offerings  What are your organization's main product offerings (see note 1 below)? What is the relative importance of each to your organizational success? What mechanisms do you use to deliver your products?
   (2) Vision and Mission  What are the distinctive characteristics of your organizational culture? What is your stated purpose, vision, values, and mission? What are your organization's core competencies and their relationship to your mission?
   (3) Workforce Profile  What is your workforce profile? What are your workforce or employee groups and segments? What are their education levels? What are the key elements that engage them in accomplishing your mission and vision? What are your organization's workforce and job diversity, organized bargaining units, key workforce benefits, and special health and safety requirements?
   (4) Assets  What are your major facilities, technologies, and equipment?
   (5) Regulatory Requirements  What is the regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; industry standards; and environmental, financial, and product regulations?

b. Organizational Relationships
   (1) Organizational Structure  What are your organizational structure and governance system? What are the reporting relationships among your governance board, senior leaders, and parent organization, as appropriate?
   (2) Customers and Stakeholders  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) Suppliers and Partners  What are your key types of suppliers, partners, and collaborators? What role do these suppliers, partners, and collaborators play in the production and delivery of your key products and customer support services? What are your key mechanisms for communicating with suppliers, partners, and collaborators? What role, if any, do these organizations play in implementing innovations in your organization? What are your key supply-chain requirements?
P.2 Organizational Situation: What is your organization’s strategic situation?

Describe your organization’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) Competitive Position  What is your competitive position? What are your relative size and growth in your industry or markets served? What are the numbers and types of competitors for your organization?

   (2) Competitiveness Changes  What are any key changes taking place that affect your competitive situation, including opportunities for innovation and collaboration, as appropriate?

   (3) Comparative Data  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, societal responsibility, and human resource STRATEGIC CHALLENGES and ADVANTAGES?

c. PERFORMANCE Improvement System

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

Notes:

N1. Strategic challenges and advantages (P.2b) might relate to technology, products, your operations, your customer support, your industry, globalization, 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 organizations, differentiators also might include your relative influence with decision makers, ratio of administrative costs to programmatic contributions, reputation for program or service delivery, and wait times for service.

N2. Performance improvement (P.2c) through learning and integration is an assessment dimension used in the scoring system to evaluate the maturity of organizational approaches and deployment (see pages 66–70). This question is intended to help you and the Baldrige examiners set an overall context for your approach to performance improvement. Approaches to performance improvement that are compatible with the systems approach provided by the Baldrige framework should be related to your organization’s needs and might include implementing a Lean Enterprise System, applying Six Sigma methodology, using ISO standards (e.g., 9000 or 14000), or employing other process improvement and innovation tools. A growing number of organizations have implemented specific processes for meeting goals in product and process innovation.

N3. Nonprofit organizations frequently are in a highly competitive environment; they often must compete with other organizations and with alternative sources for similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.

N4. For nonprofit organizations, 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 35.

Page Limit

For Baldrige Award applicants, the Organizational Profile is limited to five pages. These pages are not counted in the overall application page limit. Typing and formatting instructions for the Organizational Profile are the same as for the application. These instructions are given in the Baldrige Award Application Forms, which can be downloaded at http://www.nist.gov/baldrige/publications/Award_Application.cfm.
Leadership (120 pts.)

The Leadership category examines how your organization’s senior leaders’ personal actions guide and sustain your organization. Also examined are your organization’s governance system and how your organization fulfills its legal, ethical, and societal responsibilities and supports its key communities.

1.1 Senior Leadership: How do your senior leaders lead? (70 pts.)

Describe how senior leaders’ actions guide and sustain your organization. Describe how senior leaders communicate with your workforce and encourage high performance.

Within your response, include answers to the following questions:

a. Vision, Values, and Mission

1. Vision and Values. How do senior leaders set your organization’s vision and values? How do senior leaders deploy your organization’s vision and values through your leadership system, to the workforce, to key suppliers and partners, and to customers and other stakeholders, as appropriate? How do senior leaders’ actions reflect a commitment to the organization’s values?

2. Promoting Legal and Ethical Behavior. How do senior leaders’ actions demonstrate their commitment to legal and ethical behavior? How do they promote an organizational environment that requires it?

3. Creating a Sustainable Organization. How do senior leaders create a sustainable organization? How do senior leaders achieve the following?
   - create an environment for organizational performance improvement, the accomplishment of your mission and strategic objectives, innovation, performance leadership, and organizational agility
   - create a workforce culture that delivers a consistently positive customer experience and fosters customer engagement
   - create an environment for organizational learning
   - develop and enhance their leadership skills
   - participate in organizational learning, succession planning, and the development of future organizational leaders

b. Communication and Organizational Performance

1. Communication. How do senior leaders communicate with and engage the entire workforce? How do senior leaders achieve the following?
   - encourage frank, two-way communication throughout the organization
   - communicate key decisions
   - take an active role in reward and recognition programs to reinforce high performance and a customer and business focus

2. Focus on Action. How do senior leaders create a focus on action to accomplish the organization’s objectives, improve performance, and attain its vision? How do senior leaders identify needed actions? How do senior leaders include a focus on creating and balancing value for customers and other stakeholders in their organizational performance expectations?

Notes:

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

N2. A sustainable organization (1.1a[3]) is capable of addressing current business needs and possesses the agility and strategic management to prepare successfully for its future business, market, and operating environment. Both external and internal factors are considered. In this context, the concept of innovation includes both technological and organizational innovation to help the organization succeed in the future.

A sustainable organization also ensures a safe and secure environment for the workforce and other key stakeholders. An organization’s contributions to environmental, social, and economic systems beyond those of its workforce and immediate stakeholders are considered in its societal responsibilities (item 1.2).

N3. A focus on action (1.1b[2]) considers the strategy, the workforce, the work system, and the assets of your organization. It includes taking intelligent risks and implementing innovations and ongoing improvements in productivity that
may be achieved through eliminating waste or reducing cycle time; it might use techniques such as Six Sigma and Lean. It also includes the actions to accomplish your organization’s strategic objectives (see 2.2a[1]).

N4. Your organizational performance results should be reported in items 7.1–7.5.

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

For additional description of this item, see pages 35–36.

1.2 Governance and Societal Responsibilities: How do you govern and fulfill your societal responsibilities? (50 pts.)

Describe your organization’s GOVERNANCE system and APPROACH to leadership improvement. Describe how your organization ensures legal and ETHICAL BEHAVIOR, fulfills its societal responsibilities, and supports its KEY communities.

Within your response, include answers to the following questions:

a. Organizational Governance
   (1) Governance System How does your organization review and achieve the following key aspects of your governance system?
   - accountability for the management’s actions
   - fiscal accountability
   - transparency in operations and selection of and disclosure policies for governance board members, as appropriate
   - independence in internal and external audits
   - protection of stakeholder and stockholder interests, as appropriate

   (2) Performance Evaluation How do you evaluate the performance of your senior leaders, including the chief executive? How do you use these performance evaluations in determining executive compensation? How do you evaluate the performance of members of your governance board, as appropriate? How do senior leaders and your governance board use these performance reviews to advance their development and improve both their personal leadership effectiveness and that of your board and leadership system, as appropriate?

b. Legal and Ethical Behavior
   (1) Legal and Regulatory Behavior How do you address any adverse impacts on society of your products and operations? How do you anticipate public concerns with current and future products and operations? How do you prepare for these impacts and concerns in a proactive manner, including conserving natural resources and using effective supply-chain management processes, as appropriate? What are your key compliance processes, measures, and goals for achieving and surpassing regulatory and legal requirements, as appropriate? What are your key processes, measures, and goals for addressing risks associated with your products and operations?

   (2) Ethical Behavior How does your organization promote and ensure ethical behavior in all interactions? What are your key processes and measures or indicators for enabling and monitoring ethical behavior in your governance structure, throughout your organization, and in interactions with customers, partners, suppliers, and other stakeholders? How do you monitor and respond to breaches of ethical behavior?

c. Societal Responsibilities and Support of Key Communities
   (1) Societal Well-Being How do you consider societal well-being and benefit as part of your strategy and daily operations? How do you contribute to the well-being of your environmental, social, and economic systems?

   (2) Community Support How does your organization actively support and strengthen your key communities? What are your key communities? How do you identify these communities and determine areas for organizational involvement, including areas related to your core competencies? How do your senior leaders, in concert with your workforce, contribute to improving these communities?
2 Strategic Planning (85 pts.)

The Strategic Planning category examines how your organization develops strategic objectives and action plans. Also examined are how your chosen strategic objectives and action plans are implemented and changed if circumstances require, and how progress is measured.

2.1 Strategy Development: How do you develop your strategy? (40 pts.)

Describe how your organization establishes its strategy to address its strategic challenges and leverage its strategic advantages. Summarize your organization’s key strategic objectives and their related goals.

Within your response, include answers to the following questions:

a. Strategy Development Process

(1) Strategic Planning Process How does your organization conduct its strategic planning? What are the key process steps? Who are the key participants? How does your process identify potential blind spots? How do you determine your core competencies, strategic challenges, and strategic advantages (identified in your Organizational Profile)? What are your short- and longer-term planning time horizons? How are these time horizons set? How does your strategic planning process address these time horizons?

(2) Strategy Considerations How do you ensure that strategic planning addresses the key elements listed below? How do you collect and analyze relevant data and information pertaining to these factors as part of your strategic planning process?

- your organization’s strengths, weaknesses, opportunities, and threats
- early indications of major shifts in technology, markets, products, customer preferences, competition, the economy, and the regulatory environment
- long-term organizational sustainability, including needed core competencies, and projections of your future performance and your competitors’ or comparable organizations’ future performance
- your ability to execute the strategic plan

b. Strategic Objectives

(1) Key Strategic Objectives What are your key strategic objectives and your timetable for accomplishing them? What are your most important goals for these strategic objectives?

(2) Strategic Objective Considerations How do your strategic objectives achieve the following?

- address your strategic challenges and strategic advantages
- address your opportunities for innovation in products, operations, and your business model
- capitalize on your current core competencies and address the potential need for new core competencies
- balance short- and longer-term challenges and opportunities
- consider and balance the needs of all key stakeholders
- enhance your ability to adapt to sudden shifts in your market conditions

Notes:

N1. "Strategy development” refers to your organization’s approach to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, knowledge (see 4.2a for relevant organizational knowledge), or other approaches to envisioning the future for purposes of decision making and resource allocation. Strategy development might involve participation by key suppliers, distributors, partners, and customers. For some nonprofit organizations, strategy development might involve participation by organizations providing similar services or drawing from the same donor population or volunteer workforce.

N2. The term “strategy” should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products; redefinition of key customer groups or market segments; intelligent risks; new core competencies; revenue growth via various approaches, including acquisitions, grants, and endowments; divestitures; new partnerships and alliances; and new employee or volunteer relationships. Strategy might be directed toward becoming a preferred supplier, a local supplier in each of your major customers’, partners’ markets, a low-cost producer, a market innovator, or a provider of a high-end or customized product or service. It also might be directed toward meeting a community or public need.

N3. Your organization’s strengths, weaknesses, opportunities, and threats (2.1a[2]) should address all factors that are key to your organization’s future success, including the following, as appropriate: your customer and market requirements, expectations, and opportunities; your opportunities for innovation and role-model performance; your core competencies; your
2.2 Strategy Implementation: How do you implement your strategy? (45 pts.)

Describe how your organization converts its strategic objectives into action plans. Summarize your organization’s action plans, how they are deployed, and key action plan performance measures or indicators. Project your organization’s future performance relative to key comparisons on these performance measures or indicators.

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment
   (1) Action Plan Development How do you develop your action plans? What are your key short- and longer-term action plans and their relationship to your strategic objectives? What are the key planned changes, if any, in your products, customers and markets, your suppliers and partners, and how will you operate?

   (2) Action Plan Implementation How do you deploy action plans throughout the organization to your workforce and key suppliers and partners, as appropriate, to achieve your key strategic objectives? How do you ensure that the key outcomes of your action plans can be sustained?

   (3) Resource Allocation How do you ensure that the financial and other resources are available to support the accomplishment of your action plans, while meeting current obligations? How do you allocate these resources to support the accomplishment of the plans? How do you manage the financial and other risks associated with the plans to ensure the financial viability of your organization?

   (4) Workforce Plans What are your key human resource or workforce plans to accomplish your short- and longer-term strategic objectives and action plans? How do the plans address potential impacts on your workforce members and any potential changes to workforce capability and capacity needs?

   (5) Performance Measures What are your key performance measures or indicators for tracking the achievement and effectiveness of your action plans? How do you ensure that your overall action plan measurement system reinforces organizational alignment? How do you ensure that the measurement system covers all key deployment areas and stakeholders?

   (6) Action Plan Modification How do you establish and implement modified action plans if circumstances require a shift in plans and rapid execution of new plans?

b. Performance Projections

For the key performance measures or indicators identified in 2.2a(5), what are your performance projections for both your short- and longer-term planning time horizons? How does your projected performance on these measures or indicators compare with the projected performance of your competitors or comparable organizations? How does it compare with key benchmarks, goals, and past performance, as appropriate? If there are current or projected gaps in performance against your competitors or comparable organizations, how will you address them?
3 Customer Focus (85 pts.)

The **Customer Focus** category examines how your organization engages its customers for long-term marketplace success. This ENGAGEMENT strategy includes how your organization listens to the **voice of its customers**, builds customer relationships, and uses customer information to improve and identify opportunities for innovation.

3.1 Voice of the Customer: How do you obtain information from your customers? (45 pts.)

Describe how your organization listens to your customers and gains satisfaction and dissatisfaction information.

Within your response, include answers to the following questions:

a. **Customer Listening**
   1. **Listening to Current Customers**
      How do you listen to customers to obtain actionable information? How do your listening methods vary for different customers, customer groups, or market segments? How do you use social media and Web-based technologies to listen to customers, as appropriate? How do your listening methods vary across the customer life cycle? How do you follow up with customers on the quality of products, customer support, and transactions to receive immediate and actionable feedback?
   2. **Listening to Potential Customers**
      How do you listen to former customers, potential customers, and customers of competitors to obtain actionable information and to obtain feedback on your products, customer support, and transactions, as appropriate?

b. **Determination of Customer Satisfaction and Engagement**
   1. **Satisfaction and Engagement**
      How do you determine customer satisfaction and engagement? How do these determination methods differ among customer groups and market segments, as appropriate? How do your measurements capture actionable information for use in exceeding your customers’ expectations and securing your customers’ engagement?
   2. **Satisfaction Relative to Competitors**
      How do you obtain information on your customers’ satisfaction relative to their satisfaction with your competitors? How do you obtain information on your customers’ satisfaction relative to the satisfaction levels of customers of other organizations providing similar products or to industry benchmarks, as appropriate?
   3. **Dissatisfaction**
      How do you determine customer dissatisfaction? How do your measurements capture actionable information for use in meeting your customers’ requirements and exceeding their expectations in the future?

**Notes:**

N1. The “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, blog comments and other social media data, warranty data, marketing and sales information, and complaint data that affect customers’ purchasing and engagement decisions.

N2. Use of social media and Web-based technologies to listen to customers provides a new mode of gathering insight into customer perceptions of all aspects of your involvement with them. Use of social media may include blogs moderated by your organization and unsolicited opportunities to learn based on social media outlets your organization does not control, such as wikis, online forums, and blogs not moderated by your organization.

N3. The customer life cycle (3.1a[1]) begins in the product concept or pre-sale period and should include all stages of your involvement with the customer. This might include relationship building, the active business relationship, and an exit strategy, as appropriate.

N4. Determining customer satisfaction and dissatisfaction (3.1b) might include the use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, field reports, win/loss analysis, customer referral rates, and transaction completion rates. Information might be gathered on the Web, through personal contact or a third party, or by mail. Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. Dissatisfaction should be independently
determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

N5. Determining relative customer satisfaction (3.1b[2]) may involve comparisons with competitors, comparisons with other organizations that deliver similar products in a noncompetitive marketplace, or comparisons achieved through trade or other organizations. Determining relative customer satisfaction also may involve determining why customers chose your competitors over you.

N6. For additional considerations on products and the business of nonprofit organizations, see item P.1, note 1, and item P.2, note 4.

For additional description of this item, see pages 39–40.

3.2 Customer Engagement: How do you engage customers to serve their needs and build relationships? (40 pts.)

Describe how your organization determines product offerings and communication mechanisms to support customers. Describe how your organization builds customer relationships.

Within your response, include answers to the following questions:

a. Product Offerings and Customer Support

(1) Product Offerings  How do you identify customer and market requirements for product offerings and services? How do you identify and innovate product offerings to meet the requirements and exceed the expectations of your customer groups and market segments? How do you identify and innovate product offerings to enter new markets, attract new customers, and to provide opportunities for expanding relationships with existing customers, as appropriate?

(2) Customer Support  How do you enable customers to seek information and customer support? How do you enable them to conduct their business with you and provide feedback on your products and your customer support? What are your key means of customer support, including your key communication mechanisms? How do they vary for different customers, customer groups, or market segments? How do you determine your customers' key support requirements? How do you ensure that customer support requirements are deployed to all people and processes involved in customer support?

(3) Customer Segmentation  How do you use customer, market, and product offering information to identify current and anticipate future customer groups and market segments? How do you consider customers of competitors and other potential customers and markets in this segmentation? How do you determine which customers, customer groups, and market segments to pursue for current and future products?

(4) Customer Data Use  How do you use customer, market, and product offering information to improve marketing, build a more customer-focused culture, and identify opportunities for innovation?

b. Building Customer Relationships

(1) Relationship Management  How do you market, build, and manage relationships with customers to achieve the following?

• acquire customers and build market share
• retain customers, meet their requirements, and exceed their expectations in each stage of the customer life cycle
• increase their engagement with you

(2) Complaint Management  How do you manage customer complaints? How does your customer complaint management process ensure that complaints are resolved promptly and effectively? How does your customer complaint management process enable you to recover your customers' confidence and enhance their satisfaction and engagement?
4 Measurement, Analysis, and Knowledge Management (90 pts.)

The Measurement, Analysis, and Knowledge Management category examines how your organization selects, gathers, analyzes, manages, and improves its data, information, and knowledge assets and how it manages its information technology. The category also examines how your organization uses review findings to improve its performance.

4.1 Measurement, Analysis, and Improvement of Organizational Performance: How do you measure, analyze, and then improve organizational performance? (45 pts.)

Describe how your organization measures, analyzes, reviews, and improves its performance through the use of data and information at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

a. Performance Measurement

(1) Performance Measures: How do you select, collect, align, and integrate data and information for tracking daily operations and overall organizational performance, including progress relative to strategic objectives and action plans? What are your key organizational performance measures, including key short-term and longer-term financial measures? How frequently do you track these measures? How do you use these data and information to support organizational decision making and innovation?

(2) Comparative Data: How do you select and ensure the effective use of key comparative data and information to support operational and strategic decision making and innovation?

(3) Customer Data: How do you select and ensure the effective use of voice-of-the-customer data and information (including complaints) to support operational and strategic decision making and innovation?

(4) Measurement Agility: How do you ensure that your performance measurement system is able to respond to rapid or unexpected organizational or external changes?

b. Performance Analysis and Review

How do you review organizational performance and capabilities? How do you use your key organizational performance measures in these reviews? What analyses do you perform to support these reviews and ensure that conclusions are valid? How do you use these reviews to assess organizational success, competitive performance, financial health, and progress relative to strategic objectives and action plans? How do you use these reviews to assess your organization’s ability to respond rapidly to changing organizational needs and challenges in your operating environment?

c. Performance Improvement

(1) Best-Practice Sharing: How do you use performance review findings to share lessons learned and best practices across organizational units and work processes?

(2) Future Performance: How do you use performance review findings and key comparative and competitive data to project future performance?

(3) Continuous Improvement and Innovation: How do you use organizational performance review findings to develop priorities for continuous improvement and opportunities for innovation? How are these priorities and opportunities deployed to work group and functional-level operations throughout your organization? When appropriate, how are the priorities and opportunities deployed to your suppliers, partners, and collaborators to ensure organizational alignment?

Notes:

N1. Performance measurement (4.1a) is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, and organizational levels.

N2. Comparative data and information (4.1a[2]) are obtained by benchmarking and by seeking competitive comparisons.

"Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organization’s industry. Competitive comparisons relate your organization’s performance to that of competitors and other organizations providing similar products and services.
N3. Organizational performance reviews (4.1b) should be informed by organizational performance measurement and by performance measures reported throughout your Criteria item responses, and they should be guided by the strategic objectives and action plans described in items 2.1 and 2.2. The reviews also might be informed by internal or external Baldrige assessments.

N4. Performance analysis (4.1b) includes examining performance trends, organizational, industry, and technology projections, and comparisons, cause-effect relationships, and correlations. Performance analysis should support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, such analysis draws on all types of data: customer-related, financial and market, operational, and competitive.

N5. The results of organizational performance analysis and review should contribute to your organizational strategic planning in category 2.

N6. Your organizational performance results should be reported in items 7.1–7.5.

For additional description of this item, see pages 40–42.

4.2 Management of Information, Knowledge, and Information Technology: How do you manage your information, organizational knowledge, and information technology? (45 pts.)

Process

Describe how your organization builds and manages its knowledge assets. Describe how your organization ensures the quality and availability of needed data, information, software, and hardware for your workforce, suppliers, partners, collaborators, and customers.

Within your response, include answers to the following questions:

a. Data, Information, and Knowledge Management
   (1) Properties How do you manage your organizational data, information, and knowledge to ensure the following properties?
      • accuracy
      • integrity and reliability
      • timeliness
      • security and confidentiality
   (2) Data and Information Availability How do you make needed data and information available to your workforce, suppliers, partners, collaborators, and customers, as appropriate?
   (3) Knowledge Management How do you manage organizational knowledge to accomplish the following?
      • the collection and transfer of workforce knowledge
      • the transfer of relevant knowledge from and to customers, suppliers, partners, and collaborators
      • the rapid identification, sharing, and implementation of best practices
      • the assembly and transfer of relevant knowledge for use in your innovation and strategic planning processes

b. Management of Information Resources and Technology
   (1) Hardware and Software Properties How do you ensure that hardware and software are reliable, secure, and user-friendly?
   (2) Emergency Availability In the event of an emergency, how do you ensure the continued availability of hardware and software systems and the continued availability of data and information to effectively serve customers and business needs?

Note:

N1. Data and information access (4.2a[2]) might be via electronic or other means.

For additional description of this item, see pages 42–43.
5 Workforce Focus (85 pts.)

The Workforce Focus category examines your ability to assess workforce capability and capacity needs and build a workforce environment conducive to high performance. The category also examines how your organization engages, manages, and develops your workforce to utilize its full potential in alignment with your organization’s overall mission, strategy, and action plans.

5.1 Workforce Environment: How do you build an effective and supportive workforce environment? (40 pts.)

Describe how your organization manages workforce capability and capacity to accomplish the work of the organization. Describe how your organization maintains a safe, secure, and supportive work climate.

Within your response, include answers to the following questions:

a. Workforce Capability and Capacity

(1) Capability and Capacity: How do you assess your workforce capability and capacity needs, including skills, competencies, and staffing levels?

(2) New Workforce Members: How do you recruit, hire, place, and retain new members of your workforce? How do you ensure that your workforce represents the diverse ideas, cultures, and thinking of your hiring and customer community?

(3) Work Accomplishment: How do you organize and manage your workforce to achieve the following?

- accomplish the work of your organization
- capitalize on the organization’s core competencies
- reinforce a customer and business focus
- exceed performance expectations
- address your strategic challenges and action plans

(4) Workforce Change Management: How do you prepare your workforce for changing capability and capacity needs? How do you manage your workforce, its needs, and your needs to ensure continuity, prevent workforce reductions, and minimize the impact of workforce reductions, if they do become necessary? How do you prepare for and manage periods of workforce growth?

b. Workforce Climate

(1) Workplace Environment: How do you address workplace environmental factors, including accessibility, to ensure and improve workforce health, safety, and security? What are your performance measures and improvement goals for each of these workforce needs? What are any significant differences in these factors and performance measures or targets for different workplace environments?

(2) Workforce Policies and Benefits: How do you support your workforce via policies, services, and benefits? How are these tailored to the needs of a diverse workforce and different workforce groups and segments?

Notes:

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

N2. “Workforce capability” (5.1a) refers to your organization’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; innovate and transition to new technologies; develop new products, services, and work processes; and meet changing business, market, and regulatory demands.

“Workforce capacity” (5.1a) refers to your organization’s ability to ensure sufficient staffing levels to accomplish its work processes and successfully deliver its products to your customers, including the ability to meet seasonal or varying demand levels.

N3. Workforce capability and capacity should consider not only current needs but also future requirements based on your strategic objectives and action plans reported in category 2.
N4. 5.1a(2) addresses only new workforce members. The retention of existing workforce members is considered in item 5.2, Workforce Engagement.

N5. Preparing your workforce for changing capability and capacity needs (5.1a[4]) might include training, education, frequent communication, considerations of workforce employment and employability, career counseling, and outplacement and other services.

For additional description of this item, see page 43.

5.2 Workforce Engagement: How do you engage your workforce to achieve organizational and personal success? (45 pts.)

Describe how your organization engages, compensates, and rewards your WORKFORCE to achieve HIGH PERFORMANCE.

Describe how you assess WORKFORCE ENGAGEMENT and use the results to achieve higher PERFORMANCE. Describe how members of your WORKFORCE, including leaders, are developed to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. **Workforce Performance**
   - **Elements of Engagement** How do you determine the key elements that affect WORKFORCE ENGAGEMENT? How do you determine the key elements that affect WORKFORCE satisfaction? How are these elements determined for different WORKFORCE groups and segments?
   - **Organizational Culture** How do you foster an organizational culture that is characterized by open communication, high-performance work, and an engaged workforce? How do you ensure that your organizational culture benefits from the diverse ideas, cultures, and thinking of your WORKFORCE?
   - **Performance Management** How does your WORKFORCE PERFORMANCE management system achieve the following?
     - support high-performance work and workforce engagement
     - consider workforce compensation, reward, recognition, and incentive practices
     - reinforce a customer and business focus and achievement of your ACTION PLANS

b. **Assessment of Workforce Engagement**
   - **Assessment of Engagement** How do you assess WORKFORCE ENGAGEMENT? What formal and informal assessment methods and measures do you use to determine workforce engagement and workforce satisfaction? How do these methods and measures differ across workforce groups and segments? How do you use other indicators, such as workforce retention, absenteeism, grievances, safety, and productivity, to assess and improve workforce engagement?
   - **Correlation with Business Results** How do you relate your workforce engagement assessment findings to key business results reported in category 7 to identify opportunities for improvement in both workforce engagement and business results?

c. **Workforce and Leader Development**
   - **Learning and Development System** How does your learning and development system address the following factors for your workforce members and leaders?
     - your organization's core competencies, strategic challenges, and accomplishment of its action plans, both short-term and long-term
     - organizational performance improvement and innovation
     - ethics and ethical business practices
     - customer focus
     - their learning and development needs, including those that are self-identified and those identified by supervisors, managers, and senior leaders
     - the transfer of knowledge from departing or retiring workforce members
     - the reinforcement of new knowledge and skills on the job
   - **Learning and Development Effectiveness** How do you evaluate the effectiveness and efficiency of your learning and development system?
   - **Career Progression** How do you manage effective career progression for your entire workforce? How do you accomplish effective succession planning for management and leadership positions?
6 Operations Focus (85 pts.)

The Operations Focus category examines how your organization designs, manages, and improves its work systems and work processes to deliver customer value and achieve organizational success and sustainability. Also examined is your readiness for emergencies.

6.1 Work Systems: How do you design, manage, and improve your work systems? (45 pts.)

Describe how your organization designs, manages, and improves its work systems to deliver customer value, prepare for potential emergencies, and achieve organizational success and sustainability.

Within your response, include answers to the following questions:

a. Work System Design
(1) Design Concepts How do you design and innovate your overall work systems? How do you capitalize on your core competencies? How do you decide which processes within your overall work systems will be internal to your organization (your key work processes) and which will use external resources?

(2) Work System Requirements How do you determine key work system requirements, incorporating input from customers, suppliers, partners, and collaborators, as appropriate? What are the key requirements for these work systems?

b. Work System Management
(1) Work System Implementation What are your organization’s work systems? How do you manage and improve your work systems to deliver customer value and achieve organizational success and sustainability?

(2) Cost Control How do you control the overall costs of your work systems? How do you prevent defects, service errors, and rework and minimize warranty costs or customers’ productivity losses, as appropriate? How do you minimize the costs of inspections, tests, and process or performance audits, as appropriate?

c. Emergency Readiness
How do you ensure work system and workplace preparedness for disasters or emergencies? How does your disaster and emergency preparedness system consider prevention, management, continuity of operations, and recovery?

Notes:

N1. “Work systems” refers to how the work of your organization 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 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.

N2. Disasters and emergencies (6.1c) might be weather-related, utility-related, security-related, or due to a local or national emergency, including potential pandemics. Emergency considerations related to information technology should be addressed in item 4.2.

For additional description of this item, see page 45.

To get the process exactly right is going to be cheaper and is going to be better.

—Bob Galvin, chairman of 1988 Baldrige Award recipient Motorola
6.2 Work Processes: How do you design, manage, and improve your key work processes? (40 pts.)

Describe how your organization designs, manages, and improves its key work processes to deliver customer value and achieve organizational success and sustainability.

Within your response, include answers to the following questions:

a. Work Process Design
   (1) **Design Concepts** How do you design and innovate your work processes to meet all the key requirements? How do you incorporate new technology, organizational knowledge, product excellence, and the potential need for agility into these processes? How do you incorporate cycle time, productivity, cost control, and other efficiency and effectiveness factors into these processes?

   (2) **Work Process Requirements** How do you determine key work process requirements? What are your organization's key work processes? What are the key requirements for these work processes?

b. Work Process Management
   (1) **Key Work Process Implementation** How do your key work processes relate to your work systems? How does your day-to-day operation of these processes ensure that they meet key process requirements? What are your key performance measures or indicators and in-process measures for the control and improvement of your work processes?

   (2) **Supply-Chain Management** How do you manage your supply chain? How do you ensure that suppliers you select are qualified and positioned to enhance your performance and customer satisfaction? How do you evaluate supplier performance? How do you deal with poorly performing suppliers?

   (3) **Process Improvement** How do you improve your work processes to achieve better performance, reduce variability, and improve products?

Notes:

N1. Your key work processes (6.2a[2]) 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 those that involve the majority of your organization's workforce members and produce customer, stakeholder, and stockholder value. "Projects" are unique work processes intended to produce an outcome and then go out of existence. Project management also may be applied to a work system challenge or opportunity.

N2. To improve process performance (6.2b[3]) and reduce variability, your organization might implement approaches such as a Lean Enterprise System, the Six Sigma methodology, ISO quality system standards, the Plan-Do-Check-Act methodology, or other process improvement tools. These approaches might be part of your performance improvement system described in response to P.2c in the Organizational Profile.

N3. The results of improvements in product and process performance should be reported in item 7.1.

For additional description of this item, see pages 45–46.

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The economic environment is difficult for Cargill Corn Milling, as it is difficult for many manufacturing companies today. But . . . by utilizing the processes and tools that we've learned from Baldridge, we're able to not only meet these challenges but actually excel in them.

—Alan Willets, president of  
2008 Baldridge Award recipient Cargill Corn Milling
Results (450 pts.)

The **Results** category examines your organization’s performance and improvement in all key areas—product and process outcomes, customer-focused outcomes, workforce-focused outcomes, leadership and governance outcomes, and financial and market outcomes. Performance levels are examined relative to those of competitors and other organizations with similar product offerings.

7.1 Product and Process Outcomes: What are your product performance and process effectiveness results? (120 pts.)

Summarize your organization’s key product performance and process effectiveness and efficiency results. Include processes that directly serve customers, strategy, and operations. Segment your results by product offerings, by customer groups and market segments, and by process types and locations, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. **Customer-Focused Product and Process Results**
   - What are your current levels and trends in key measures or indicators of product and process performance that are important to and directly serve your customers? How do these results compare with the performance of your competitors and other organizations with similar offerings?

b. **Operational Process Effectiveness Results**
   - (1) **Operational Effectiveness**
     - What are your current levels and trends in key measures or indicators of the operational performance of your key work systems and processes, including productivity, cycle time, and other appropriate measures of process effectiveness, efficiency, and innovation?
   - (2) **Emergency Preparedness**
     - What are your current levels and trends in key measures or indicators of the effectiveness of your work system and workplace preparedness for disasters or emergencies?

c. **Strategy Implementation Results**
   - What are your results for key measures or indicators of the accomplishment of your organizational strategy and action plans, including building and strengthening core competencies?

Notes:

N1. Results reported in item 7.1 should provide key information for analysis and review of your organizational performance (item 4.1); demonstrate use of organizational knowledge (item 4.2); and provide the operational basis for customer-focused outcomes (item 7.2) and financial and market outcomes (item 7.5).

N2. Product and process results reported in 7.1a should relate to the key customer requirements and expectations identified in P.1b(2), based on information gathered in items 3.1 and 3.2. The measures or indicators should address factors that affect customer preference, such as those included in item P.1, note 5, and item 3.2, note 2.

N3. Results reported in 7.1b should address your key operational requirements as presented in the Organizational Profile and in items 6.1 and 6.2.

N4. Appropriate measures and indicators of operational process effectiveness (7.1b) might include audit, just-in-time delivery, and acceptance results for externally provided products, services, and processes; supplier and partner performance; product, service, and work system innovation rates and results; simplification of internal jobs and job classifications; work layout improvements; changes in supervisory ratios; response times for emergency drills or exercises; and results for work relocation or contingency exercises.

N5. Measures or indicators of strategy and action plan accomplishment (7.1c) should address your strategic objectives and goals identified in 2.1b(1) and your action plan performance measures and projected performance identified in 2.2a(5) and 2.2b, respectively.

N6. For some nonprofit organizations, product or service performance measures might be mandated by your funding sources. These measures should be identified and reported in your response to this item.

For additional description of this item, see pages 46–47.
7.2 Customer-Focused Outcomes: What are your customer-focused performance results? (90 pts.)

Summarize your organization’s key customer-focused results for customer satisfaction, dissatisfaction, and engagement. Segment your results by product offerings, customer groups, and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Customer-Focused Results
   (1) Customer Satisfaction: What are your current levels and trends in key measures or indicators of customer satisfaction and dissatisfaction? How do these results compare with the customer satisfaction levels of your competitors and other organizations providing similar products?
   (2) Customer Engagement: What are your current levels and trends in key measures or indicators of customer engagement, including relationship building? How do these results compare over the course of your customer life cycle, as appropriate?

Notes:

N1. Customer satisfaction, dissatisfaction, engagement, and relationship-building results reported in this item should relate to the customer groups and market segments discussed in P.1b(2) and category 3 and to the listening and determination methods and data described in item 3.1.

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

For additional description of this item, see pages 47–48.

7.3 Workforce-Focused Outcomes: What are your workforce-focused performance results? (80 pts.)

Summarize your organization’s key workforce-focused results for your workforce environment and for workforce engagement. Segment your results to address the diversity of your workforce and to address your workforce groups and segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Workforce Results
   (1) Workforce Capability and Capacity: What are your current levels and trends in key measures of workforce capability and capacity, including staffing levels and appropriate skills?
   (2) Workforce Climate: What are your current levels and trends in key measures or indicators of your workforce climate, including workforce health, safety, and security and workforce services and benefits, as appropriate?
   (3) Workforce Engagement: What are your current levels and trends in key measures or indicators of workforce engagement and workforce satisfaction?
   (4) Workforce Development: What are your current levels and trends in key measures or indicators of workforce and leader development?

Notes:

N1. Results reported in this item should relate to processes described in category 5. Your results should be responsive to key work process needs described in category 6 and to your organization’s action plans and human resource or workforce plans described in item 2.2.

N2. Responses to 7.3a(3) should include measures and indicators identified in response to 5.2b(1).

N3. Nonprofit organizations that rely on volunteers should include results for their volunteer workforce, as appropriate.

For additional description of this item, see page 48.
7.4 Leadership and Governance Outcomes: What are your senior leadership and governance results? (80 pts.)

Summarize your organization’s key senior leadership and governance results, including those for fiscal accountability, legal compliance, ethical behavior, societal responsibility, and support of key communities. Segment your results by organizational units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Leadership, Governance, and Societal Responsibility Results

(1) Leadership What are your results for key measures of indicators of senior leaders’ communication and engagement with the workforce to deploy vision and values, encourage two-way communication, and create a focus on action?

(2) Governance What are your key current findings and trends in key measures or indicators of governance and fiscal accountability, internal and external, as appropriate?

(3) Law and Regulation What are your results for key measures of indicators of achieving and surpassing regulatory and legal requirements?

(4) Ethics What are your results for key measures of indicators of ethical behavior and stakeholder trust in your organization’s senior leaders and governance? What are your results for key measures of indicators of breaches of ethical behavior?

(5) Society What are your results for key measures or indicators of your organization’s fulfillment of its societal responsibilities and your organization’s support of its key communities?

Notes:

N1. Responses to 7.4a(1) should address communication processes identified in item 1.1.

N2. Responses to 7.4a(2) might include financial statement issues and risks, important internal and external auditor recommendations, and the management’s responses to these matters. For some nonprofit organizations, results of IRS 990 audits also might be included.

N3. Regulatory and legal results (7.4a[3]) should address requirements described in 1.2b. Workforce-related occupational health and safety results (e.g., Occupational Safety and Health Administration [OSHA] reportable incidents) should be reported in 7.3a(2).

N4. For examples of measures of ethical behavior and stakeholder trust (7.4a[4]), see item 1.2, note 4.

N5. Responses to 7.4a(5) should address your organization’s societal responsibilities described in 1.2b(1) and 1.2c(1), as well as support of the key communities described in 1.2c(2). Measures of contributions to societal well-being might include reduced energy consumption; the use of renewable energy resources; recycled water, and alternative approaches to conserving resources (e.g., increased audio and video conferencing); and the global use of enlightened labor practices.

For additional description of this item, see page 48.

One of the big things about process is you measure everything and you find you’re not quite as good as what you thought you were. But more importantly, you find out specifically the areas you need to improve.

—Edward Schultz, chairman and CEO of 1996 Baldrige Award recipient Dana Commercial Credit Corporation
7.5 Financial and Market Outcomes: What are your financial and marketplace performance results? (80 pts.)

Summarize your organization's key financial and marketplace performance results by market segments or customer groups, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial and Market Results
   (1) Financial Performance. What are your current levels and trends in key measures or indicators of financial performance, including aggregate measures of financial return, financial viability, or budgetary performance, as appropriate?

   (2) Marketplace Performance. What are your current levels and trends in key measures or indicators of marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate?

Notes:

N1. Responses to 7.5a(1) should include aggregate measures of financial return, such as return on investment (ROI), operating margins, profitability, or profitability by market segment or customer group. Responses also should include measures of financial viability, such as liquidity, debt-to-equity ratio, days cash on hand, asset utilization, and cash flow. Measures should relate to the financial measures reported in 4.1a(1) and the financial management approaches described in item 2.2. For nonprofit organizations, additional measures might include performance to budget, reserve funds, cost avoidance or savings, administrative expenditures as a percentage of budget, and the cost of fundraising versus funds raised.

N2. For nonprofit organizations, responses to 7.5a(2) might include measures of charitable donations or grants and the number of new programs or services offered.

For additional description of this item, see page 48.

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If you want sustainability in an organization, and you want to go from "great" to "really, really great," you've got to have some kind of a model...and Baldridge is that model...MidwayUSA has benefited tremendously from the Baldridge Criteria: Our sales are up over 20 percent per year over the last five years. Our profits are up over 40 percent per year for that same time. Customer satisfaction at 93 percent is at an all-time high. Employee satisfaction at 82 percent is at an all-time high also. All the winds are blowing in the right direction at MidwayUSA and it's all because of our efforts in engaging the Baldridge Criteria.

—Larry Posterfield, CEO of 2009 Baldridge Award recipient MidwayUSA

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For seven years in a row, we've improved customer satisfaction, we've improved occupancy, we've improved employee satisfaction, we've lowered employee departures, and turnover, and we improved annually our profit.

—Horst Schulze, president and CEO of 1999 Baldridge Award recipient The Ritz-Carlton Hotel Company, L.L.C.