The Baldrige Framework:

The Alignment of Key Processes Across the Critical Functions of an Organization

Objectives of the Presentation

- Introduce Baldrige Framework

- Basic understanding how to apply criteria

- Introduce National Award Application Processes

- Provide source for further information and assistance.

Purposes of the Framework

- Improve capabilities and results

- Facilitate communication and sharing of best practices within and external to industry

- Working tool for:
  - understanding,
  - managing
  - guiding
  - planning.

Core Values

- Visionary leadership
- Customer-focused excellence
- Organizational & personal learning
- Valuing staff & partners
- Agility

- Focus on the future
- Managing for innovation
- Management-by-fact
- Social responsibility
- Focus on results & creating value
- Systems perspective

Major Trends Facing Organizations

- Globalization,
- Improving knowledge management,
- Cost & cycle-time reduction,
- Improving supply chains globally,
- Operating at multiple locations, often at great distances, and
- Managing more part-time, temporary, & contract workers.

The Vortex of Healthcare Delivery

The Practitioner Vortex of Change
Moving the culture of the industry from that
of independent practitioner (Marcus Welby M.D.)
to multidisciplinary team
From cottage industry practicing in the same
building to a corporate organization of
interdependence.
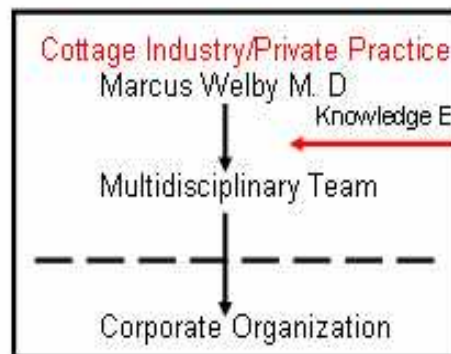
The Knowledge Vortex of Change
No one person can know everything they need to care for the patient.
So interdependency is forced upon practitioners.

Cottage Industry/Private Practice
Marcus Welby M. D

Knowledge Explosion
Knowledge Explosion drives interdependencies

Multidisciplinary Team

Loss of knowledge as providers retire
Aging of the provider population   **2010 Cliff**

Leveraging
Technology

Corporate Organization

Provider Shortage Vortex of Change
Retirement of the "baby boomers" will
potentially reduce knowledge and force
fewer providers to care for more
patients.

Technology Vortex of Change
Technology leveraged to manage knowledge growth
and allow fewer providers to care for more patients.

The Framework at a glance

The Organizational Profile

Environment, Relationships, Challenges

The Leadership Triad

Leadership

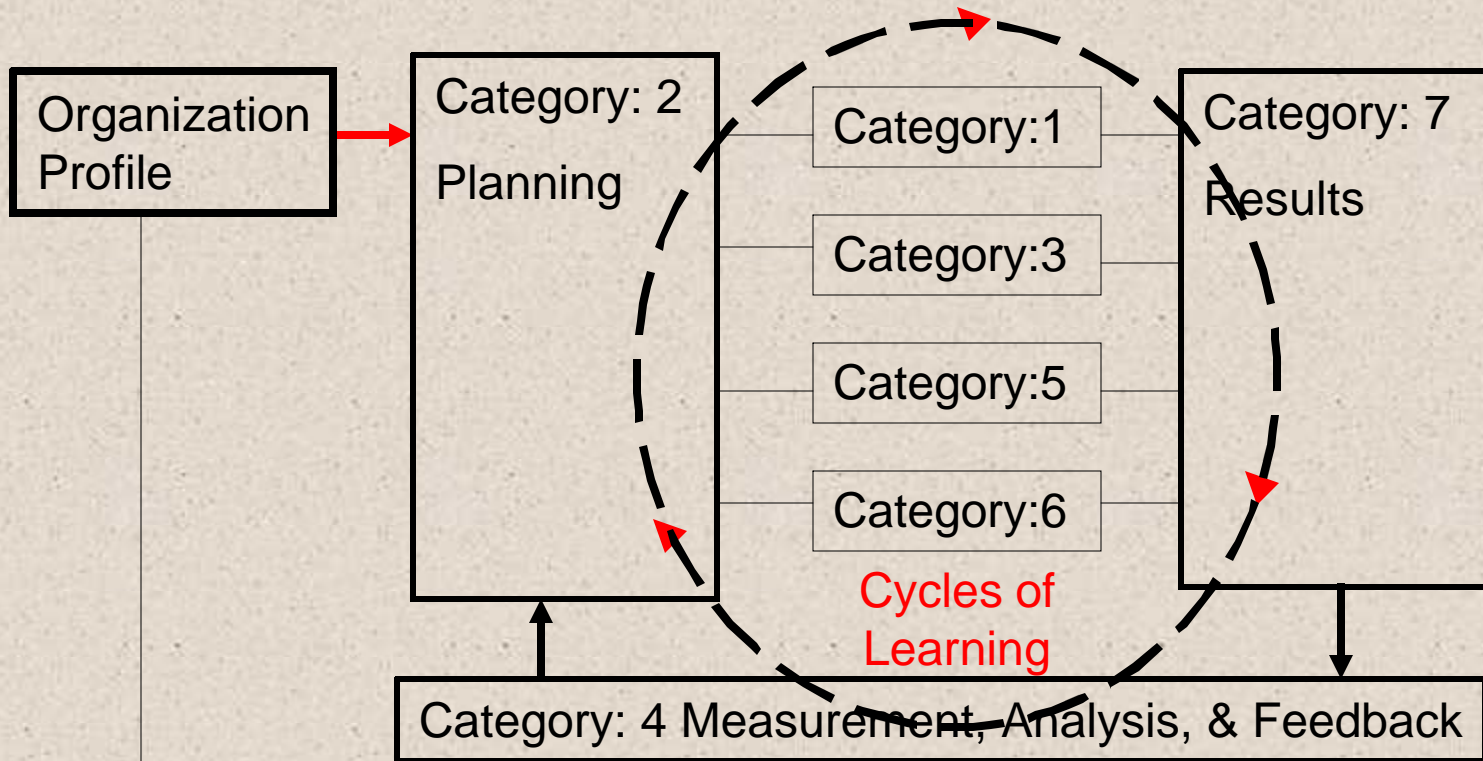Strategic Planning

Customer Focus

The Operations Triad

Staff Focus

Performance Results

Process Management

Measurement, Analysis and Knowledge Management

A Basic Iterative Closed-loop Cycle

Organization Profile

Category: 2 Planning

Category:1

Category:3

Category:5

Category:6

Category: 7 Results

Cycles of Learning

Category: 4 Measurement, Analysis, & Feedback

What data to collect, how much, and how to analyze.

The Organizational Profile

- **Identifies** (from the organizational perspective)
    - Environment,
    - Key factors important to the organization,
    - Describes what the application must address as priorities of the organization, and
   - Relationships and challenges the organization currently faces.

How Departments use the OP

- Best if performed at the organizational level, can be beneficial for any level.

- OP can be a critical baseline for implementing a culture of continuous improvement.

Category 1: Leadership

- 1.1 How do the senior leaders guide and sustain your organization?

- 1.2 Describe your organization's governance and how your organization addresses its ethical, legal, and community responsibilities.

Category 1: Leadership
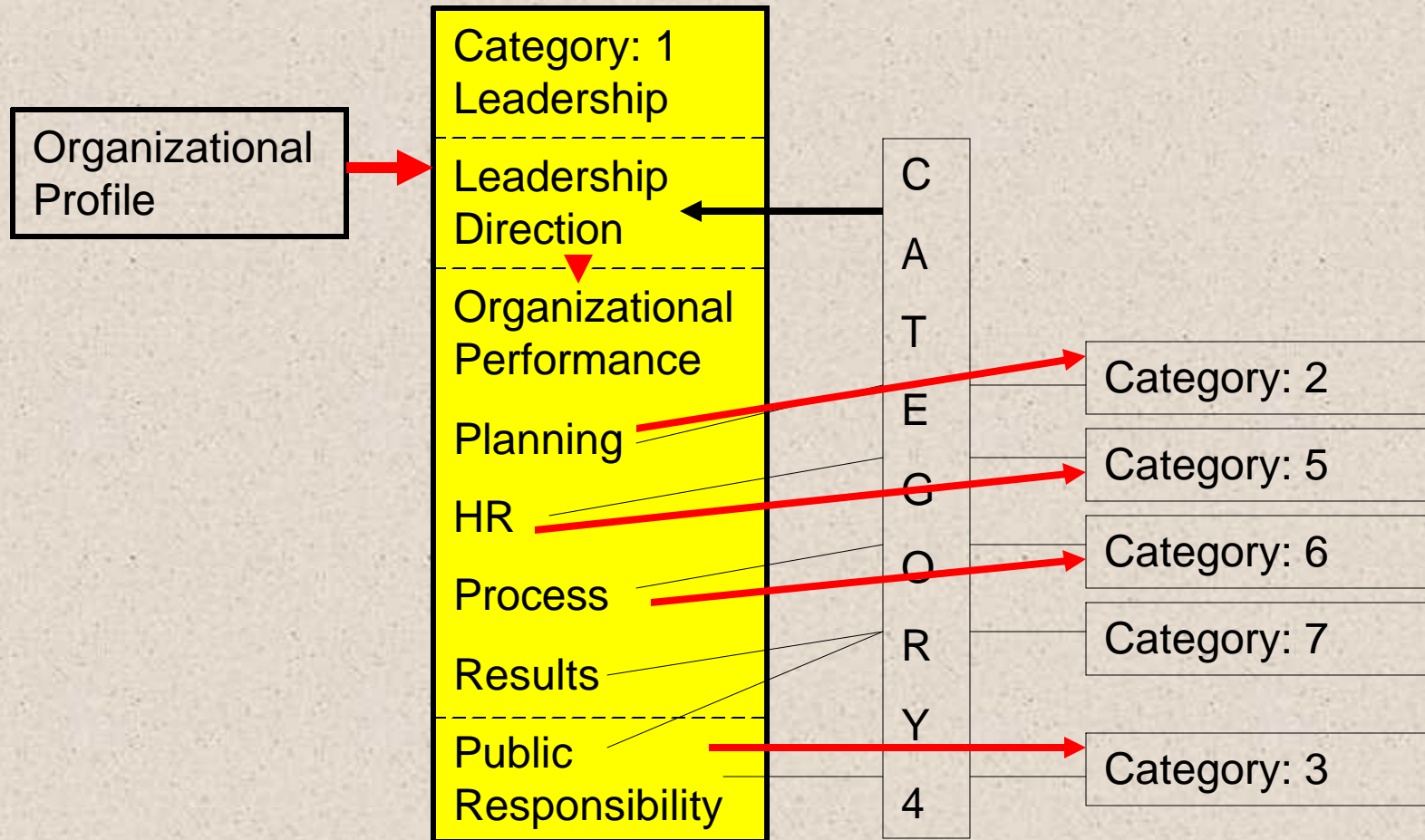
Category 1: Leadership

Leadership drives <u>EVERYTHING</u>!

- **The critical questions**:
  - <u>How</u> do leaders align and set priorities?

  - <u>How</u> do leaders communicate their vision?

  - <u>What</u> is the leadership/governance structure to ensure the organization's sustainability?

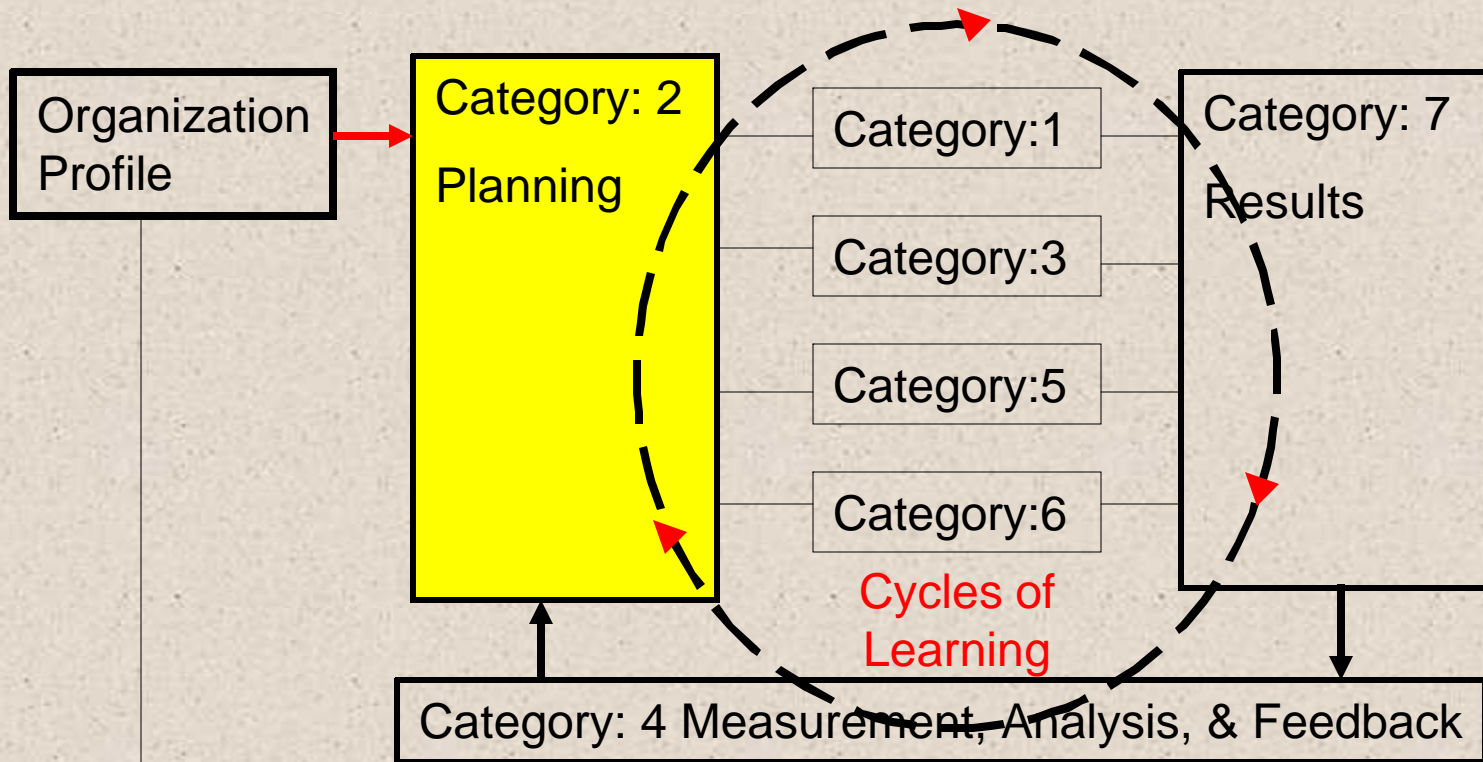 - <u>How</u> do leaders <u>know</u> they are effective?

How Departments use Category 1

- **Goal alignment from top to bottom**
- **Used as basis for**:
  - Category 5
  - Department planning
  - Evaluation of leaders' effectiveness.

Category 2: Strategic Planning

- 2.1 How your organization develops strategic objectives and action plans.

- 2.2 How your strategic objectives and action plans are deployed, changed if circumstances require, and how progress is measured.

Category 2: Strategic Planning

Organization Profile

Category: 2 Planning

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Category 2: Strategic Planning

- **Three levels of planning**
  - Strategic
  - Long Range
  - Operational
- **Alignment**
  - Each succeeding higher level of planning drives the next level.
  - "line of sight" from strategic vision to individual's goals
- **Iterative, closed-loop process**

How Departments use Category 2

- **Budgeting:**

  Align budgets to goals by program budgeting

  Prioritize - cut programs not budget dollars

- **Goal Alignment**

  Strategic Vision - **Build a new facility**

  Long range goal - **Finance new facility from hospital's margin**

  Operational goal - **Achieve a 3% margin for FY-06**

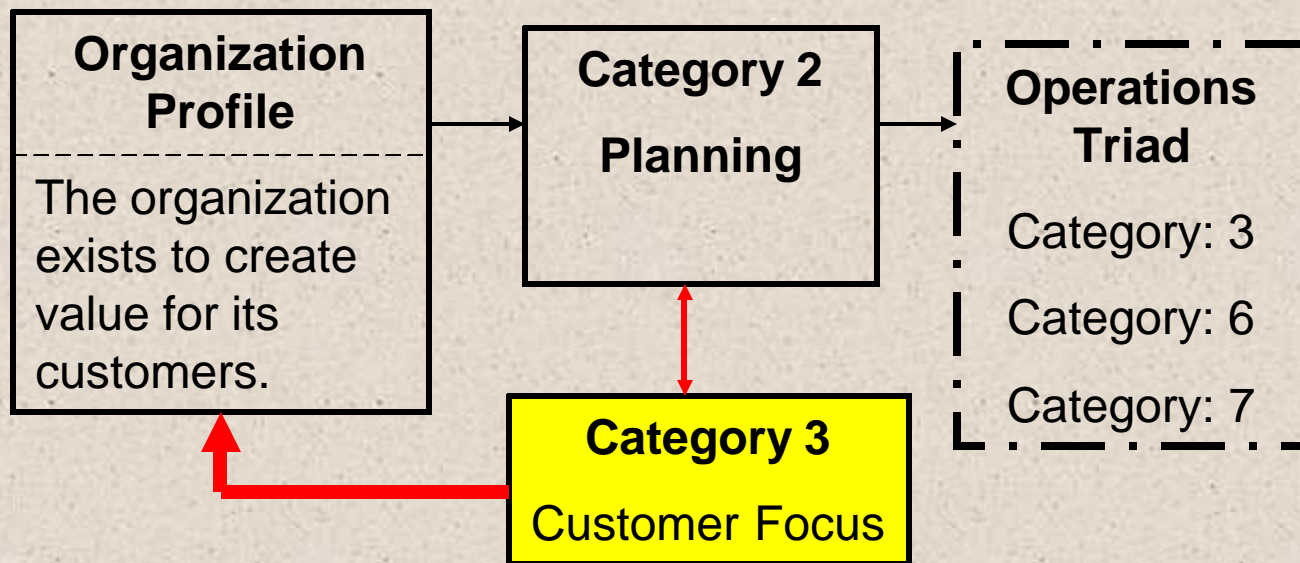 Individual's performance measure - **Reduce re-work costs by $10,000 in FY-06**

- **Performance Management**

  Line of sight: **reduce re-work to hit margin**

Category 3: Focus on Patients, Other Customers & Markets

- **3.1 How does the organization determine**:
  - requirements
  - expectations
  - preferences

- **3.2 How does the organization**:
  - build relationships
  - determine key factors for customer
    - acquisition
    - satisfaction
    - loyalty
    - retention
    - to health care service expansion and sustainability

Category 3: Focus on Patients, Other Customers & Markets

Organization Profile		**Category 2**		**Operations Triad**

Organization Profile

The organization exists to create value for its customers.

Category 2

Planning

Operations Triad

Category: 3

Category: 6

Category: 7

Category 3

Customer Focus

Category 3: Focus on Patients, Other Customers & Markets

- **Customer & Market Knowledge**
  - Who are the priority one customers (POC's)?
  - What do they want?
  - How do you <u>know</u> that?
- **Customer Relationships & Satisfaction**
  - How do you build customer relationships to meet or exceed their expectations?
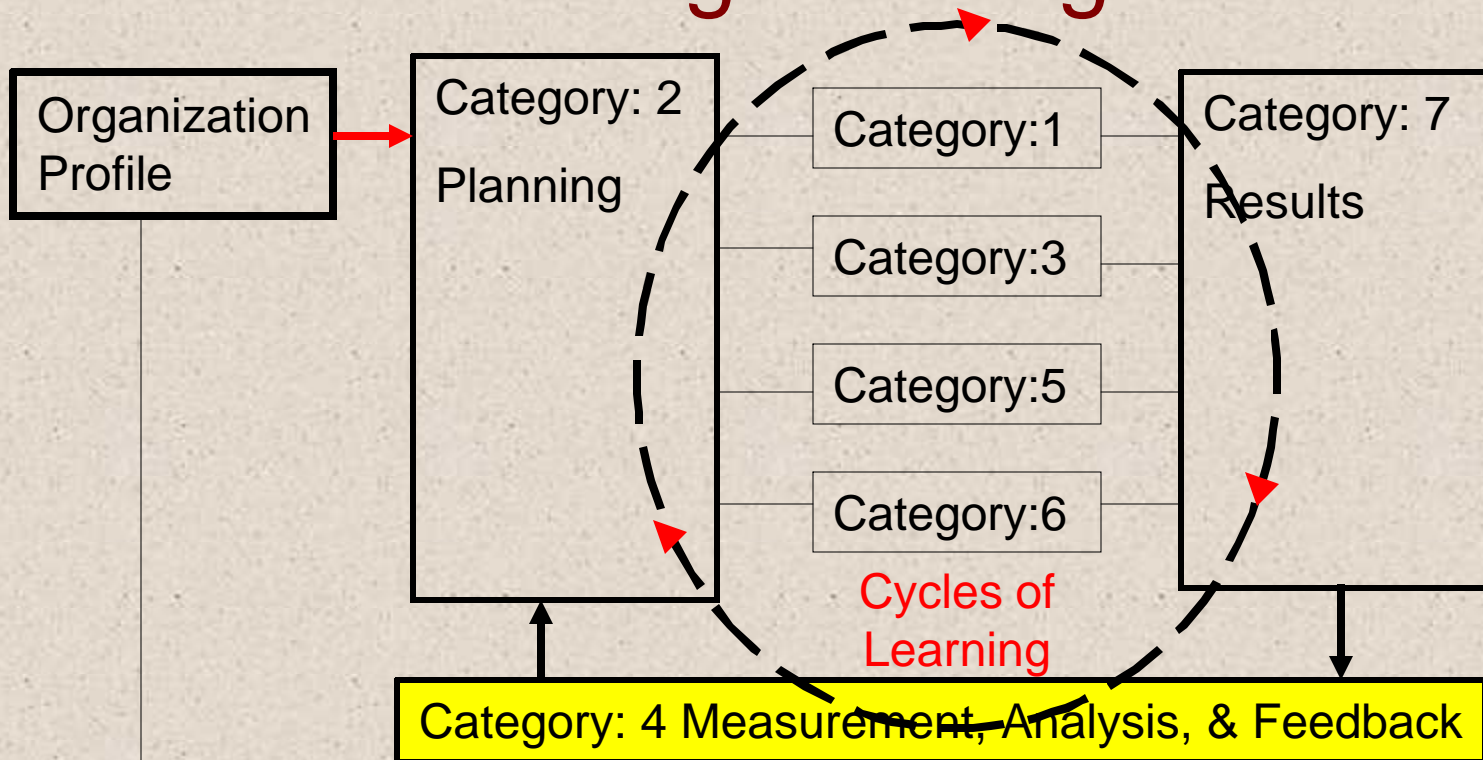 - How will you <u>know</u> you are achieving their expectations?

How Departments use Category 3

- Take time to identify and prioritize the customers

- How do you know what your POC's expect?

- How do you know you are meeting their expectations?

Category 4: Measurement, Analysis & Knowledge Management

- 4.1 How the organization selects, gathers, analyzes, manages and improves its data, information and knowledge assets.

- 4.2 How the organization reviews its performance.

Category 4: Measurement, Analysis & Knowledge Management

Organization Profile

Category: 2

Planning

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Category:3

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Results

Cycles of Learning

Category: 4 Measurement, Analysis, & Feedback

What data to collect, how much, and how to analyze.

Category 4: Measurement, Analysis & Knowledge Management

- How do you become "evidence-based?"

- How do you select, align & balance measures?

- How do you select and use comparative data?

- How do you keep Performance Management systems current?

How Departments use Category 4

- Data Analysis

- Comparative Data

- Currency of the System

Category 5: Staff Focus

- How the organization's work systems, staff learning and motivation enable all staff to develop and utilize full potential aligned with organization's overall objectives and action plans.

- Organization's efforts to build and maintain a work environment and staff support climate conducive to performance excellence and personal and organizational growth.
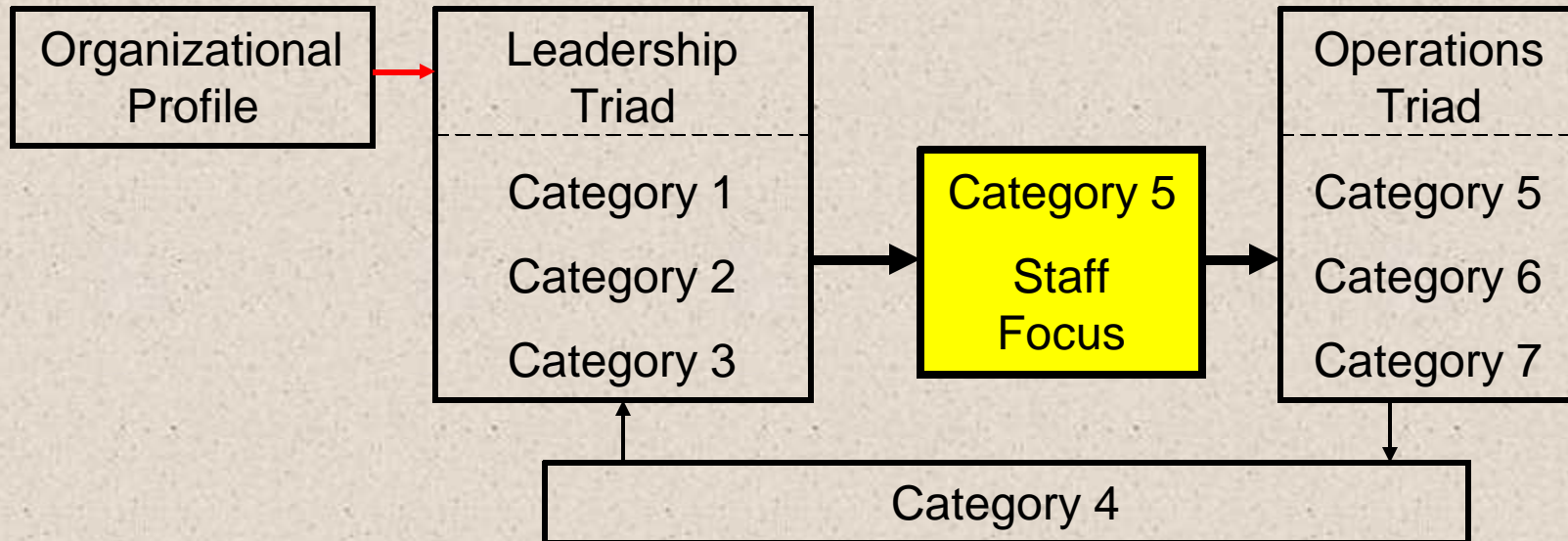
Category 5: Staff Focus

Three Sections:

5.1 Work Systems

5.2 Learning

5.3 Work Environment

Category 5: Staff Focus

Category 5: Staff Focus

- "Work system" ?

- Concentration on activities or outcomes?

- Taking full advantage of the diversity of your staff?

How Departments use Category 5

- How do you develop job descriptions?

- What are the KSC'c your staff need?

- What motivates each of your staff?

- What motivational factors do you control?

Category 6: Process Management

- Key aspects of process management, including: key health care, business and other support processes for creating value for patients, other customers, and the organization.

Category 6: Process Management
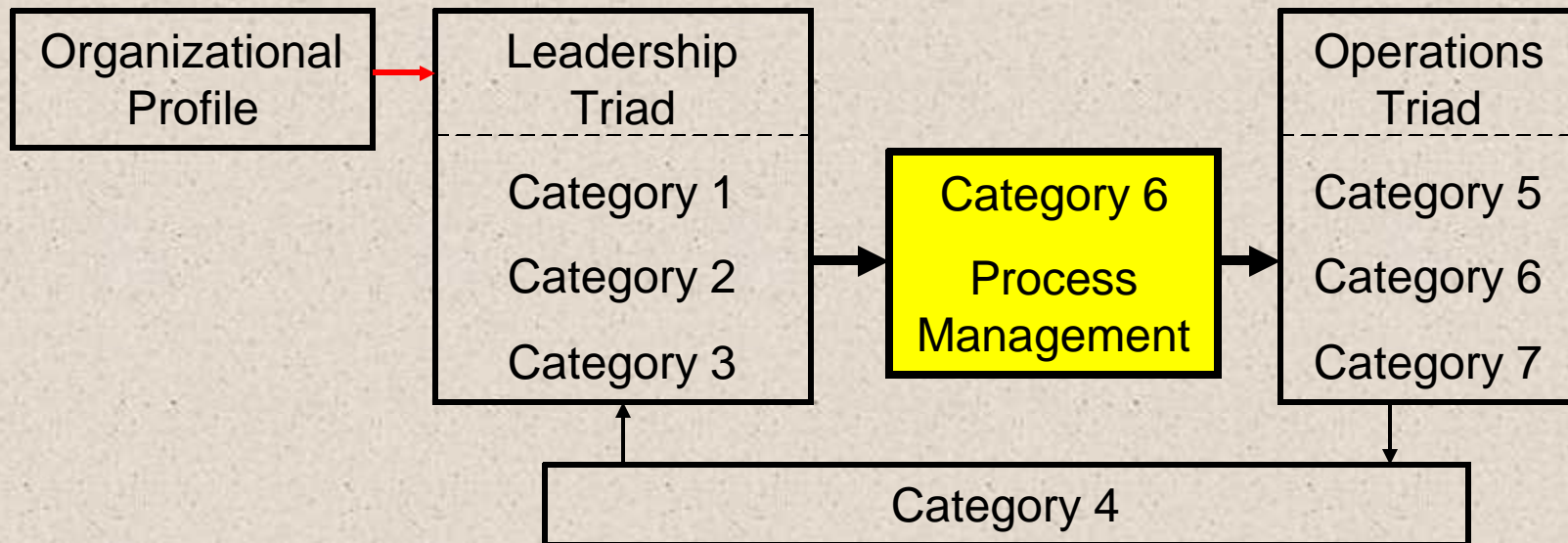
Category 6: Process Management

- Key processes vs. support processes?

- Core competencies and capabilities?

- "Theory of Constraint" influence on growth plans

How Departments use Category 6

- Key processes that create perceived value for your POC's?

- Constrains of your key processes?

- What are your key support processes?
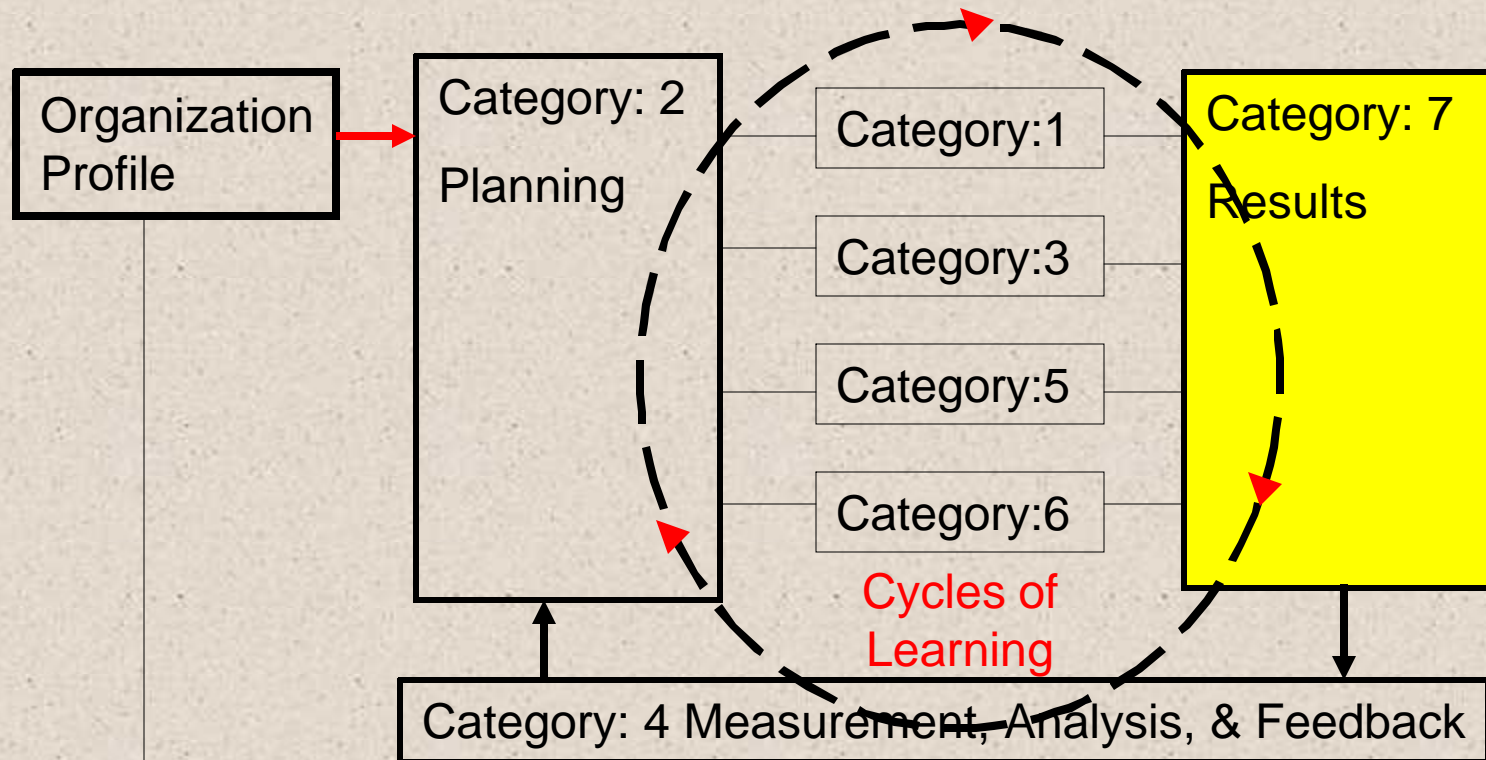
Category 7: Performance Results

- Performance and improvement in key areas including:
  - Health care delivery and outcomes,
  - Patient and other customer satisfaction,
  - Financial and marketplace performance,
  - Staff and work systems results,
  - Operational performance, and
  - Governance and social responsibility.
- Performance levels relative to competitors, and other organizations providing similar health care services.

Category 7: Performance Results

Summarize and Segment Key Results

- 7.1 Healthcare performance
- 7.2 Patient and customer focused
- 7.3 Financial and market place
- 7.4 Staff and work systems
- 7.5. Operational results for effectiveness
- 7.6 Governance and social responsibility

Category 7: Results

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What data to collect, how much, and how to analyze.

How Departments use Category 7

- What are key outcome and process measures? (the critical few)

- Why a balance of measures?

- Trends for key measures?

- What is your competitive position?

The Award Processes

- The National Baldrige Award for Performance Excellence
  - **Self-assessment**

  - **Award Level**
    - Stage 1: Independent review by 5 to 7 examiners
    - Stage 2: Consensus by the team of examiners
    - Stage 3: Site Visit by the team
    - Feedback Report

Where to find assistance

- **Rick Murray**
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  - **Contact:** UT M.D. Anderson Cancer Center
    1515 Holcombe Blvd. Box 141
    Houston, TX 77030
    713-794-4396 - Office
    713-745-4437 - Fax

- **US Department of Commerce – NIST**
  - **Website:** http://www.baldrige.nist.gov
  - **Contact:** Baldrige National Quality Program - NIST
    100 Bureau Drive Stop 1020
    Gaithersburg, MD 20899-1020
    301-975-2036
    301-948-3716 - Fax