Presented by
TENNESSEE CENTER for PERFORMANCE EXCELLENCE
www.tncpe.org

2026 BUSINESS EDITION

BALDRIGE EXCELLENCE FRAMEWORK™

A systems approach to improving your organization's performance.

TNCPE Award Recipients

2025 Excellence Award Winner

Erwin Utilities Authority

2025 Commitment Award Winner

Winchester Utility System

2025 Interest Award Winners

City of Franklin, Tenn.

City of Goodlettsville, Tenn.

TNCPE Excellence Award Recipients

2024 Metro Tennova Healthcare

2022 Listerhill Credit Union, Muscle Shoals, Ala.

2019 NHC South Central Region, Pulaski

2018 Griffin Mechanical, LLC, Dickson

2017 City of Germantown*

2016 The University of Tennessee Medical Center, Knoxville

2015 Pal's Business Excellence Institute, Kingsport

2014 Maury Regional Medical Center, Columbia

2013 Mountain States Health Alliance, Johnson City

2012 Bristol Tennessee Essential Services*

Metropolitan Nashville Airport Authority

2010 CIGNA Government Services, Nashville

2009 Maury Regional Medical Center, Columbia

Mountain States Health Alliance, Johnson City

2008 Caris Healthcare, Knoxville

2007 Wellmont Health System, Kingsport

2006 Pal's Sudden Service*, Kingsport

2005 Mountain States Health Alliance, Johnson City

2003 Marie B. Williams
Tennessee Center for Performance Excellence
Founding Director (1993-2004)
Honorary Excellence Award

2002 John Deere Power Products, Greeneville

Tennessee Valley Authority Nuclear, Chattanooga

2001 Pal's Sudden Service*, Kingsport

2000 Eaton Aeroquip-Gainesboro

1999 Caterpillar Financial Services Corporation*, Nashville
Global Excellence

Memphis Light, Gas and Water

1998 Baptist Health System of Knoxville

Fleetguard Inc., Nashville
Global Excellence

1997 Eaton Corporation of Shelbyville

Methodist Medical Center of Oak Ridge

1996 Bridgestone/Firestone Inc., Morrison

1995 Dr. Curt W. Reimann,
Malcolm Baldrige National Quality Award
Founding Director (1987-1995)
Honorary Excellence Award

1994 Bristol Tennessee Electric System*

Federal Express Corporation*
Memphis Hub Operations

Nissan Motor Manufacturing Corporation, Smyrna

1993 Eastman Chemical Company*, Kingsport

Philips Consumer Electronics Company, Knoxville

* denotes recipients of the Malcolm Baldrige National Quality Award

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For a TNCPE Membership application,
visit www.tncpe.org/members/join today.

Letter from the President

Leadership today requires more than experience or intuition—it demands clarity of purpose in an environment defined by constant change. Across Tennessee, I have had the privilege of meeting with leaders who are navigating unprecedented challenges while still striving to deliver value, engage their workforce, and serve their communities. The forces shaping today's organizations are often described through the lens of VUCA—Volatility, Uncertainty, Complexity, and Ambiguity—a reality that calls for disciplined thinking, resilient systems, and a shared commitment to excellence.

To lead effectively in this environment, organizations need more than good intentions—they need a proven framework to guide decision-making, align priorities, and drive sustainable results. The Baldrige Excellence Framework™ and the Tennessee Center for Performance Excellence (TNCPE) serve as powerful, trusted resources designed to help leaders navigate complexity while building organizations that endure.

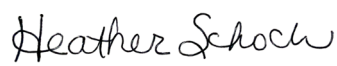
The Baldrige Excellence Framework™ is far more than a set of criteria; it is a strategic compass. It provides a holistic, integrated approach to leadership, strategy, customers, workforce, operations, and results. In an environment marked by disruption and rapid change, the Framework helps leaders align their organization around what matters most, make informed decisions, and create systems that support agility and innovation. Organizations that use the Baldrige Framework are better positioned to anticipate change, respond thoughtfully to uncertainty, and sustain performance over time.

In 2024, the national Baldrige Award Program underwent meaningful updates to reflect the evolving needs of organizations, including an increased emphasis on resilience, organizational learning, and long-term sustainability. These enhancements further strengthen the Framework's relevance for leaders who must balance short-term pressures with long-term purpose and performance.

TNCPE is proud to serve as Tennessee's partner in bringing the Baldrige Framework to life. Through assessments, training, workshops, and actionable feedback, TNCPE supports organizations at every stage of their performance excellence journey. Whether you are just beginning to explore Baldrige concepts or are pursuing higher levels of recognition, our programs are designed to meet you where you are and help you move forward with clarity and confidence.

At its core, performance excellence is about more than awards—it is about building organizations that serve their customers well, engage their workforce, strengthen their communities, and achieve lasting results. I invite you to explore the Baldrige Excellence Framework™ and to connect with TNCPE as a learning partner along the way. Together, we can help your organization not only navigate a VUCA world, but emerge stronger, more resilient, and better prepared for the future.

Sincerely,



Heather Schoch

President & CEO
Tennessee Center for Performance Excellence
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About TNCPE

Our Vision

To be a trusted partner and regional resource in achieving performance excellence

Our Mission

Strengthen Tennessee's economic and organizational health

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Visit www.tncpe.org

for up to date information, resources, and opportunities.

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TNCPE Assessment & Award Program

Assessment & Award Program

The multi-level Assessment and Award Program is designed to help an organization advance in its performance excellence journey. Organizations receive an assessment by trained examiners using the Baldrige Excellence Framework™. A detailed feedback report outlining strengths and opportunities is provided to help guide and prioritize the organization's continuous improvement efforts.

Organizations can apply for the Award Program and be recognized at one of four levels:

Interest Award

Recipients of the Interest Award are starting to apply the performance improvement principles by responding to the Organizational Profile questions of the Baldrige Excellence Framework™.

Commitment Award

Recipients of the Commitment Award are in the early stages of developing and implementing effective, systematic approaches responsive to the basic questions of the Baldrige Excellence Framework™ and may demonstrate a general improvement orientation that is forward-looking. Results may be reported on areas of importance for the achievement of the organization's mission.

Achievement Award

Recipients of the Achievement Award demonstrate responsiveness to many overall questions of the Baldrige Excellence Framework™ by exhibiting consistency in implementing effective, systematic approaches in alignment with organizational goals. Processes may be well-deployed and benefit from some evaluation and improvement. Complementary results are attributable to a fact-based measurement system and demonstrate improving performance levels.

Excellence Award

Recipients of the Excellence Award are outstanding examples of high-performing organizations. These organizations have implemented processes that serve as role models for others, with some processes considered at or near "best-in-class". Excellence Award winners demonstrate a fact-based, systematic evaluation and improvement process and organizational learning in key processes.

Organizations recognized at this highest level effectively address the multiple questions in the Baldrige Excellence Framework™ and demonstrate coordination and alignment among organizational units. Results addressing most key customer, market, stakeholder, and process requirements exhibit beneficial trends.

TNCPE Tune-Up

Not writing an application this year? Sign up for a Tune-Up!

The TNCPE Tune-Up is an immersive and dynamic program crafted to empower organizations with the principles of the Baldrige Excellence Framework™ while cultivating a culture of collaboration and continuous improvement. Invite a team of master examiners to your location to guide you through the essential concepts of performance excellence such as leadership, strategic planning, customer focus, and organizational learning. Collaborate to pinpoint your organization's strengths and key opportunities and design a road map for your improvement priorities. Participants leave with actionable strategies and a renewed commitment to drive excellence in their organizations.

Board of Examiners

Service on the Board of Examiners provides individuals with in-depth training and practical experience using the Baldrige Excellence Framework™. Examiners commit to volunteer service on an examiner team and are assigned to assess an organization applying to the Award Program. Members of the Board of Examiners not only help applicant organizations, but they also gain valuable knowledge and skills that they can bring back to their organizations.

In addition to training on the Baldrige Excellence Framework™, examiners receive professional development in conducting independent analysis, team building and consensus, interview skills, and report writing. Learn more about becoming an Examiner and apply online at tncpe.org/examiners/.

Applying for an Award?

You can also visit our website at www.tncpe.org/assessment for more details.

Applying for a TNCPE Assessment

The Assessment & Awards Cycle

	Level 1	Level 2	Level 3	Level 4
Organizational Profile	Completed after a ½-Day Workshop	5 pages maximum. *The Organizational Profile is submitted along with the Application Form, Application Fee, & Criteria Response.*		
1/2 Day Bridge Workshop	After Profile Submission	-	-	-
Application	At Any Time	Due July 31 *Applicants will submit their response to the Baldrige Criteria questions (see below), including the Organizational Profile.*		
Criteria Response	-	· Organizational Profile · Basic Item Questions *15 page maximum*	· Organizational Profile · Overall Item Questions *35 page maximum*	· Organizational Profile · Multiple Item Questions *50 page maximum*
Site Visit	-	Sept. 14 - Oct. 9 *Your examiner team will come onsite for interviews to clarify information from your criteria responses in your application. The number of days your team will be onsite depends on your application level. All site visits must be completed before October 9th.*		
Feedback Report	-	December *The assessment feedback offers detailed information on your strengths and OFIs. The feedback report is built for long-term sustainability – full of insight you can come back to again and again.*		
Award Recognition	February - March, 2027 at the TNCPE Excellence Conference & Celebration			

2026 Assessment Fees

Assessment Level	Member	General
Level 1	<500 Employees: **$3,000**	<500 Employees: **$5,000**
	>500 Employees: **$5,000**	>500 Employees: **$8,000**
Level 2	<500 Employees: **$5,000**	<500 Employees: **$8,000**
	>500 Employees: **$10,000**	>500 Employees: **$15,000**
Level 3	<500 Employees: **$8,000**	<500 Employees: **$12,000**
	>500 Employees: **$13,000**	>500 Employees: **$18,000**
Level 4	<500 Employees: **$10,000**	<500 Employees: **$16,000**
	>500 Employees: **$16,000**	>500 Employees: **$20,000**

Get Involved in TNCPE

Board of Examiners

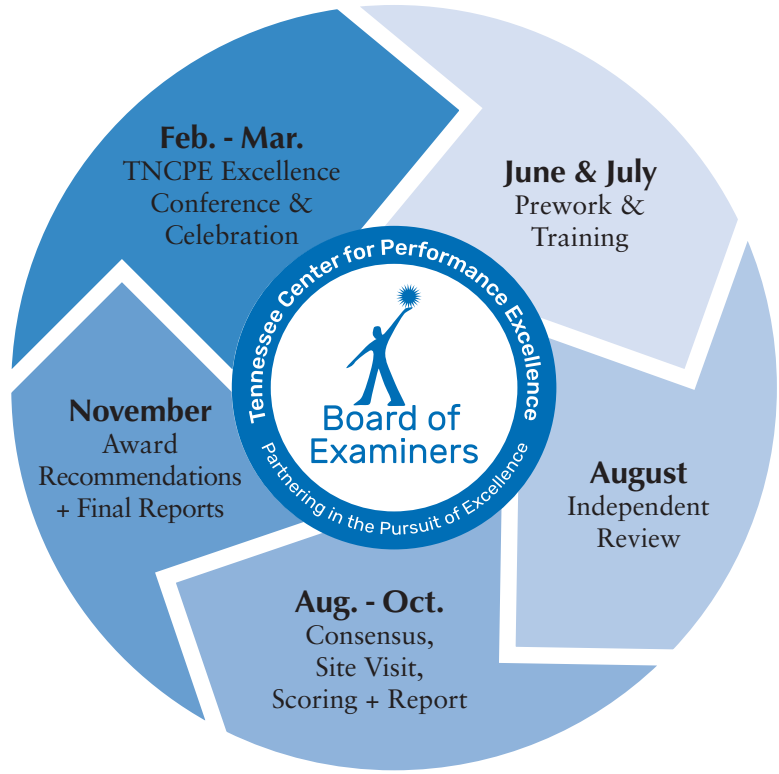
Members of the TNCPE Board of Examiners serve for a one year period in a variety of roles: examiners, ambassadors, editors, leaders, coaches, and other volunteer activities. While there are opportunities for examiners to serve year round, the majority of an examiner's work occurs between June – October.

Examiner Applications

The examiner application deadline is April 3, 2026. Notification, indicating selection status, will be sent to all examiner candidates within 2 weeks after the close of the applications. Selected examiners must return the confirmation notice and commitment statement to be officially accepted and scheduled for training.

Those selected to be examiners must have time available beginning in late Spring through Fall to complete prework, attend the training course, conduct reviews, participate in a team consensus meeting, conduct site visits, and complete final feedback reports for the applicants.

The Examiner & Awards Cycle



Examiner Training Fees

Examiner Level	Member Registration	General Registration
First Year	$600	$1,000
Second Year	$400	$700
Third Year (+ beyond)	**FREE**	**FREE**

Membership

TNCPE values the support and engagement of its member organizations. To demonstrate our appreciation of their commitment to excellence, our members receive the following benefits:

	Free (5) Conference & (5) Examiner Seats	Member Pricing for Conference, Examiner Training, Assessments, Workshops and Other Services	Recognition on TNCPE website	Recognition in the TNCPE Criteria Book
Premium Member	+	+	+	+
Valued Member		+	+	+
Supporting Partner			+	+
Individual Member		+	+	+

Workshops

Baldrige for Beginners

The Baldrige for Beginners workshop is a one-day introduction to the seven categories of the Baldrige Excellence Framework™. The workshop includes class discussions and activities designed to help participants use the basic level questions in each category to assess their own organization or area. Each participant will receive a copy of the Baldrige Excellence Framework™.

Location | *Virtual or On-site* **Limit** | *30 participants*

Application Writing

No matter where your organization is on its journey to performance excellence, this hands-on workshop will propel you forward. In this full-day course, you will come away with a deeper understanding of your organization and the Baldrige framework, as well as a project plan for writing and editing your application. You will even complete some application requirements during interactive exercises throughout the day. Whether this is your first or fifth TNCPE application, this workshop will get you moving along the path to success!

Location | *Virtual or On-site* **Limit** | *25 participants*

Lightning Solutions the A3 Way

It is not uncommon to struggle to gain meaningful results on those irritating problems. This 4-hour workshop is based on the popular A3 Lean tool and is designed to teach participants a step-based approach to problem solving that will focus the team on strong collaboration, active communication and working the action items to achieve results. Work together with your TNCPE facilitator to tackle an organizational problem or significant OFI!

Location | *Virtual or On-site* **Limit** | *25 participants*

Leadership Orientation‡

This **complimentary** 60-90 minute Leadership Orientation is designed to introduce an organization's senior leaders to the Baldrige Excellence Framework™ and how it can be used to help them define and achieve excellence for their organization.

Location | *Virtual or On-site* **Limit** | *None*

Strategy Concepts that Move You Forward

The best strategic planning processes begin with an understanding of your strategic advantages and challenges. In this 4-hour course, a TNCPE facilitator will guide you through a SWOT analysis and help your organization identify its most significant strategic opportunities. Use this workshop to kick off your strategic planning cycle or to fill in the gaps in your Organizational Profile!

Location | *Virtual or On-site* **Limit** | *25 participants*

Leading for Excellence

A must-have for managers that covers designing & implementing processes with excellence in mind! Take a deep dive into the intricacies of work systems, leadership systems, and measurement systems to elevate your understanding and implementation of proven strategies. Join us on a transformative journey towards operational excellence and sustainable success.

Location | *Virtual or On-site* **Limit** | *25 participants*

VUCA Workshop

This workshop introduces the idea of VUCA—Volatility, Uncertainty, Complexity, and Ambiguity—and shows how it affects organizations today. Together, we'll explore practical tools and strategies to lead with clarity, adapt with agility, and turn disruption into opportunity. This timely model will serve as a valuable tool on your organization's journey to excellence.

Location | *On-site* **Limit** | *25 participants*

On-Site Workshop & Facilitation Fees

Full Day	Half Day
Member *$5,000/day + travel**	Member *$3,000/day + travel**
Non-Member *$8,000/day + travel**	Non-Member *$5,000/day + travel**

**Travel fees are paid by the organization if more than 75 miles from the TNCPE office*

‡ Our Leadership Orientation is a complimentary offering & exempt from the fees listed above.

For more information

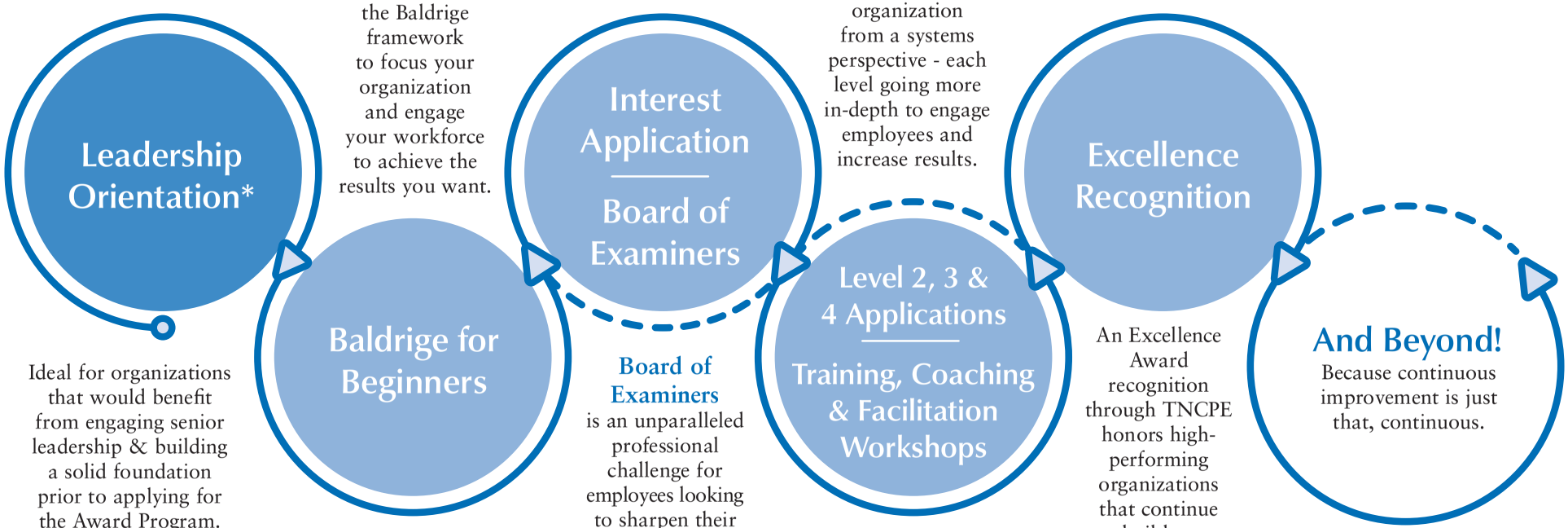
on TNCPE's programs & offerings, email us at contact@tncpe.org

www.tncpe.org

TENNESSEE CENTER *for* PERFORMANCE EXCELLENCE

Journey to Excellence

TNCPE's pathway approach offers organizations with varying experience in the Baldrige Excellence Framework the support and engagement they need to build a solid culture of continuous improvement.



Ideal for organizations that would benefit from engaging senior leadership & building a solid foundation prior to applying for the Award Program.
**Optional*

The first step in learning how you can apply the Baldrige framework to focus your organization and engage your workforce to achieve the results you want.

Interest Application
The Level 1 (Interest) Application walks you through the process with a personal coach.

Board of Examiners
is an unparalleled professional challenge for employees looking to sharpen their competitive edge.

Levels 2, 3 & 4
TNCPE applications are an effective way to look at your organization from a systems perspective - each level going more in-depth to engage employees and increase results.

Training, Coaching & Facilitation
Outside of the application process, TNCPE provides customizable training, coaching and facilitation workshops to help you make the most of your journey with actionable feedback.

An Excellence Award recognition through TNCPE honors high-performing organizations that continue to build upon their outstanding results and excellent systems.

And Beyond!
Because continuous improvement is just that, continuous.

About the Baldrige Excellence Framework

The Baldrige framework helps you answer three questions: Is your organization doing as well as it needs to? How do you know? What and how should your organization improve or change?

What can Baldrige do for my organization?

Whether your organization is new, is growing, or has existed for many years, it faces daily and long-term challenges. It also has strengths that have served you well so far. The Baldrige Excellence Framework and its Criteria for Performance Excellence (pages 3–25) incorporate proven practices on current leadership and management issues into a set of questions that help you rise to challenges, leverage strengths, and manage all the components of your organization as a unified whole to achieve your mission, ongoing success, and performance excellence. This view of an organization is called a systems perspective.

You may find some of the questions difficult to answer. You may also decide that some questions are not as relevant to your organization as others are. Even so, all the questions will help you identify areas of strength and opportunities to improve your performance and sustainability.

How does Baldrige work?

Baldrige is a nonprescriptive framework that empowers your organization to reach its goals, improve results, and become more competitive. The core values and concepts (see pages 36–41), a set of beliefs and behaviors found in high-performing organizations, are the foundation of the Baldrige framework:

- Systems perspective
- Visionary leadership
- Customer-focused excellence
- Valuing people
- Agility and resilience
- Organizational learning
- Focus on success and innovation
- Management by fact
- Societal contributions
- Ethics and transparency
- Delivering value and results

The Baldrige Criteria are organized into seven categories representing key areas of your organization: (1) Leadership; (2) Strategy; (3) Customers; (4) Measurement, Analysis, and Knowledge Management; (5) Workforce; (6) Operations; and (7) Results. Following are some of the key concepts and critical issues facing today's organizations that are woven throughout these categories and how they are addressed in the Criteria.

I see the Baldrige process as a powerful set of mechanisms for disciplined people engaged in disciplined thought and taking disciplined action to create great organizations that produce exceptional results.

—*Jim Collins, author of* Good to Great: Why Some Companies Make the Leap … *and Others Don't*

Agility, resilience, and transformation. The concept of agility enables organizations to more rapidly respond to emergencies or address changes in their operating environments, take advantage of immediate opportunities, and/or address strategic challenges. In the Criteria, agility is part of senior leaders' creation of an environment for success, strategy development, workforce organization and management, product and/or service design, and supply-network management. An expected outcome of agility, resilience appears throughout the Criteria to help organizations understand and prepare for the changing needs of their workforce members, customers, and other stakeholders. Resilience today often means being prepared for business transformation—to be able and willing to respond quickly to both opportunities and threats; to adapt strategy, action plans, workforce plans, and processes, when needed; and to have a robust governance system with an organizational culture of trust.

Workforce retention. As the nature (and location) of work is fundamentally changing in some industries, understanding/enhancing the drivers of workforce engagement that lead to retention have become critical. Work from home/telework, temporary staff members, and hybrid work-site arrangements are examples of factors that may impact an organization's culture, communication, process design, strategy, and more. Employee health, safety, good jobs/job quality, and retention are critical differentiators, and "the great resignation" of the early 2020s continues as an economic trend. While workforce has always had its own category in the Criteria, a renewed focus on workforce engagement and retention can be seen in refinements of Criteria questions; for example, in relation to how you engage your workforce for retention and high performance, how you assess and improve workforce engagement and retention, and how retention is considered as part of your workforce performance management system. In addition, notes have been added in categories for leadership, strategy, and results to guide organizations in considering their workforce members' needs and requirements.

Innovation. The pursuit of innovation—making meaningful change to improve processes, products, the organization, or societal well-being to increase value for stakeholders—is called out in most items of the Criteria, with an entire area to address in category 4. Opportunities for innovation are highlighted in the Organizational Profile and in regard to your supplier network. Senior leaders are asked how they cultivate innovation in creating an environment for success and a focus on action, and innovation is incorporated in strategic planning and in supporting your workforce in taking intelligent risks. The Criteria also ask how you consider and reinforce intelligent risks that may stimulate, encourage, or incorporate innovations, as well as how you identify strategic opportunities for new or changed products, services, processes, business models (including strategic alliances), or markets that may become intelligent risks to pursue. Such strategic opportunities, intelligent risks, and innovations are part of a culture of performance excellence.

Diversity, equity, inclusion, and accessibility. The successful organization capitalizes on the diverse backgrounds and characteristics, knowledge, skills, creativity, and motivation of people; and the organization fosters equity and inclusion for all people. Fostering equity means supporting the fair treatment of all customers, workforce members, and all other key stakeholders of the organization. Inclusion refers to enabling their full participation and supporting them to feel a sense of belonging and empowerment. The outcome can be improved workforce engagement as well as improved customer engagement, loyalty, and brand image. The Criteria ask how you consider impacts on your different workforce segments in relation to diversity and inclusion, how you ensure that your workforce represents the diversity in your hiring and customer communities, how you tailor benefits to the diverse needs of your workforce, and how your leaders and your workforce performance management and development foster equity and inclusion. Accessibility is considered in the Criteria as an element of an organization's climate or environment; whereas diversity, equity, and inclusion are referenced in regard to the treatment of people.

Supply-chain resilience. Organizational agility and resilience are critical to running a successful organization; an efficient supply network enhances both. Your supply network consists of the external entities involved in producing and delivering your products and/or services to your customers and offering post-sales support. For some organizations, these entities form a chain, in which one entity directly supplies another. The term *supply network* represents an evolution and maturity in supply-chain management by ensuring that the organization is able to leverage a variety of sources of information, materials, products, and services, enhancing agility, resilience, and value creation. Such focus on supply-network management is intentional to enhance an organization's performance, support its strategic objectives, and enhance its customers' and other stakeholders' satisfaction. In the Criteria, supply-network management is an area to address within operational efficiency. The Criteria keep a focus on suppliers in order to promote alignment and collaboration, mitigate risk and ensure agility and resilience, measure and evaluate performance, require and foster ethical behavior, enhance strategy, and ensure security and cybersecurity roles and responsibilities.

Societal contributions, environmental sustainability, and the circular economy. As the concept of corporate social responsibility as an imperative has become widely accepted, high-performing organizations see contributing to society as more than something they must do: it can be a driver of customer and workforce engagement and a market differentiator. The Criteria promote societal responsibility and environmental sustainability through an environmental, social, and governance (ESG) lens and focus on incorporating societal benefit into an organization's strategy and

operations, including contributions to protecting the environment, aiding the social and economic systems around an organization, and supporting and strengthening key communities. The Criteria also stress addressing community concerns related to products and services and going beyond compliance with relevant laws and regulations, especially as environmental stewardship is increasingly becoming a customer requirement. The United Nations Sustainable Development Goals are a potential source of ideas for an organization to focus its societal well-being efforts.

The digital economy and the fourth industrial revolution. Digitization and the use of data analytics, the Internet of Things, artificial intelligence, cloud operations, large dataset-enabled business and process modeling, enhanced automation, and other "smart" technologies are accelerating rapidly. The Criteria ask how your leaders consider the need for technological innovation, how your strategic planning considers emerging technologies, how you prepare your workforce for changes in technology, and how you incorporate new technology into your organization. The Criteria also emphasize the need for agility when disruptive technologies arise, the use of digital and web-based technologies in customer processes, and the use of digital data analytics and artificial intelligence in performance analysis and knowledge management.

Cybersecurity. For businesses and organizations of all kinds, managing and reducing cyber risks to data, information, and operational and other systems have become a necessity. The Criteria incorporate principles from NIST's *Framework for Improving Critical Infrastructure Cybersecurity*, which focuses on using business drivers to guide cybersecurity activities and considering cybersecurity risks in risk management processes. The Criteria emphasize awareness of emerging security and cybersecurity threats; the role of your workforce, customers, partners, and suppliers in cybersecurity; the importance of identifying and prioritizing information technology and operational systems to secure; and the imperatives of protection, detection, response, and recovery.

How do I know if Baldrige is right for my organization?

Baldrige is adaptable to any organization's needs. It does not prescribe how you should structure your organization or its operations. In the Organizational Profile (pages 3–5), you describe what is important to your organization. Baldrige encourages you to use creative, adaptive, innovative, and flexible approaches that are best suited to your organization and are the most effective in driving improvements and sustainable high performance. Approaches that are compatible with the overarching systems approach provided by the Baldrige framework include implementing a Lean Enterprise System, applying Six Sigma methodology, using Plan-Do-Check-Act (PDCA) methodology, using standards from the International Organization for Standardization (ISO; e.g., the 9000 or 14000 series, or sector-specific standards), using decision science or a balanced scorecard, or employing other improvement tools.

How do I know how I'm doing?

With Baldrige, you assess the maturity of your organization's leadership and management practices by examining your responses based on four evaluation dimensions for the process categories and four for the results category (see the scoring guidelines on pages 28–29).

With the Baldrige framework, you assess and improve your processes along these dimensions:

1. *Approach:* How do you accomplish your organization's work? How systematic and effective are your key approaches?
2. *Deployment:* How consistently are your key approaches used in relevant parts of your organization?
3. *Learning:* How well have you evaluated and improved your key approaches? How well have improvements been shared within your organization? Has new knowledge led to innovation?
4. *Integration:* How well do your approaches reflect your current and future organizational needs? How well are processes and operations harmonized across your organization to achieve key organization-wide goals?

With Baldrige, you assess your results along these dimensions:

1. *Levels:* What is your current performance on a meaningful measurement scale?
2. *Trends:* Are the results improving, staying the same, or getting worse?
3. *Comparisons:* How does your performance compare with that of competitors, or with benchmarks or industry leaders?
4. *Integration:* Are you tracking results that are important to your organization? Are you using the results in decision making?

As you respond to the Criteria questions and assess your responses, you will begin to identify strengths and gaps—first within the Criteria categories and then among them. The coordination of key processes, and feedback between your processes and your results, will lead to cycles of improvement. As you continue to use the framework, you will learn more and more about your organization and begin to define the best ways to build on your strengths, close gaps, and innovate.

What is the impact of Baldrige?

The Baldrige framework and Criteria play three roles in strengthening U.S. competitiveness:

- They help improve organizational processes, capabilities, and results.
- They facilitate the communication and sharing of best practices among U.S. organizations through the Baldrige Award, the Quest for Excellence® Conference, the Baldrige Executive Fellows Program, and other educational offerings.
- They serve as a working tool for understanding and managing organizational performance, guiding your strategic thinking, and providing opportunities to learn.

Baldrige works with public- and private-sector partners to address critical national needs related to long-term success and sustainability, including cybersecurity risk management (see https://www.nist.gov/baldrige/products-services/baldrige-cybersecurity-initiative), excellence in U.S. communities (see Communities of Excellence 2026, http://www.communitiesofexcellence2026.org), and job quality (see the Job Quality Toolkit, https://www.commerce.gov/work-us/job-quality-toolkit).

Within the United States, state, regional, sector, and organizational performance excellence programs use the Baldrige framework to help organizations improve their competitiveness and results. Globally, many performance or business excellence programs use the Baldrige framework or a derivative as their organizational excellence model.

How do I get started?

However you plan to use the Baldrige framework, the Baldrige community is there to help your organization learn, grow, and improve. See the following pages and visit www.tncpe.org or https://www.nist.gov/baldrige to see the possibilities.

How to Use the Baldrige Excellence Framework

Whether your organization is large or small, you can use the Baldrige Excellence Framework for improvement. Your experience with Baldrige will help you decide where to begin.

If your organization is in the education or health care sector, you should use the education or health care version of this booklet, respectively. See https://www.nist.gov/baldrige/publications to obtain a copy.

If you are just learning about the Baldrige framework ...

Here are some ways to begin using the Baldrige framework to improve your organization.

Scan the questions in the Organizational Profile (pages 3–5). Discussing the answers to these questions with your senior leadership team might be your first Baldrige self-assessment.

Study the 11 Baldrige core values and concepts (pages 36–41). Consider how your organization measures up in relation to the core values. Are there any improvements you should be making?

Answer the questions in the titles of the 17 Criteria for Performance Excellence items to reach a basic understanding of the Criteria and your organization's performance.

Understand a simple outline of a holistic performance management system by reading the headings in blue in the Criteria section of this booklet (pages 3–25). Are you considering all of these dimensions in establishing your leadership system and measuring performance?

Use the Baldrige framework and its supporting material as a general resource on organizational performance improvement. This booklet and the materials online (https://www.nist.gov/baldrige/publications) may help you think in a different way or give you a fresh frame of reference.

Attend the Quest for Excellence® Conference, the Baldrige Fall Conference, or a state or regional Baldrige-based conference. These events highlight the role-model approaches and best practices of recipients of the Baldrige Award or Baldrige-based awards. These organizations have used the Baldrige framework to improve performance, innovate, and achieve world-class results. Workshops on Baldrige self-assessment are often offered in conjunction with these conferences.

Become an examiner or attend the Baldrige Examiner Training Experience (https://www.nist.gov/baldrige/products-services). Examiners receive valuable training, evaluate award applications, and learn to apply the Criteria to their organizations.

Become a Baldrige Executive Fellow. Baldrige Fellows (C-suite and rising executives) participate in an executive development program (see https://www.nist.gov/baldrige/products-services), learning from each other and from Baldrige Award recipients.

Assess yourself and your leadership team. Leaders may find it enlightening to discuss role-model leadership attributes and behaviors (https://www.nist.gov/baldrige/self-assessing/improvement-tools/are-you-role-model-leader).

If you are ready to assess your organization using Baldrige ...

To assess your organization with the Baldrige framework, follow one or more of the suggestions below.

Check your progress on achieving organizational excellence and improve communication among your workforce members and leadership team with two simple questionnaires: *Are We Making Progress?* and *Are We Making Progress as Leaders?* (https://www.nist.gov/baldrige/self-assessing/improvement-tools).

Identify gaps in your understanding of your organization and compare with others with *easyInsight: Take a First Step toward a Baldrige Self-Assessment* (https://www.nist.gov/baldrige/self-assessing/improvement-tools). This assessment is based on the Organizational Profile.

Complete the Organizational Profile (pages 3–5). Have your leadership team answer the questions. If you identify topics for which you have conflicting, little, or no information, use these topics for action planning. For many organizations, this approach serves as a first Baldrige self-assessment.

Answer the questions in the *Baldrige Excellence Builder* (https://www.nist.gov/baldrige/publications). This assessment tool includes key questions for improving your organization's performance. They are the questions in black boldface in the Criteria section of this booklet.

Use the full set of Criteria questions as a personal guide to everything that is important in leading your organization. You may discover blind spots or areas where you should place additional emphasis.

Review the scoring guidelines (pages 28–29). They help you assess your organizational maturity, especially when used in conjunction with "Steps toward Mature Processes" (page 30) and "From Fighting Fires to Innovation: An Analogy for Learning" (page 32).

Answer the questions in one Criteria category in which you know you need improvement, either yourself or with leadership team colleagues. Then assess your strengths and opportunities for improvement, and develop action plans. Be aware, though, that this kind of assessment limits the benefits of the systems perspective embodied in the Baldrige framework.

Have your leadership team assess your organization. At a retreat, have your leadership team develop responses to the Organizational Profile and the seven Criteria categories using the *Baldrige Excellence Builder* (https://www.nist.gov/baldrige/publications), and record the responses. Then assess your strengths and opportunities for improvement, and develop action plans.

Conduct a full Baldrige self-assessment. Set up teams within your organization to develop responses to the Organizational Profile and Criteria categories. For details, see https://www.nist.gov/baldrige/self-assessing and the slide presentation "Self-Assessing Your Organization with the Baldrige Excellence Framework" (https://www.nist.gov/baldrige/community/baldrige-ambassadors).

Contact your regional, state, local, or sector-specific Baldrige-based program (see the Alliance for Performance Excellence, https://www.baldrigealliance.org). Many programs provide networking opportunities, training, coaching, and self-assessment services in addition to an award program.

Contact a Baldrige Award recipient. Organizations that receive the Baldrige Award advocate for performance improvement, share their strategies, and serve as role models. Many undertake ongoing self-assessments of their organizations and can share their experiences with you. See https://www.nist.gov/baldrige/award-recipients for award recipients and their contact information.

If you are ready for external feedback ...

Here are some resources for receiving external feedback on your organization's strengths and opportunities for improvement.

Apply to your regional, state, local, or sector-specific Baldrige-based award program (see the Alliance for Performance Excellence, https://www.baldrigealliance.org). A team of experts will examine your organization objectively and identify your organization's strengths and its opportunities to improve.

Apply for the Malcolm Baldrige National Quality Award. Once you meet eligibility requirements, apply for the highest level of national recognition for performance excellence that a U.S. organization can receive: the Malcolm Baldrige National Quality Award. All award applicants receive a feedback report created by a team of Baldrige examiners.

Award applicants say that the Baldrige evaluation process is one of the best, most cost-effective, most comprehensive performance assessments you can find, whether or not they receive the Baldrige Award. See https://www.nist.gov/baldrige/baldrige-award for more information. In the Baldrige process, everyone is a learner.

Criteria for Performance Excellence Overview and Structure

Criteria for Performance Excellence Overview: A Systems Perspective

The **performance system** consists of the six categories in the center of the figure. These categories define your processes and the results you achieve.

Performance excellence requires strong **Leadership** and is demonstrated through outstanding **Results.**

The word "**integration**" at the center of the figure shows that all the elements of the system are interrelated.

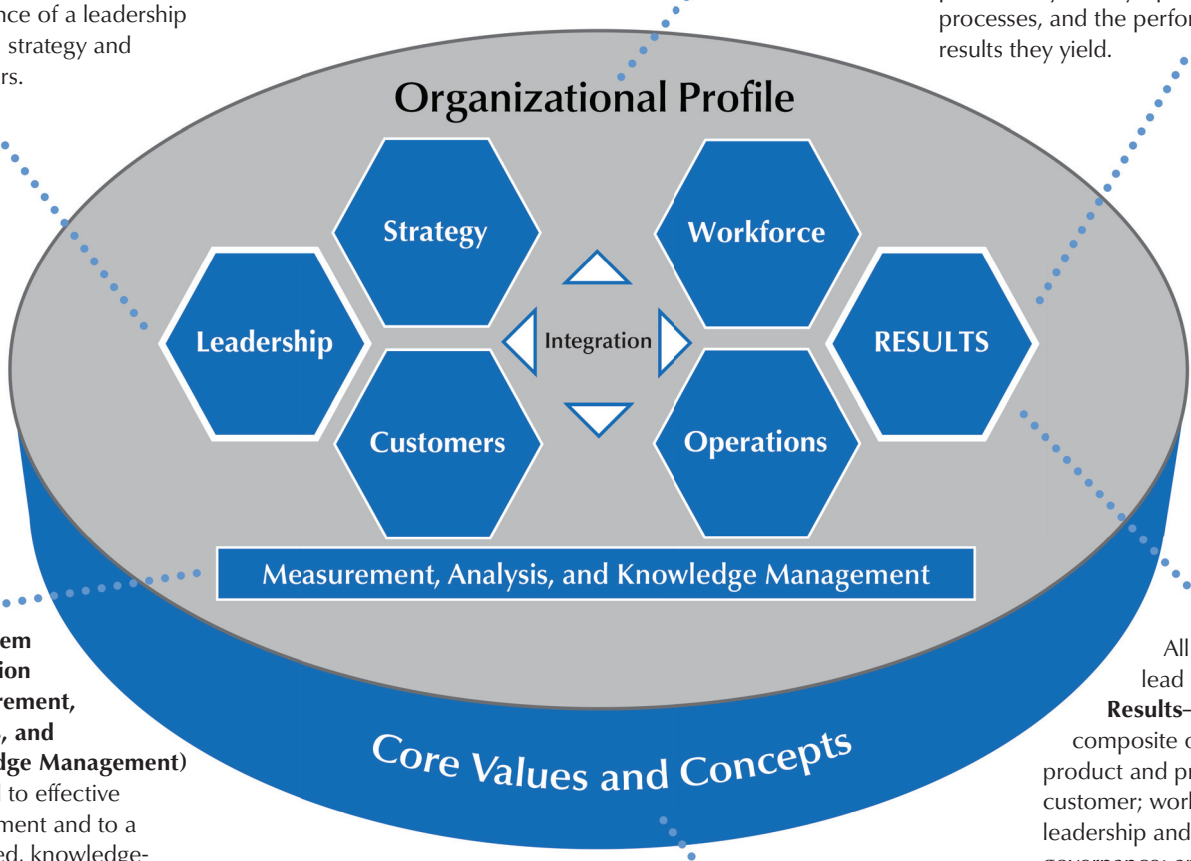
The **center horizontal arrowheads** show the critical linkage between the leadership triad (on the left) and the results triad (on the right) and the central relationship between the Leadership and Results categories.

The **center vertical arrowheads** point to the Organizational Profile and the system foundation, which provide information on and feedback to key processes and the organizational environment.

The **leadership** triad (**Leadership, Strategy, and Customers**) emphasizes the importance of a leadership focus on strategy and customers.

The **Organizational Profile** sets the context for your organization. It serves as the background for all you do.

The **results** triad (**Workforce, Operations, and Results**) includes your workforce-focused processes, your key operational processes, and the performance results they yield.



The **system foundation (Measurement, Analysis, and Knowledge Management)** is critical to effective management and to a fact-based, knowledge-driven, agile system for improving performance and competitiveness.

All actions lead to **Results**—a composite of product and process; customer; workforce; leadership and governance; and financial, marketplace, and strategy results.

The basis of the Criteria is a set of **core values and concepts** that are embedded in high-performing organizations (see pages 36–41).

Criteria for Performance Excellence Structure

The seven Baldrige Criteria for Performance Excellence categories are subdivided into items and areas to address.

Items

There are 17 Criteria items (plus 2 in the Organizational Profile), each with a particular focus. These items are divided into three groups according to the kinds of information for which they ask:

- The Organizational Profile asks you to define your organizational environment.
- Process items (categories 1–6) ask you to define your organization's processes.
- Results items (category 7) ask you to report results for your organization's processes.

See page 31 for a list of category and item titles and their point values for use in an organizational assessment against the Criteria.

An assessment against the Criteria is intended to be holistic, and there is not a one-to-one correspondence between results items and Criteria categories 1–6; however, some process and results items are closely linked. Those linkages are shown in the table.

Process Items	Results Items
Items 1.1 and 1.2	Item 7.4
Items 2.1 and 2.2	Item 7.5
Items 3.1 and 3.2	Item 7.2
Items 4.1 and 4.2	Items 7.1 and 7.5
Items 5.1 and 5.2	Item 7.3
Items 6.1 and 6.2	Item 7.1

Item Notes

Item notes (1) clarify terms or questions, (2) give instructions and examples for responding, and (3) indicate key linkages to other items. Item notes in italics pertain specifically to nonprofit (including government) organizations. An online item commentary offers additional detail and examples.

Areas to Address

Each item includes one or more areas to address (labeled *a*, *b*, *c*, and so on).

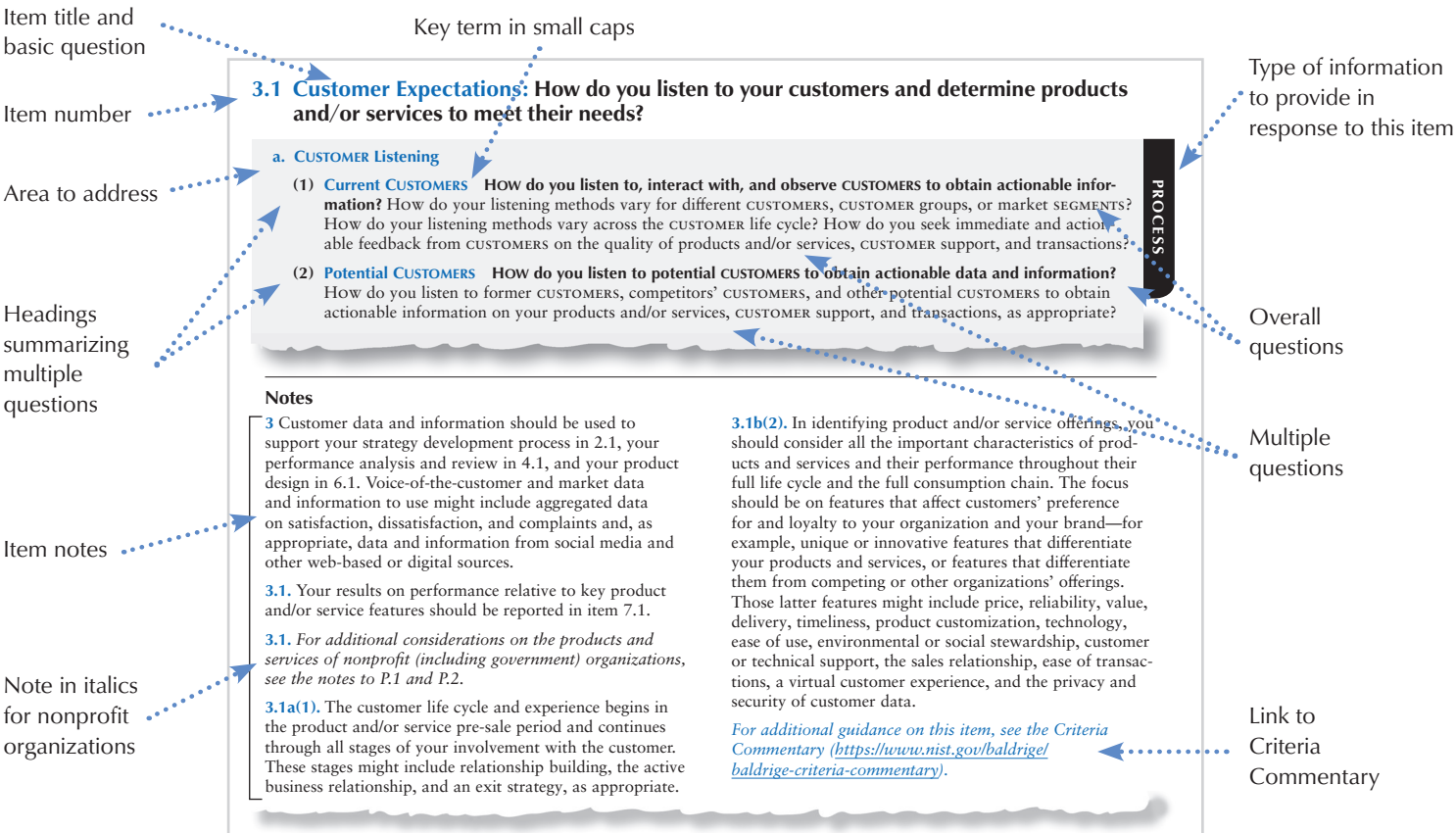
Item Questions

Item questions are expressed on three levels:

- *Basic questions* are expressed in the item titles.
- *Overall questions* are expressed in boldface in the shaded box. These leading questions are the starting point for responding.
- *Multiple questions* are those listed under the boldface questions.

Key Terms

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).



Criteria for Performance Excellence

Begin with the Organizational Profile

The Organizational Profile is the most appropriate starting point for self-assessment and for writing an application. It is critically important for the following reasons:

- You can use it as an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, use these topics for action planning.
- It sets the context for understanding your organization and how it operates, and allows you to address unique aspects of your organization in your responses to the Baldrige Criteria questions in categories 1–7. Your responses to all other questions in the Criteria should relate to the organizational context you describe in this profile.
- It helps you identify gaps in key information about your organization and focus on key performance requirements and results.
- The Organizational Profile is an invaluable tool for new and seasoned employees to fully understand your organization.

P Organizational Profile

The **Organizational Profile** is a snapshot of your organization and its strategic environment.

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

a. Organizational Environment

(1) Product and/or Service Offerings What are your main products and/or services? What is the relative importance (including percentage of revenue/budget) of each product or service to your success? What are the delivery methods for these products and/or services?

(2) MISSION, VISION, VALUES, and CULTURE What are your MISSION, VISION, and VALUES? What are the defining characteristics of your organizational CULTURE? What are your organization's CORE COMPETENCIES, and what is their relationship to your MISSION and VISION?

(3) WORKFORCE Profile What is your WORKFORCE profile? What are your WORKFORCE or employee groups and SEGMENTS and the KEY engagement drivers for each? What KEY changes are you experiencing in your WORKFORCE CAPABILITY, CAPACITY, and composition?

(4) Assets What are your major assets, such as facilities, equipment, technologies, and intellectual property?

(5) Regulatory Environment What are your KEY applicable regulations, and accreditation, certification, or registration requirements?

b. Organizational Relationships

(1) Organizational Structure What are your organizational leadership and GOVERNANCE structures? What are the KEY components of your organization's LEADERSHIP SYSTEM? What are the reporting relationships among your GOVERNANCE SYSTEM, 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 and/or services, CUSTOMER support services, and operations, including any differences among the groups?

(3) Suppliers, PARTNERS, and COLLABORATORS What are your KEY types of suppliers, PARTNERS, and COLLABORATORS? What role do they play in producing and delivering your KEY products and/or services and CUSTOMER support services? What role do they play in contributing and implementing INNOVATIONS in your organization? What are your KEY supply-network requirements?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

P.1a(1). How you deliver products and/or services to your customers might be direct or indirect, or through dealers, distributors, collaborators, or channel partners. *Nonprofit (including government) organizations might refer to their product and/or service offerings as programs or projects.*

P.1a(2). Your values are part of your organization's culture. Other characteristics of your culture might include shared beliefs and norms that contribute to the uniqueness of the environment within your organization.

P.1a(2). If your organization has a stated purpose as well as a mission, you should include it in your response here and as appropriate in the process categories. Some organizations define a mission and a purpose, and some use the terms interchangeably. Purpose refers to the fundamental reason that the organization exists.

P.1a(3). As applicable, your workforce profile should include the location of your workforce, your organized bargaining units (i.e., union representation), and the special health and safety requirements of the workforce. Your workforce profile should specify any workforce groups the organization has identified for segmenting data. Organizations that also rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer-facing) should include these groups as part of their workforce. Workforce or employee groups and segments might be based on type of employment or contract-reporting relationship, location (including remote work), work shift/tour of duty, work environment, use of flexible work policies, or other factors. Current and anticipated changes impacting your workforce members might relate to scheduling, location, and their requirements and expectations.

P.1a(5). Regulations and requirements include any applicable occupational health and safety regulations; industry standards; and environmental, financial, and product regulations. In the Criteria, industry refers to the sector in which you operate, and industry standards might include industrywide codes of conduct and policy guidance. *For nonprofit (including government) organizations, the sector in which you operate might be charitable organizations, professional associations and societies, religious organizations, or government entities—or a subsector of one of these.* Depending on the regions in which you operate, environmental regulations might cover greenhouse gas emissions, carbon regulations and trading, and energy efficiency.

P.1b(1). The organizational leadership and governance structures for privately held businesses, nonprofit organizations, and government agencies may comprise an advisory board, a family council, or local/regional leaders who are assembled to provide guidance. *For some nonprofit (including government) organizations, reporting relationships might include publicly elected officials, boards, and commissions, as well as relationships with major funding sources, such as granting agencies, legislatures, or foundations.*

P.1b(1). The Organizational Profile asks for the "what" of your leadership system. Questions in categories 1 and 5 ask *how* the system functions.

P.1b(2). *For some nonprofit (including government) organizations, customers might include members, taxpayers, residents, visitors, businesses, clients, and beneficiaries, and market segments might be referred to as constituencies. For government agencies, the legislature (as a source of funds) may be a key stakeholder.*

P.1b(2). Customer, stakeholder, and operational requirements and expectations will drive your organization's sensitivity to the risk of product, service, support, and supply-network interruptions, including those due to natural disasters and other emergencies.

P.1b(2). Customer groups might be based on common requirements and expectations, behaviors, preferences, or profiles. Within a group, there may be customer segments based on differences, commonalities, or both. You might subdivide your market segments or customer groups based on product lines or features, distribution channels, business volume, geography, or other defining factors.

P.1b(3). Your supply network consists of the external entities involved in producing and delivering your products and/or services to your customers and offering post-sales support. For some organizations, these entities form a chain, in which one entity directly supplies another. Increasingly, however, these entities are interlinked and exist in interdependent rather than linear relationships. The Criteria use the term *supply network* to emphasize the interdependencies among organizations and their suppliers. The term *supply network* represents an evolution and maturity in supply-chain management.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

P.2 Organizational Situation: What is your organization's strategic situation?

a. Competitive Environment

(1) Competitive Position What are your size, share, and growth in your industry or the markets you serve? How many and what types of competitors do you have? What differentiates you from them?

(2) Competitiveness Changes What KEY changes, if any, are affecting your competitive situation, including changes that create opportunities for collaboration and INNOVATION, as appropriate?

(3) Comparative Data What KEY sources of comparative and competitive data are available from within your industry? What KEY sources of comparative data are available from outside your industry? What limitations, if any, affect your ability to obtain or use these data?

b. Strategic Context

What are your KEY STRATEGIC CHALLENGES, threats, ADVANTAGES, and OPPORTUNITIES?

c. PERFORMANCE Improvement SYSTEM

What is your overall SYSTEM for PERFORMANCE improvement? What KEY tools and methods are used as part of this SYSTEM?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

P.2a. *Nonprofit organizations often compete with other organizations and alternative sources of similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, talent, and media attention.*

P.2b. Strategic challenges, threats, advantages, and opportunities might be in the areas of business, operations, societal contributions, and workforce. They might relate to products; finances; organizational structure and culture; emerging technology; digital integration; security and cybersecurity; emerging competitors; organizational resilience and risk management; changing stakeholder requirements and expectations; workforce capability or capacity; brand recognition and reputation; your supply network; globalization; the environment and climate; diversity, equity, and inclusion; and the upgrade and maintenance of facilities. *Throughout the Criteria, "business" refers to a nonprofit (or government) organization's main mission area or enterprise activity.*

P.2c. Excellence is not possible without robust evaluation and improvement of key processes, systems, and organizational results. The Baldrige Scoring System (pages 26–32) uses performance improvement through learning and integration as a factor in assessing the maturity of organizational approaches and their deployment. This question is intended to set an overall context for your approach to performance improvement. The system you use should be related to your organization's needs and compatible with your organization's capabilities, capacity, and culture. Specific tools and methods that might be utilized as part of the system include, for example, the PDCA methodology, ISO standards, a Lean Enterprise System, and the Six Sigma methodology, among others.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

1 Leadership

The **Leadership** category asks HOW SENIOR LEADERS' personal actions guide and sustain your organization. It also asks about your organization's GOVERNANCE SYSTEM; HOW your organization fulfills its legal and ethical responsibilities; and HOW it makes societal contributions.

1.1 Senior Leadership: How do your senior leaders lead the organization?

PROCESS

a. MISSION, VISION, and VALUES

(1) Establishing MISSION, VISION, and VALUES **HOW do SENIOR LEADERS set and DEPLOY your organization's MISSION, VISION, and VALUES?** HOW do SENIOR LEADERS DEPLOY the MISSION, VISION, and VALUES through your LEADERSHIP SYSTEM, to the WORKFORCE, to KEY suppliers and PARTNERS, and to CUSTOMERS and other STAKEHOLDERS, as appropriate? HOW do SENIOR LEADERS' personal actions reflect a commitment to those VALUES?

(2) Promoting Legal and ETHICAL BEHAVIOR **HOW do SENIOR LEADERS' personal actions demonstrate their commitment to legal and ETHICAL BEHAVIOR?** HOW do SENIOR LEADERS promote an organizational environment that requires it?

b. Communication

HOW do SENIOR LEADERS communicate with and engage the entire WORKFORCE, KEY PARTNERS, and KEY CUSTOMERS? How do they

- encourage frank, two-way communication;
- communicate KEY decisions and needs for organizational change; and
- take a direct role in motivating the WORKFORCE toward HIGH PERFORMANCE and a CUSTOMER and business focus?

c. Focus on Organizational PERFORMANCE

(1) Creating an Environment for Success **HOW do SENIOR LEADERS create an environment for success now and in the future?** HOW do they

- create and reinforce an organizational CULTURE that values and fosters CUSTOMER and WORKFORCE ENGAGEMENT, safety, DIVERSITY, equity, and inclusion;
- cultivate organizational AGILITY and RESILIENCE, accountability, organizational and individual LEARNING, INNOVATION, and INTELLIGENT RISK taking; and
- participate in succession planning and the development of future leaders?

(2) Creating a Focus on Action **HOW do SENIOR LEADERS create a focus on action to achieve the organization's MISSION and VISION?** HOW do SENIOR LEADERS

- create a focus on action that will improve the organization's PERFORMANCE and work toward achieving the VISION;
- in setting expectations for organizational PERFORMANCE, include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS;
- identify needed actions; and
- demonstrate personal accountability for the organization's actions?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

1. Your responses in category 1 should align with the components of your leadership system listed in P.1b(1).

1.1. This item deals specifically with senior leaders and how they lead the organization. Other items focus on the organization.

1.1. Results related to the effectiveness of leadership and the leadership system should be reported in item 7.4.

1.1. In leading their organizations and focusing on success, senior leaders should consider the entire workforce (whether in-person, hybrid, or remote).

1.1a(1). Your organization's mission and vision should set the context for the strategic opportunities, strategic objectives, and action plans you describe in P.2b and items 2.1 and 2.2.

1.1b. Organizations that rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer-facing) should also discuss efforts to communicate with these segments. (See note 5, after item 5.1.) Similarly, organizations that rely heavily on suppliers should discuss efforts to communicate with and engage key suppliers.

1.1c(1). In creating an environment for success, leaders should consider both external and internal factors. Factors might include risk appetite and tolerance; the need for technological and organizational innovation, including risks and opportunities arising from emerging technology, data integration, and digitization; readiness for short- and long-term disruptions; organizational culture; work systems; the potential need for changes in structure and culture; workforce capability and capacity; resource availability; societal benefit and social equity; and core competencies.

1.1c(1). Fostering equity means supporting the fair treatment of all customers, workforce members, and all other key stakeholders of the organization. Inclusion refers to enabling their full participation and supporting them to feel a sense of belonging.

1.1c(2). Senior leaders' focus on action considers your strategy, workforce, work systems, and assets. It includes taking intelligent risks, implementing innovations and ongoing improvements in performance and productivity, taking the actions needed to achieve your strategic objectives (see 2.2a[1]), demonstrating personal accountability for those actions, ensuring that adequate resources are made available, and establishing plans for managing organizational change or responding rapidly to significant new information, as necessary.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

1.2 Governance and Societal Contributions: How do you govern your organization and make societal contributions?

PROCESS

a. Organizational Governance

(1) Governance System **How does your organization ensure responsible governance?** How does your governance system review and achieve

- Accountability for senior leaders' actions;
- Fiscal accountability;
- Transparency in operations;
- Selection of governance board members and disclosure policies for them, as appropriate;
- Independence and effectiveness of internal and external audits;
- Protection of stakeholder and stockholder interests, as appropriate; and
- Succession planning for senior leaders?

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

(3) Organizational performance **How does your governance system review the organization's performance?** How does your governance system review progress on strategic objectives and action plans?

b. Legal and Ethical Behavior

(1) Legal and Regulatory Compliance **How do you address current and anticipated future legal, regulatory, and community concerns with your products and operations?** How do you

- address any adverse societal impacts of your products and operations,
- anticipate public concerns with your future products and operations, and
- prepare for these impacts and concerns proactively?

What are your key compliance processes, measures, and goals for meeting 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?

(Continued on the next page)

(2) **Ethical Behavior** **How do you require and foster ETHICAL BEHAVIOR in all interactions?** What are your KEY PROCESSES and MEASURES or INDICATORS for requiring and fostering ETHICAL BEHAVIOR in your GOVERNANCE structure; throughout your organization; and in interactions with your WORKFORCE, CUSTOMERS, PARTNERS, suppliers, and other STAKEHOLDERS? How do you monitor and respond to breaches of ETHICAL BEHAVIOR?

c. Societal Contributions

(1) **Societal Well-Being** **How do you incorporate societal well-being and benefit into your strategy and daily operations?** How do you contribute to the well-being of environmental, social, and economic SYSTEMS?

(2) **Community Support** **How do you actively support and strengthen your KEY communities?** What are your KEY communities? How do you identify them and determine areas for organizational involvement? How do your SENIOR LEADERS, in concert with your WORKFORCE, contribute to improving these communities?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

1.2. Societal contributions in areas critical to your ongoing success should also be addressed in Strategy Development (item 2.1) and Operations (category 6). Key societal results should be reported in item 7.4.

1.2a(1). Transparency in the operations of your governance system should include your internal controls on governance processes. For some privately held businesses and nonprofit (including government) organizations, an external advisory board may provide some or all governance system functions. *For nonprofit (including government) organizations that serve as stewards of public funds, areas of emphasis are stewardship of those funds and transparency in operations.*

1.2a(1). In protecting stakeholder interests, the governance system should consider and approve appropriate levels of risk for the organization, recognizing the need to accept risk as part of running a successful organization.

1.2a(2). The evaluation of leaders' performance might be supported by peer reviews, formal performance management reviews, and formal or informal feedback from and surveys of the workforce and other stakeholders. For some privately held businesses and nonprofit and government organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.

1.2b(2). Measures or indicators of ethical behavior might include the percentage of independent board members, measures of relationships with stockholder and nonstockholder constituencies, instances of unethical conduct or compliance breaches and responses to them, survey results showing workforce perceptions of organizational ethics, ethics hotline use, percentage of allegations substantiated, and results of ethics reviews and audits. Such measures or indicators might also include evidence that policies, workforce training, and monitoring systems are in place for conflicts of interest; protection and use of sensitive data, information, and knowledge generated through synthesizing and correlating these data; and proper use of funds.

1.2c. *Some charitable organizations may contribute to society and support their key communities totally through the mission-related activities described in response to other Criteria questions. In such cases, it is appropriate to respond here with any "extra efforts" through which you support these and/or broader communities.*

1.2c(1). Societal well-being has become both an organizational differentiator and a strategic mandate across sectors. Areas of societal well-being and benefit to report are those that go beyond the compliance processes you describe in 1.2b(1). They might include organizational or collaborative efforts to improve the environment and advance the sustainability of natural resources (e.g., through a circular economy); strengthen community services, education, health, and emergency preparedness; address social inequities; and improve the practices of trade, business, or professional associations. These efforts may have local, regional, national, or global impacts.

1.2c(2). Areas for organizational involvement in supporting your key communities might include areas that leverage your core competencies or may focus on helping to address systemic challenges that impact health, education, or economic opportunities.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

2 Strategy

The **Strategy** category asks HOW your organization develops STRATEGIC OBJECTIVES and ACTION PLANS, implements them, changes them if circumstances require, and measures progress.

2.1 Strategy Development: How do you develop your strategy?

PROCESS

a. Strategy Development PROCESS

(1) Strategic Planning PROCESS **HOW do you conduct your strategic planning?** What are your short- and longer-term planning horizons? HOW does your strategic planning PROCESS address the potential need for change, prioritization of change initiatives, and organizational AGILITY and RESILIENCE?

(2) Strategy Considerations **HOW do you collect and analyze relevant data and develop information for use in your strategic planning PROCESS?** HOW do you consider the following KEY elements and risks as part of your strategy?

- Your STRATEGIC CHALLENGES and STRATEGIC ADVANTAGES
- Potential changes and disruptions in your regulatory and external environment, including from natural disasters, threats, or other emergencies
- INNOVATIONS and technological changes affecting your products, services, operations, or markets
- Potential blind spots in your information and data
- Potential supply limitations or disruptions
- Your ability to execute the strategic plan
- Rapid changes that impact your organization and the potential need for frequent reinvention or transformation

(3) STRATEGIC OPPORTUNITIES and INTELLIGENT RISKS **HOW do you identify STRATEGIC OPPORTUNITIES and stimulate INNOVATION?** HOW do you decide which STRATEGIC OPPORTUNITIES are INTELLIGENT RISKS to pursue?

(4) Outsourcing and CORE COMPETENCIES **HOW do you decide which KEY PROCESSES will be accomplished by your WORKFORCE and which by external suppliers, PARTNERS, and COLLABORATORS?** HOW do those decisions consider your STRATEGIC OBJECTIVES; your CORE COMPETENCIES; and the CORE COMPETENCIES of potential suppliers, PARTNERS, and COLLABORATORS? HOW do you determine what future organizational CORE COMPETENCIES and WORK SYSTEMS you will need?

b. STRATEGIC OBJECTIVES

(1) KEY STRATEGIC OBJECTIVES **What are your organization's KEY STRATEGIC OBJECTIVES and their most important related GOALS?** What is your timetable for achieving them? What KEY changes, if any, are planned in your products and/or services, CUSTOMERS and markets, suppliers and PARTNERS, and operations?

(2) Considerations **HOW do your STRATEGIC OBJECTIVES achieve balance among varying and competing organizational needs?** HOW do your STRATEGIC OBJECTIVES

- address your STRATEGIC CHALLENGES and leverage your CORE COMPETENCIES, STRATEGIC ADVANTAGES, and STRATEGIC OPPORTUNITIES;
- balance short- and longer-term planning horizons; and
- consider and balance the needs of all KEY STAKEHOLDERS?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

2.1. This item deals with your overall organizational strategy, which might include changes in customer engagement processes and product and/or service offerings. However, you should describe the customer engagement and product and/or service design strategies, respectively, in items 3.2 and 6.1, as appropriate.

2.1. Strategy development refers to your organization's approach to preparing for the future. In developing your strategy, you should consider your level of acceptable enterprise risk. Strategy development might involve key suppliers, collaborators, distributors, partners, and customers. *For some nonprofit organizations, strategy development might involve organizations providing similar services or drawing from the same donor population or volunteer workforce.*

2.1. 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; definition or redefinition of your role in your business ecosystem (your network of partners, suppliers, collaborators, competitors, customers, communities, and other relevant organizations inside and outside your sector or industry that serve as potential resources); differentiation of your brand; new core competencies; revenue growth; divestitures; mergers and acquisitions; new partnerships, alliances, or roles within them; and new employee or volunteer relationships. It might also be directed toward meeting a community or public need.

2.1a(1). Your strategic planning should address your ability to mobilize the necessary resources and knowledge to execute the strategic plan. It should also address your ability to develop and execute contingency plans or, if circumstances require, to shift strategy and rapidly execute new or changed plans.

2.1a(2). Your overall approach to risk management should be described in 6.2c(3).

2.1a(3). This question focuses on identifying strategic opportunities that stimulate innovations. Report your process for determining which innovations to pursue in 4.2c.

2.1b. Strategic objectives should focus on your strategic challenges, advantages, and opportunities—those most important to your ongoing success and to strengthening your overall performance and your success now and in the future. Strategic objectives should align with your short- and long-term horizons/milestones.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

2.2 Strategy Implementation: How do you implement your strategy?

PROCESS

a. Action Plan Development and Deployment

(1) Action Plans **How do you develop your action plans?** What are your key short- and longer-term action plans? How do you ensure that they align with your strategic objectives?

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

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

(4) Workforce Plans **What are your key workforce plans to support your strategic objectives and action plans?** How do the plans address potential impacts on your workforce members and any potential changes in workforce capability and capacity needs?

(5) Performance Measures **What key performance measures or indicators do you use to track the achievement and effectiveness of your action plans?** How do these action plan measures or indicators reinforce organizational alignment?

(6) Performance Projections **For these key performance measures or indicators, what are your performance projections for your short- and longer-term planning horizons?** If there are gaps between your projected performance and that of your competitors or comparable organizations, how do you address them in your action plans?

b. Action Plan Modification

How do you recognize and respond when circumstances require a shift in action plans and rapid execution of new plans?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

2.2. The development and deployment of your strategy and action plans are closely linked to other Criteria items. The following are examples of key linkages:

- Item 1.1: how your senior leaders set and communicate organizational direction
- Category 3: how you gather customer and market knowledge as input to your strategy and action plans and to use in deploying action plans
- Category 4: how you measure and analyze data and manage knowledge to support key information needs, support strategy development, provide an effective basis for performance measurements, and track progress on achieving strategic objectives and action plans
- Category 5: how you meet workforce capability and capacity needs, determine needs and design your workforce learning and development system, determine workforce plans, and implement workforce-related changes resulting from action plans
- Category 6: how you address changes to your work processes and products and/or services resulting from action plans
- Item 7.5: results for overall strategy and action plan achievement

2.2a(4). In developing your workforce plans, consider the impacts on your different workforce segments in relation to and alignment with organizational objectives around workforce demographics, diversity, and location (e.g., in-person, hybrid, and remote).

2.2a(6). Projected performance might consider new ventures; organizational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations. Your process for projecting future performance should be reported in 4.1b.

2.2b. Circumstances that might require shifts in action plans and rapid execution of new plans include disruptive internal or external events, changes in your competitive environment, changing economic conditions, the emergence of disruptive technologies, and sudden changes in customer requirements and expectations.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

3 Customers

The **CUSTOMERS** category asks HOW your organization engages its CUSTOMERS for ongoing success, including HOW your organization listens to CUSTOMERS, determines products and/or services to meet their needs, builds long-term CUSTOMER relationships, and enhances the CUSTOMER experience.

3.1 Customer Expectations: How do you listen to your customers and determine products and/or services to meet their needs?

PROCESS

a. CUSTOMER Listening

(1) Current CUSTOMERS **HOW do you listen to, interact with, and observe CUSTOMERS to obtain actionable information?** How do your listening methods vary for different CUSTOMERS, CUSTOMER groups, or market SEGMENTS? How do your listening methods vary across the CUSTOMER life cycle? How do you seek immediate and actionable feedback from CUSTOMERS on the quality of products and/or services, CUSTOMER support, and transactions?

(2) Potential CUSTOMERS **HOW do you listen to potential CUSTOMERS to obtain actionable data and information?** How do you listen to former CUSTOMERS, competitors' CUSTOMERS, and other potential CUSTOMERS to obtain actionable information on your products and/or services, CUSTOMER support, and transactions, as appropriate?

b. CUSTOMER Segmentation and Product and/or Service Offerings

(1) CUSTOMER SEGMENTATION **HOW do you determine your CUSTOMER groups and market SEGMENTS?** How do you

- use information on CUSTOMERS, markets, and product and/or service offerings to identify current and anticipate future CUSTOMER groups and market SEGMENTS; and
- determine which CUSTOMERS, CUSTOMER groups, and market SEGMENTS to emphasize and pursue for business growth?

(2) Product and/or Service Offerings **HOW do you determine product and/or service offerings?** How do you

- determine CUSTOMER and market needs, requirements, and expectations for product and/or service offerings;
- identify and adapt product and/or service offerings to meet the requirements and exceed the expectations of your CUSTOMER groups and market SEGMENTS; and
- identify and adapt product and/or service offerings to enter new markets, attract new CUSTOMERS, and create opportunities to expand relationships with current CUSTOMERS, as appropriate?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

3 Customer data and information should be used to support your strategy development process in item 2.1, your performance analysis and review in item 4.1, and your product design in item 6.1. Voice-of-the-customer and market data and information to use might include aggregated data on satisfaction, dissatisfaction, and complaints and, as appropriate, data and information from social media and other web-based or digital sources.

3.1. Your results on performance relative to key product and/or service features should be reported in item 7.1.

3.1. *For additional considerations on the products and services of nonprofit (including government) organizations, see the notes to P.1 and P.2.*

3.1a(1). The customer life cycle and experience begins in the product and/or service pre-sale period and continues through all stages of your involvement with the customer. These stages might include relationship building, the active business relationship, and an exit strategy, as appropriate.

3.1b(2). In identifying product and/or service offerings, you should consider all the important characteristics of products and services and their performance throughout their full life cycle and the full consumption chain. The focus should be on features that affect customers' preference for and loyalty to your organization and your brand—for example, unique or innovative features that differentiate your products and services, or features that differentiate them from competing or other organizations' offerings. Those latter features might include price, reliability, value, delivery, timeliness, product customization, technology, ease of use, environmental or social stewardship, customer or technical support, the sales relationship, ease of transactions, a virtual customer experience, and the privacy and security of customer data.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

3.2 Customer Engagement: How do you build relationships and enhance the customer experience?

PROCESS

a. CUSTOMER Experience

(1) Relationship Management **HOW do you acquire and retain CUSTOMERS by building and managing relationships?** How do you

- build a more CUSTOMER-focused organizational CULTURE,
- manage and enhance your brand, and
- meet CUSTOMERS' requirements and exceed their expectations in each stage of the CUSTOMER life cycle?

(2) CUSTOMER Access and Support **HOW do you enable CUSTOMERS to do business with you, seek information, and obtain support?** How do your PROCESSES or mechanisms vary for different CUSTOMERS, CUSTOMER groups, or market SEGMENTS, as appropriate? How do you

- determine your CUSTOMERS' KEY support requirements and expectations, and
- DEPLOY these requirements to all people and PROCESSES involved in CUSTOMER support?

(3) Complaint Management **HOW do you manage CUSTOMER complaints?** How do you resolve complaints promptly and EFFECTIVELY and recover your CUSTOMERS' confidence? How do you analyze complaints and use this information to make the necessary changes to prevent future complaints?

(4) Fair Treatment **HOW do your CUSTOMER experience PROCESSES promote and ensure fair treatment for different CUSTOMERS, CUSTOMER groups, and market SEGMENTS?**

b. Determination of CUSTOMER Satisfaction, Dissatisfaction, and ENGAGEMENT

Satisfaction, Dissatisfaction, and ENGAGEMENT **HOW do you determine CUSTOMER satisfaction, dissatisfaction, and ENGAGEMENT?** How do your determination methods differ among your CUSTOMER groups and market SEGMENTS, as appropriate? How do you take action on the RESULTS of satisfaction, dissatisfaction, and engagement determination methods? How do you obtain information on CUSTOMERS' satisfaction with your organization relative to competitors and other organizations providing similar products and/or services?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

3.2. Results for customer perceptions and actions (outcomes) should be reported in item 7.2.

3.2a. You should ensure that your approaches for managing customer relationships, enabling customers to seek information and support, and managing complaints promote fairness, equity, and inclusion and do not inadvertently discriminate.

3.2b. Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

3.2b. Information on relative satisfaction with other organizations may include comparisons with competitors, comparisons with organizations that deliver similar products and/or services in a noncompetitive marketplace, or comparisons with industry benchmarks obtained through trade or other organizations. Such information may also include information on why customers choose your competitors over you.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

4 Measurement, Analysis, and Knowledge Management

The **Measurement, Analysis, and Knowledge Management** category asks HOW your organization measures, analyzes, reviews, and improves organizational PERFORMANCE and HOW you manage your information and organizational knowledge assets.

4.1 Measurement, Analysis, Review, and Improvement of Organizational Performance: How do you measure, analyze, review, and improve organizational performance?

PROCESS

a. PERFORMANCE Measurement

(1) PERFORMANCE MEASURES HOW do you track data and information on daily operations and overall organizational PERFORMANCE? How do you

- select, collect, align, and integrate data and information to use in tracking daily operations and overall organizational PERFORMANCE;
- track progress on achieving STRATEGIC OBJECTIVES and ACTION PLANS; and
- modify or adjust your MEASURES to provide timely data to address rapid or unexpected organizational or external changes?

What are your KEY organizational PERFORMANCE MEASURES, including KEY short- and longer-term financial MEASURES?

(2) Comparative Data HOW do you select comparative data and information to support fact-based decision making?

b. PERFORMANCE ANALYSIS and Review, and Improvement

(1) HOW do you analyze and review your organization's PERFORMANCE and capabilities? How do you use your KEY organizational PERFORMANCE MEASURES, as well as comparative data, in these reviews? What ANALYSES do you perform to support these reviews and the validity of your findings? How do your organization and its SENIOR LEADERS use these reviews to

- assess organizational success, competitive PERFORMANCE, CORE COMPETENCIES, financial health, and progress on achieving your STRATEGIC OBJECTIVES and ACTION PLANS; and
- respond rapidly to changing organizational needs and challenges in your operating environment?

How do you project your organization's future PERFORMANCE? How do you use findings from PERFORMANCE reviews and KEY comparative and competitive data in your projections?

(2) HOW do you use the findings from your PERFORMANCE reviews to identify priorities for continuous improvement and opportunities for INNOVATION?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

4.1. The questions in this item are closely linked to other Criteria items. Your performance measurement, analysis, and review system (4.1a) should include measures for all key parts of your organization, including your leadership (category 1), strategy (category 2), customers (category 3), workforce (category 5), and operations (category 6).

4.1a(1). Modifying or adjusting your measures to provide timely data to address rapid or unexpected organizational or external changes may involve adopting different performance measures or adjusting the intervals between measurements. These modifications might be necessary to respond to regulatory or other changes in the political or societal environment, disasters and emergencies, innovations in organizational processes or business models, new competitor offerings, or productivity enhancements.

4.1a(2). The comparative data and information you select should be used to support operational and strategic decision making. Comparative data and information are obtained by benchmarking and by seeking competitive comparisons. Benchmarking is identifying processes and results that represent best practices and performance for similar activities, inside or outside your industry. Competitive comparisons relate your performance to that of competitors and other organizations providing similar products and/or services.

4.1b. Performance analyses include examining performance trends; organizational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations. These analyses should support your performance reviews, help determine root causes, and help set priorities for resource use and transformative change, if appropriate. Accordingly, such analyses draw on all types of data: product and/or service performance, customer-related, workforce-related, financial and market, operational, and competitive. These analyses should also draw on regulatory and other

publicly mandated measures, when appropriate. The analyses may involve digital data analytics and data science techniques that detect patterns in large volumes of data ("big data") and interpret their meaning. Such activities may be conducted internally or in partnership with suppliers, partners, or collaborators with the requisite expertise.

4.1b(1). Organizational performance reviews should include data on your strategic objectives and action plans (category 2), as well as data on your leadership (category 1), customers (category 3), workforce (category 5), and operations (category 6). The results of organizational performance analysis and review should inform your strategy development and implementation, operations, priorities for continuous improvement, and opportunities for innovation. Rapid response to changes in your operating environment might include the need to adjust your performance expectations.

4.1b(2). Priorities for continuous improvement should be considered as part of your performance improvement process in 6.1b. Opportunities for innovation should be considered as part of your process for pursuing potential innovations in 4.2c.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

4.2 Information and Knowledge Management: How do you manage your information and your organizational knowledge assets?

PROCESS

a. Data and Information

(1) Quality **HOW do you verify and ensure the quality of organizational data and information?** How do you manage digital and other data and information to ensure their accuracy and validity, integrity and reliability, and currency?

(2) Availability **HOW do you ensure the availability of organizational data and information?** How do you make needed data and information available in a user-friendly format and timely manner to your WORKFORCE, suppliers, PARTNERS, COLLABORATORS, and CUSTOMERS, as appropriate? How do you ensure that your information technology SYSTEMS are reliable and user-friendly?

(3) Cybersecurity **HOW do you secure sensitive or privileged data and information, information technology assets, and Internet-enabled SYSTEMS?** How do you manage physical and digital data; information; and KEY networked, cloud-based, and/or Internet-enabled SYSTEMS to ensure confidentiality and appropriate physical and digital access? How do you

- maintain your awareness of emerging security and cybersecurity threats;
- ensure that your WORKFORCE, CUSTOMERS, PARTNERS, COLLABORATORS, and suppliers understand and fulfill their security and cybersecurity roles and responsibilities;
- identify and prioritize KEY information technology and operational SYSTEMS to secure; and
- protect these SYSTEMS from potential cybersecurity events, detect cybersecurity events, and respond to and recover from cybersecurity incidents?

b. Organizational Knowledge

(1) Knowledge Management **HOW do you build and manage organizational knowledge?** How do you

- collect and transfer knowledge among your WORKFORCE and other STAKEHOLDERS to inform and support your strategy and operations,
- analyze data and information from different sources to build organizational knowledge, and
- embed LEARNING in the way your organization operates?

(2) Best Practices **HOW do you identify and share best practices in your organization?** How do you determine best practices from internal and external organizational sources, and implement them across your organization and with KEY suppliers, PARTNERS, and COLLABORATORS, as appropriate?

c. Pursuit of INNOVATION

HOW do you determine which opportunities for INNOVATION to pursue? How do you make financial and other resources available to pursue these opportunities? How do you DEPLOY these opportunities, as appropriate, to your WORKFORCE and to KEY suppliers, PARTNERS, and COLLABORATORS? How do you decide to discontinue pursuing these opportunities, when necessary?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

4.2a(2). Information technology systems include, for example, physical devices and systems; software platforms and applications; and externally based or shared information systems, such as those stored in the cloud or outside your organization's control.

4.2a(3). Managing cybersecurity includes protecting against the loss of sensitive information about employees, customers, and organizations; protecting assets, including intellectual property; and protecting against the financial, legal, and reputational aspects of breaches.

4.2b(1). Building and managing organizational knowledge from different sources may involve handling big data sets and disparate types of structured and unstructured data and information, such as data tables, video, audio, photos, and text. Analyzing data and information may involve using artificial intelligence, digital data analytics, and data science techniques that detect patterns in large volumes of data and interpret their meaning. Using these techniques to make decisions requires deploying technology and leveraging data and information in a way that protects information about organizations and individuals.

4.2b(1). Embedding learning in the way your organization operates means that learning (1) is a part of everyday work; (2) results in solving problems at their source; (3) is focused on building and sharing knowledge throughout your organization; (4) is driven by opportunities to bring about significant, meaningful change and to innovate; and (5) enables agile and sustainable processes.

4.2c. Your process for pursuing potential innovations should carefully evaluate all opportunities, including those identified in your strategic planning process (2.1a), your customer listening (3.1a), your product and service determination (3.1b[2]), your performance reviews (4.1b), your knowledge management system (4.2b[1]), and by your workforce and other stakeholders. Your assessment should consider which opportunities are intelligent risks worth pursuing and should balance the need for thoughtful assessment with the importance of implementing the innovations in a timely manner.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

5 Workforce

The WORKFORCE category asks HOW your organization addresses WORKFORCE CAPABILITY and CAPACITY and provides a workplace climate to support HIGH PERFORMANCE. The category also asks HOW your organization engages, manages, and develops your WORKFORCE to utilize its full potential in ALIGNMENT with your organization's overall business needs.

5.1 Workforce Environment: How do you build an effective and supportive workforce environment?

PROCESS

a. WORKFORCE CAPABILITY and CAPACITY

(1) CAPABILITY and CAPACITY Needs **HOW do you assess your WORKFORCE CAPABILITY and CAPACITY needs?** How do you assess the skills, competencies, certifications, and staffing LEVELS you need in the short and long terms?

(2) New WORKFORCE Members **HOW do you recruit, hire, and onboard new WORKFORCE members?** How do you ensure that your WORKFORCE represents the DIVERSITY of ideas, CULTURES, and thinking in your hiring and CUSTOMER communities? How do you ensure the fit of new WORKFORCE members with your organizational CULTURE?

(3) WORKFORCE Change **HOW do you prepare your WORKFORCE for changing CAPABILITY and CAPACITY needs?** How do you

- balance the needs of your WORKFORCE and your organization to ensure continuity, prevent WORKFORCE reductions, and minimize the impact of any necessary reductions;
- prepare for and manage any periods of WORKFORCE growth or shortages; and
- prepare your WORKFORCE for changes in organizational structure, workplaces, WORK SYSTEMS, and technology when needed?

(4) Work Accomplishment **HOW do you organize and manage your WORKFORCE?** How do you organize and manage your WORKFORCE to

- capitalize on your organization's CORE COMPETENCIES;
- reinforce organizational RESILIENCE, AGILITY, and a CUSTOMER and business focus; and
- address staffing needs?

b. Workplace Climate

(1) Workplace Environment **HOW do you address workplace health and accessibility for the WORKFORCE?** What are your PERFORMANCE MEASURES and improvement GOALS for your workplace environmental factors?

(2) WORKFORCE Compensation and Benefits **HOW do you support your WORKFORCE via compensation and benefits?** How do your policies related to compensation address fairness, and HOW do your benefits address the needs of a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

5. Results related to workforce environment and engagement should be reported in item 7.3. People supervised by a contractor should be addressed in categories 2 and 6 as part of your larger work system strategy and your internal work processes. Organizations that rely on volunteers and/or temporary staff members to perform core work (producing output that is necessary and/or customer-facing) should include them as members of the workforce. Workforce approaches should include these segments as appropriate to the functions they fulfill for the organization.

5.1a. Workforce capability and capacity planning addresses the organization's needs; individual workforce members' needs are addressed in other areas of category 5.

5.1a(1). Your assessment of workforce capability and capacity needs should consider not only current needs, but also future requirements based on the strategic objectives and action plans you identify in category 2.

5.1a(3). Preparing your workforce for change might include preparing for (1) alternate workplaces or telework, (2) changes in customer or product and/or service requirements that lead to the use of new technology, (3) redesigned work systems, or (4) organizational transformation. Such preparation might include training, education, frequent communication, consideration of workforce employment and employability, career counseling, and other services. Preparing your workforce for change might

also include addressing potential workforce burnout in times of staffing shortages or increased workload caused by emergencies or other unplanned circumstances.

5.1a(4), 5.1b(1). Your organization should consider the multiple sites where employees work, including those who regularly work at home or other alternate sites through telework or remote-work arrangements.

5.1b(1). Workplace accessibility eliminates barriers that can prevent people with disabilities from working to their potential. Fully inclusive workplaces are physically, technologically, and attitudinally accessible without bias.

5.1b(1). If environmental factors and the related performance measures or targets differ significantly for different work sites or hybrid work, you should include these differences in your response.

5.1b(1). Workplace safety and security should be addressed in item 6.2c(1) as part of your overall safety system, which fosters the safety of employees and all other people in your workplace.

5.1b(2) Fair compensation can be defined as adequate and appropriate pay for an employee's work based on the individual's experience and performance in relation to job requirements, as well as in alignment with relevant industry, market, and/or competitor comparisons.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

5.2 Workforce Engagement: How do you engage your workforce for retention and high performance?

PROCESS

a. Assessment of WORKFORCE ENGAGEMENT

(1) Drivers of ENGAGEMENT **HOW do you determine the KEY drivers of WORKFORCE ENGAGEMENT?** How do you determine these drivers for different WORKFORCE groups and SEGMENTS?

(2) Assessment of ENGAGEMENT **HOW do you assess WORKFORCE ENGAGEMENT?** What assessment methods and MEASURES do you use to determine WORKFORCE satisfaction, WORKFORCE dissatisfaction, and WORKFORCE ENGAGEMENT? How do these methods and MEASURES differ across WORKFORCE groups and SEGMENTS? How do you also use these and other INDICATORS to assess and improve WORKFORCE ENGAGEMENT and retention?

b. Organizational CULTURE

HOW do you foster an organizational CULTURE that is characterized by open communication, HIGH PERFORMANCE, and an engaged WORKFORCE? How do you reinforce your organizational CULTURE? How do you ensure that it supports your MISSION, VISION, and VALUES; promotes EMPOWERMENT, equity, and inclusion; and benefits from the diversity of ideas, CULTURES, and thinking of your WORKFORCE?

c. PERFORMANCE Management and Development

(1) PERFORMANCE Management **HOW does your WORKFORCE PERFORMANCE management SYSTEM support HIGH PERFORMANCE?** How does it consider WORKFORCE compensation, reward, recognition, retention, and incentive practices? How does it reinforce INTELLIGENT RISK taking, a CUSTOMER and business focus, and achievement of your ACTION PLANS?

(2) PERFORMANCE Development **HOW does your LEARNING and development SYSTEM support the personal development of WORKFORCE members and your organization's needs?** How does it consider the LEARNING and development desires of WORKFORCE members, support organizational PERFORMANCE improvement and INTELLIGENT RISK taking, and support ethics and ethical business practices?

(3) Career Development and Succession Planning **HOW do you manage career development for your WORKFORCE and your future leaders?** How do you carry out succession planning for management, leadership, and other KEY positions?

(4) Equity and Inclusion **HOW do you ensure that your PERFORMANCE management, PERFORMANCE development, and career development PROCESSES promote equity and inclusion for a diverse WORKFORCE and different WORKFORCE groups and SEGMENTS?**

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

5.2a(1). Drivers of workforce engagement (identified in P.1a[3]) refer to the drivers of workforce members' commitments, both emotional and intellectual, to accomplishing the organization's work, mission, and vision. Organizations should review these drivers periodically to ensure that they reflect any significant changes affecting workforce members; for example, a transition to regular off-site work or hybrid work-site arrangements.

5.2a(2). Other indicators to use in assessing and improving workforce engagement might include workforce retention, absenteeism, grievances, safety, and productivity. Determining workforce dissatisfaction should be seen as more than reviewing low workforce satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

5.2c(2). Your response should include how you address any considerations for workforce development, learning, and career progression that are unique to your organization. These might include development opportunities that address your organization's core competencies, strategic challenges, and action plans; organizational change and innovation; improvements in delivering a positive customer experience; and the reinforcement of new knowledge and skills on the job. Your response should also consider the breadth of development opportunities you might offer, including education, training, coaching, mentoring, and work-related experiences.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

6 Operations

The **Operations** category asks HOW your organization designs, manages, and improves its products and/or services and WORK PROCESSES, and ensures operational EFFECTIVENESS to deliver CUSTOMER value and achieve ongoing organizational success.

6.1 Work Processes: How do you design, manage, and improve your key products and/or services and work processes?

a. Product and/or Service and PROCESS Design

(1) Product and/or Service Requirements **HOW do you determine your KEY product and/or service requirements?**

(2) Product and/or Service Design **HOW do you design your products and/or services to meet these KEY requirements?** HOW do you incorporate new technology, INNOVATIONS, product and/or service EXCELLENCE, CUSTOMER VALUE, consideration of risk (including environmental and societal impact), and the potential need for AGILITY?

(3) PROCESS Requirements **HOW do you determine your KEY WORK PROCESS and support PROCESS requirements?** What are your organization's KEY WORK PROCESSES and support PROCESSES? What are the KEY requirements for these PROCESSES?

(4) PROCESS Design **HOW do you design your KEY WORK PROCESSES and support PROCESSES to meet your KEY requirements?** How do you incorporate new technology, organizational knowledge, consideration of risk (including environmental and societal impact), and the potential need for AGILITY into these PROCESSES?

b. PROCESS Management and Improvement

(1) PROCESS Implementation **HOW does your day-to-day operation of your KEY WORK PROCESSES and support PROCESSES ensure that they meet your KEY PROCESS requirements?** What KEY PERFORMANCE MEASURES or INDICATORS and in-process MEASURES do you use to control and improve your KEY WORK PROCESSES and support PROCESSES? How do these MEASURES relate to end-product and/or service quality PERFORMANCE MEASURES?

(2) PROCESS Improvement **HOW do you improve your KEY WORK PROCESSES and support PROCESSES to improve product and/or service and PROCESS PERFORMANCE?**

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

PROCESS

Notes

6.1. The results for product and/or service performance and process performance should be reported in item 7.1.

6.1. Efforts to reduce adverse environmental and societal impacts associated with products and/or services should consider the design, material sourcing, production, delivery, and consumption of your products and/or services, as well as the disposal or reuse of your products. This consideration should be informed by the concepts and practices of a "circular economy."

6.1a(1). Your product and service requirements should address the key customer requirements and expectations identified in your Organizational Profile and inform applicable process requirements asked for in 6.1a(3), such as your internal process capability, supply-network capability, and partner and collaborator capability.

6.1a(3). Your key support processes should support your key work (value-creation) processes. They might include processes that support leaders and other workforce members engaged in, for example, product design and delivery, customer interactions, and business and enterprise management. Other examples might include accounting, purchasing, marketing, human resource management, and regulatory compliance.

6.1a(4). Process design may include the need to innovate or extensively redesign a process due to changes in requirements or technology, or the need to incorporate digital technology, such as enhanced automation, the Internet of Things, artificial intelligence, and cloud operations. Agility may be needed when work processes need to change as a result of overall work system changes, such as bringing a supply-chain process in-house to avoid disruptions in supply due to unpredictable external events, or conversely outsourcing a process formerly carried out in-house.

6.1b(1). Your tools and methods to improve your process performance should be part of the performance improvement system you describe in P.2c in the Organizational Profile.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

6.2 Operational Effectiveness: How do you ensure effective management of your operations?

PROCESS

a. Operational Efficiency and Effectiveness

How do you manage the cost, efficiency, and effectiveness of your operations? How do you

- incorporate cycle time, productivity, and other efficiency and effectiveness factors into your work processes;
- reduce variability and prevent defects, service errors, and rework;
- reduce waste associated with your products and/or services and their production;
- minimize warranty costs or customers' productivity losses, as appropriate;
- minimize the costs of inspections, tests, and process or performance audits, as appropriate; and
- balance the need for cost control and efficiency with the requirements and expectations of your customers and other stakeholders?

b. Supply-Network Management

How do you manage your supply network? How do you select suppliers that are qualified and positioned to meet your operational needs, enhance your performance, support your strategic objectives, and enhance your customers' satisfaction? How do you

- promote alignment and collaboration within your supply network;
- mitigate risk and enhance supply-network agility and resilience in responding to changes in customers and markets, organizational requirements, and expectations related to societal and environmental impact; and
- communicate performance expectations, measure and evaluate suppliers' performance, provide feedback to help them improve, and deal with poorly performing suppliers?

c. Safety, Business Continuity and Resilience, and Risk Management

(1) **Safety** **How do you provide a safe and secure operating environment for your workforce and other people in your workplace?** How does your safety and security system address accident prevention, inspection, root-cause analysis of failures, and recovery?

(2) **Business Continuity and Resilience** **How do you ensure that your organization can anticipate, prepare for, and recover from disasters, emergencies, and other disruptions?** How do you consider prevention, protection, continuity of operations, recovery, and the opportunity for innovation or transformation in the event of disruptions? How do you take into account customer and business needs and your reliance on your workforce, supply network, and partners?

(3) **Risk Management** **What is your organization's overall approach to risk management?** How does this approach address the risks associated with your legal and regulatory compliance; products and/or services; workforce; finances; technology; supply network, as appropriate; and operations?

Terms in small caps are defined in the Glossary of Key Terms (pages 44–51).

Notes

6.2a. The impact of your operations on society and the environment is increasingly becoming an important expectation of many customers and stakeholders and should be among your considerations.

6.2b. To ensure that suppliers are positioned to meet operational needs and enhance your performance and your customers' satisfaction, you might partner with suppliers or form alliances among multiple organizations within your ecosystem to form a supply network. Such networks reduce dependencies on sole-source suppliers and provide greater resilience than a traditional supply chain. Communication of expectations and feedback to suppliers should be two-way, allowing suppliers to express what they need from you and other organizations within the supply network. For many organizations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

6.2c(2). Disasters and emergencies might be short- or longer-term and might be related to weather; climate; utilities; security; or a local, regional, national, or global health or other emergency. The extent to which you prepare for such events will depend on your organization's environment and its sensitivity to short- or longer-term disruptions of operations. Acceptable levels of risk will vary depending on the nature of your products, services, supply network, and stakeholder needs and expectations.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

7 Results

The RESULTS category asks about your organization's PERFORMANCE and improvement in all KEY areas—product and PROCESS RESULTS; CUSTOMER RESULTS; WORKFORCE RESULTS; leadership and GOVERNANCE RESULTS; and financial, marketplace, and strategy RESULTS.

7.1 Product and Process Results: What are your product and/or service and process performance results?

a. CUSTOMER-Focused Product and Service RESULTS

What are your RESULTS for your products and/or services? What are your RESULTS for KEY MEASURES or INDICATORS of the PERFORMANCE of products and services that are important to and directly serve your CUSTOMERS? How do these RESULTS differ by product and/or service offerings, CUSTOMER groups, and market SEGMENTS, as appropriate?

b. WORK PROCESS EFFECTIVENESS RESULTS

(1) **PROCESS EFFECTIVENESS and Efficiency** **What are your PROCESS EFFECTIVENESS and efficiency RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY WORK PROCESSES and support PROCESSES, including PRODUCTIVITY, cycle time, and other appropriate MEASURES of PROCESS EFFECTIVENESS, efficiency, security and cybersecurity? How do these RESULTS differ by PROCESS type, as appropriate?

(2) **Safety and Emergency Preparedness** **What are your safety and emergency preparedness RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of the EFFECTIVENESS of your organization's safety SYSTEM and its preparedness for disasters, emergencies, and other disruptions? How do these RESULTS differ by location or PROCESS type, as appropriate?

c. Supply-Network Management RESULTS

What are your supply-network management RESULTS? What are your RESULTS for KEY MEASURES or INDICATORS of the PERFORMANCE of your supply network, including its contribution to enhancing your PERFORMANCE?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

7. Results should be considered systemically, with contributions to individual results items frequently stemming from processes in more than one Criteria category. The table on page 2 shows where the results for the different process categories may be reported in category 7.

The Baldrige Scoring System (pages 26–32) asks for current, trended, comparative, and segmented data, as appropriate, to provide key information for reviewing and analyzing your organizational performance (item 4.1), building organizational knowledge (item 4.2), and providing the operational basis for customer-focused results (item 7.2); workforce-focused results (item 7.3); leadership results (item 7.4); and financial, marketplace, and strategy results (item 7.5).

In a few areas, your results may be qualitative or not amenable to trending over time. Some examples are results for governance accountability, for accreditation, and for limited or one-time projects.

Comparative data and information are obtained by benchmarking (inside and outside your industry, as appropriate) and by seeking competitive comparisons. In a few cases, such as results for projects or processes that are unique to your organization, comparative data may not be available or appropriate. In those situations, other sources might include best past performance, organizational budget, internal targets or goals, or internal projections.

7.1a. Results for your products and/or services should relate to the key product and service requirements that you identify in 6.1a(1) and your customer requirements and expectations identified in P.1b(2). These are based on information gathered through the processes you describe in category 3. The measures or indicators should address factors that affect customer preference, such as those listed in the notes to P.1b(2) and 3.1b.

7.1a. *For some nonprofit (including government) organizations, funding sources might mandate product or service performance measures. These measures should be identified and reported here.*

7.1b. Results should address the key operational requirements you identify in the Organizational Profile and in category 6.

7.1b(1) Efforts to reduce waste in your processes and products and/or services should be reported here. Overall efforts to contribute to society and the environment should be reported in 7.4a(5).

7.1b(1) Report your results for key measures or indicators of innovation in 7.5b.

7.1b(2). When possible, the effectiveness of your emergency preparedness should focus on outcomes, learning, and results, beyond training activities and compliance.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

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

RESULTS

a. Customer-Focused Results

(1) Customer Satisfaction **What are your customer satisfaction and dissatisfaction results?** What are your results for key measures or indicators of customer satisfaction and dissatisfaction? How do these results differ by product and/or service offerings, customer groups, and market segments, as appropriate?

(2) Customer Engagement **What are your customer engagement results?** What are your results for key measures or indicators of customer engagement, including those for building customer relationships and enhancing the customer experience? How do these results compare over the course of your customer life cycle, as appropriate? How do these results differ by product and/or service offerings, customer groups, and market segments, as appropriate?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Note

7.2. Results for customer satisfaction, dissatisfaction, and engagement should relate to the customer groups and market segments you identify in P.1b(2) and the listening and determination methods you report in category 3.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

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

RESULTS

a. Workforce-Focused Results

(1) Workforce Capability and Capacity **What are your workforce capability and capacity results?** What are your results for key measures of workforce capability and capacity, including appropriate skills and staffing levels? How do these results differ by the diversity of your workforce and by your workforce groups and segments, as appropriate?

(2) Workplace Climate **What are your results for workplace health and for workforce compensation and benefits?** What are your results for key measures or indicators of your workplace climate, including those for workforce health, security, accessibility, and compensation and benefits, as appropriate? How do these results differ by the diversity of your workforce and by your workforce groups and segments, as appropriate?

(3) Workforce Engagement and Retention **What are your workforce engagement results?** What are your results for key measures or indicators of workforce satisfaction, workforce dissatisfaction, workforce retention, and workforce engagement? How do these results differ by the diversity of your workforce and by your workforce groups and segments, as appropriate?

(4) Workforce Development **What are your workforce and leader development results?** What are your results for key measures or indicators of workforce and leader development? How do these results differ by the diversity of your workforce and by your workforce groups and segments, as appropriate?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Note

7.3. Results reported in this item should relate to the processes, measures, and indicators you report in category 5. Your results should also respond to the key work process needs you report in category 6 and to the action plans and workforce plans you report in item 2.2. Responses should report results for all workforce segments identified in the Organizational Profile, including those working virtually (from their homes or other alternate sites) or those who have hybrid work-site arrangements. Organizations that rely on volunteers or temporary staff members to accomplish core work (producing output that is necessary and/or customer-facing) should report results for them, as appropriate.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

7.4 Leadership and Governance Results: What are your senior leadership and governance results?

a. Leadership, GOVERNANCE, Legal, Ethics, and Societal Contribution RESULTS

(1) Leadership **What are your RESULTS for SENIOR LEADERS' communication and engagement with the WORKFORCE, PARTNERS, and CUSTOMERS?** What are your RESULTS for KEY MEASURES or INDICATORS of SENIOR LEADERS' communication and engagement with the WORKFORCE, PARTNERS, and CUSTOMERS to

- DEPLOY your MISSION, VISION, and VALUES;
- encourage two-way communication;
- cultivate a CULTURE that values DIVERSITY and fosters equity and inclusion, INNOVATION, and INTELLIGENT RISK taking; and
- create a focus on action?

How do these RESULTS differ by organizational units and CUSTOMER groups, as appropriate?

(2) GOVERNANCE **What are your RESULTS for GOVERNANCE accountability?** What are your RESULTS for KEY MEASURES or INDICATORS of GOVERNANCE and internal and external fiscal accountability, as appropriate?

(3) Law and Regulation **What are your legal and regulatory RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of meeting and surpassing regulatory and legal requirements? How do these RESULTS differ by organizational units, as appropriate?

(4) Ethics **What are your RESULTS for ETHICAL BEHAVIOR?** What are your RESULTS for KEY MEASURES or INDICATORS of ETHICAL BEHAVIOR, breaches of ETHICAL BEHAVIOR, and STAKEHOLDER trust in your SENIOR LEADERS and GOVERNANCE? How do these RESULTS differ by organizational units, as appropriate?

(5) Society **What are your RESULTS for societal well-being and support of your KEY communities?** What are your RESULTS for KEY MEASURES or INDICATORS of your societal contributions and support of your KEY communities?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

7.4. Responses should relate to the communication processes you identify in item 1.1 and the governance, legal and regulatory, ethics, and societal contribution processes and measures you report in item 1.2. Workforce-related occupational safety and health results (e.g., OSHA-reportable incidents) should be reported in 7.1b(2) and 7.3a(2).

7.4a(2). Responses might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters. *Some nonprofit organizations might also report results of IRS 990 audits.*

7.4a(4). For examples of measures of ethical behavior and stakeholder trust, see the note to 1.2b(2).

7.4a(5). Measures of contributions to societal well-being might include those for environmental protection and those for support of communities, whether local, nationwide, or worldwide. Examples are results for reduced energy consumption, use of renewable energy resources and recycled water, reduction of your carbon footprint, waste reduction and utilization, alternative approaches to conserving resources (e.g., increased virtual meetings), global use of enlightened labor practices, and donations of goods or services to promote housing, community health, and food security for all members of communities.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

7.5 Financial, Marketplace, and Strategy Results: What are your results for financial and marketplace performance and strategy implementation?

a. Financial and Marketplace RESULTS

(1) Financial PERFORMANCE **What are your financial PERFORMANCE RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return, financial viability, and budgetary PERFORMANCE, as appropriate? How do these RESULTS differ by market SEGMENTS and CUSTOMER groups, as appropriate?

(2) Marketplace PERFORMANCE **What are your marketplace PERFORMANCE RESULTS?** What are your RESULTS for KEY MEASURES or INDICATORS of marketplace PERFORMANCE, including market share or position, market and market share growth, and new markets entered, as appropriate? How do these RESULTS differ by market SEGMENTS and CUSTOMER groups, as appropriate?

b. Strategy Implementation and INNOVATION RESULTS

What are your RESULTS for the achievement of your organizational strategy? What are your RESULTS for KEY MEASURES or INDICATORS of your organizational strategy and ACTION PLANS? What are your RESULTS for the KEY MEASURES or INDICATORS of your INNOVATION efforts?

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Notes

7.5a. Results should relate to the financial measures you report in 4.1a(1) and the financial management approaches you report in item 2.2.

7.5a(1). Aggregate measures of financial return might include those for return on investment, operating margins, profitability, or profitability by market segment or customer group. Measures of financial viability might include those for liquidity, debt-to-equity ratio, days cash on hand, asset utilization, and cash flow. *For nonprofit (including government) organizations, measures of performance to budget might include additions to or subtractions from reserve funds, cost avoidance or savings, responses to budget decreases, lowering of costs to customers or return of funds as a result of increased efficiency, administrative expenditures as a percentage of budget, and the cost of fundraising versus funds raised.*

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

7.5b. Measures or indicators of strategy and action plan achievement should relate to the strategic objectives and goals you report in 2.1b(1) and the action plan performance measures and projected performance you report in 2.2a(5) and 2.2a(6), respectively.

7.5b. Results for your efforts to innovate should link to your approach for pursuing innovations and taking intelligent risks, as noted in 4.2c. The results should report the innovations as well as the impact on your organization's performance. Examples of such results include significant gains in market share and/or revenues related to new markets entered or products/services launched, or significant gains in effectiveness related to redesigned processes, facilities, or operations.

For additional guidance on this item, see the Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary).

Scoring System

The scoring of responses to Baldrige Criteria for Performance Excellence items is based on two evaluation dimensions: process (categories 1–6) and results (category 7). For a listing of the point values for all Criteria Items, see page 31.

To score Criteria responses, consider the following information relative to the item questions and the scoring guidelines (pages 28–29):

- The key business factors presented in the Organizational Profile
- The maturity and appropriateness of the approaches, the breadth of their deployment, and the strengths of the learning and improvement process
- The level of performance and how results compare to those of other, relevant organizations or benchmarks

Scoring Dimensions

Process

Process refers to the methods your organization uses and improves. Processes address the questions in categories 1–6. The four factors used to evaluate process are *approach*, *deployment*, *learning*, and *integration* (ADLI). Baldrige-based feedback reflects strengths and opportunities for improvement in these factors. A score for a process item is based on a holistic assessment of your overall performance, taking into account the four process factors.

Approach comprises

- the methods used to carry out the process,
- the appropriateness of these methods to the item questions and your operating environment,
- the effectiveness of your use of the methods, and
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic).

Deployment is the extent to which

- your approach addresses item questions that are relevant and important to your organization,
- your approach is applied consistently, and
- your approach is used by all appropriate work units.

Learning comprises

- the refinement of your approach through cycles of evaluation and improvement,
- the adoption of best practices or innovations to improve your approach, and
- the sharing of refinements and innovations with other relevant work units and processes in your organization.

See "From Fighting Fires to Innovation" on page 32, which illustrates a progression through the maturity levels for this scoring dimension.

Integration is the extent to which

- your approach is aligned with the organizational needs identified in the Organizational Profile and in process items;
- your measures, information, and improvement systems are complementary across processes and work units; and
- your plans, processes, results, analyses, learning, and actions are harmonized across processes and work units to support organization-wide goals.

In scoring process items, keep in mind that approach, deployment, learning, and integration are linked. Descriptions of approach should always indicate the deployment—consistent with the specific questions in the item and your organization. As processes mature, the description should also show cycles of learning (including any innovations), as well as integration with other processes and work units (see "Steps toward Mature Processes," page 30).

Results

Results are the outputs and outcomes your organization achieves, which address the questions in category 7. The four factors used to evaluate results are *levels*, *trends*, *comparisons*, and *integration* (LeTCI). A score for a results item is based on a holistic assessment of your overall performance, taking into account the four results factors.

Levels are your current performance on a meaningful measurement scale.

Trends comprise your rate of performance improvement or continuation of good performance in areas of importance (i.e., the slope of data points over time).

Comparisons comprise your performance relative to that of other, appropriate organizations, such as competitors or organizations similar to yours, or benchmarks.

Integration is the extent to which your results measures (often through segmentation) address important performance requirements relating to customers, workforce, products and/or services, markets, processes, action plans, and organization-wide goals identified in your

Organizational Profile and in process items. Note: Goals are generally not factored into evaluation of the goodness of results since how they are set is not always clear.

In the scoring of results items, look for data on performance levels, trends, and relevant comparisons for key measures and indicators of your organization's performance, as well as integration with your organization's key requirements. Results items should also show data on the breadth of the performance results reported. This is directly related to deployment and organizational learning; if improvement processes are widely shared and deployed, there should be corresponding results.

"Importance" as a Scoring Consideration

A critical consideration in Baldrige evaluation and feedback is the importance of your reported processes and results to your key business factors. The areas of greatest importance should be identified in your Organizational Profile and in items such as 2.1, 2.2, 3.2, 5.1, 5.2, and 6.1. Your key customer requirements, competitive environment, workforce needs, key strategic objectives, and action plans are particularly important.

How to Score an Item Response

Follow these steps in assigning a score to an item response.

Read the scoring guidelines (pages 28–29).

Choose the scoring range (e.g., 30–45%, 50–65%, or 70–85%) that is most descriptive of the organization's achievement level as presented in the item response.

Choose this range based on a holistic view of either the four process factors (ADLI) or the four results factors (LeTCI) in aggregate. In this holistic view, the scoring range to assign is the one that best reflects the applicant's response as a whole; do not tally or average independent assessments of each of the four factors. No one evaluation factor serves as a "gate" that keeps the score out of a higher range.

The "most descriptive" range is not necessarily a perfect fit. It often reflects some gaps between the response and the description of one or more of the factors in the chosen scoring range.

Read the next higher and the next lower scoring ranges. Assign a score (e.g., 75% or 80%) within the chosen range by evaluating whether the item response as a whole is closer to the statements in the next higher or the next lower scoring range.

Process Scoring Guidelines (For Use with Categories 1–6)

SCORE	DESCRIPTION
90%, 95%, or 100%	• An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE QUESTIONS in the item, is evident. (A) • The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D) • Fact-based, SYSTEMATIC evaluation and improvement; sharing of refinements; adoption of best practices; and INNOVATION are KEY organization-wide tools for improving efficiency and EFFECTIVENESS. (L) • The APPROACH is well INTEGRATED with your current and future organizational needs as identified in response to the Organizational Profile and process items. (I)
70%, 75%, 80%, or 85%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to MULTIPLE QUESTIONS in the item, is evident. (A) • The APPROACH is well DEPLOYED, with no significant gaps. (D) • Fact-based, SYSTEMATIC evaluation and improvement; sharing of refinements; adoption of best practices; and instances of INNOVATION are evident for improving organizational efficiency and EFFECTIVENESS. (L) • The APPROACH is INTEGRATED with your current and future organizational needs as identified in response to the Organizational Profile and process items. (I)
50%, 55%, 60%, or 65%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL QUESTIONS in the item, is evident. (A) • The APPROACH is well DEPLOYED, although DEPLOYMENT may vary in some areas or work units. (D) • Fact-based, SYSTEMATIC evaluation and improvement; sharing of refinements; and some use of best practices or instances of INNOVATION are in place for improving the efficiency and EFFECTIVENESS of KEY PROCESSES. (L) • The APPROACH is ALIGNED with your organizational needs as identified in response to the Organizational Profile and process items. (I)
30%, 35%, 40%, or 45%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC QUESTION in the item, is evident. (A) • The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) • The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident. (L) • The APPROACH is in the early stages of ALIGNMENT with the organizational needs identified in response to the Organizational Profile and process items. (I)
10%, 15%, 20%, or 25%	• The beginning of a SYSTEMATIC APPROACH to the BASIC QUESTION in the item is evident. (A) • The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in relation to the BASIC QUESTION in the item. (D) • Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) • The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
0% or 5%	• No SYSTEMATIC APPROACH to item questions is evident; information is ANECDOTAL. (A) • Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D) • An improvement orientation is not evident; improvement is achieved by reacting to problems. (L) • No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51)

Results Scoring Guidelines (For Use with Category 7)

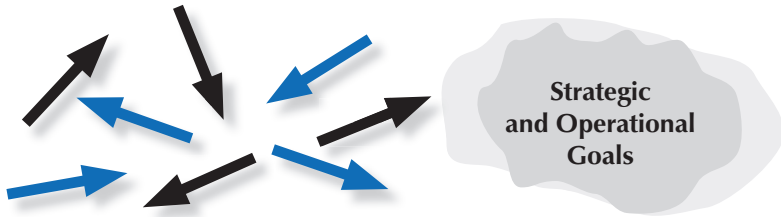
SCORE	DESCRIPTION
90%, 95%, or 100%	• Excellent organizational PERFORMANCE LEVELS are reported that are fully responsive to the MULTIPLE QUESTIONS in the item. (Le) • Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organization's MISSION. (T) • Industry and BENCHMARK leadership is demonstrated in many areas. (C) • Organizational PERFORMANCE RESULTS and PROJECTIONS are reported for most KEY CUSTOMER, WORKFORCE, market, PROCESS, and ACTION PLAN requirements. (I)
70%, 75%, 80%, or 85%	• Good-to-excellent organizational PERFORMANCE LEVELS are reported, responsive to MULTIPLE QUESTIONS in the item. (Le) • Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organization's MISSION. (T) • Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative PERFORMANCE. (C) • Organizational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, WORKFORCE, market, PROCESS, and ACTION PLAN requirements. (I)
50%, 55%, 60%, or 65%	• Good organizational PERFORMANCE LEVELS are reported, responsive to the OVERALL QUESTIONS in the item. (Le) • Beneficial TRENDS are evident in areas of importance to the accomplishment of your organization's MISSION. (T) • Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative PERFORMANCE. (C) • Organizational PERFORMANCE RESULTS are reported for most KEY CUSTOMER, WORKFORCE, market, and PROCESS requirements. (I)
30%, 35%, 40%, or 45%	• Good organizational PERFORMANCE LEVELS are reported, responsive to the BASIC QUESTION in the item. (Le) • Some TREND data are reported, and most of the TRENDS presented are beneficial. (T) • Early stages of obtaining comparative information are evident. (C) • RESULTS are reported for many areas of importance to the accomplishment of your organization's MISSION. (I)
10%, 15%, 20%, or 25%	• A few organizational PERFORMANCE RESULTS are reported, responsive to the BASIC QUESTION in the item, and early good PERFORMANCE LEVELS are evident. (Le) • Some TREND data are reported, with some adverse TRENDS evident. (T) • Little or no comparative information is reported. (C) • RESULTS are reported for a few areas of importance to the accomplishment of your organization's MISSION. (I)
0% or 5%	• There are no organizational PERFORMANCE RESULTS, or the RESULTS reported are poor. (Le) • TREND data either are not reported or show mainly adverse TRENDS. (T) • Comparative information is not reported. (C) • RESULTS are not reported for any areas of importance to the accomplishment of your organization's MISSION. (I)

Terms in SMALL CAPS are defined in the Glossary of Key Terms (pages 44–51).

Steps toward Mature Processes

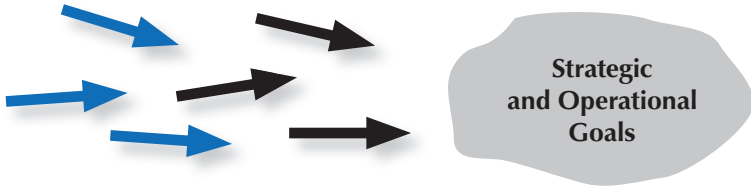
An Aid for Assessing and Scoring Process Items

Reacting to Problems (0–25%)



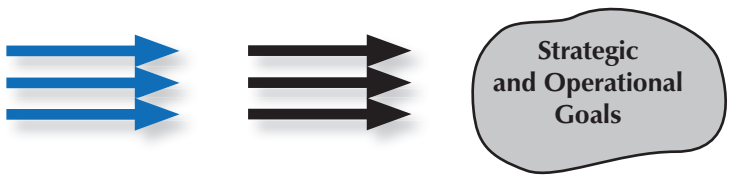
Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

Early Systematic Approaches (30–45%)



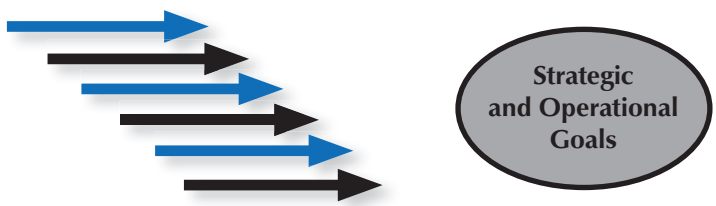
The organization is beginning to carry out operations with repeatable processes, evaluation, and improvement, and there is some early coordination among organizational units. Strategy and quantitative goals are being defined.

Aligned Approaches (50–65%)



Operations are characterized by repeatable processes that are regularly evaluated for improvement. Learnings are shared, and there is coordination among organizational units. Processes address key strategies and goals.

Integrated Approaches (70–100%)



Operations are characterized by repeatable processes that are regularly evaluated for change and improvement in collaboration with other affected units. The organization seeks and achieves efficiencies across units through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.

Criteria for Performance Excellence Items and Point Values

P **Organizational Profile**

P.1 Organizational Description

P.2 Organizational Situation

Categories and Items		Point Values
1	**Leadership**	**115**
1.1	Senior Leadership	65
1.2	Governance and Societal Contributions	50
2	**Strategy**	**90**
2.1	Strategy Development	45
2.2	Strategy Implementation	45
3	**Customers**	**85**
3.1	Customer Expectations	40
3.2	Customer Engagement	45
4	**Measurement, Analysis, and Knowledge Management**	**90**
4.1	Measurement, Analysis, Review, and Improvement of Organizational Performance	45
4.2	Information and Knowledge Management	45
5	**Workforce**	**85**
5.1	Workforce Environment	40
5.2	Workforce Engagement	45
6	**Operations**	**85**
6.1	Work Processes	40
6.2	Operational Effectiveness	45
7	**Results**	**450**
7.1	Product and Process Results	120
7.2	Customer Results	80
7.3	Workforce Results	80
7.4	Leadership and Governance Results	80
7.5	Financial, Marketplace, and Strategy Results	90
TOTAL POINTS		**1,000**

From Fighting Fires to Innovation: An Analogy for Learning

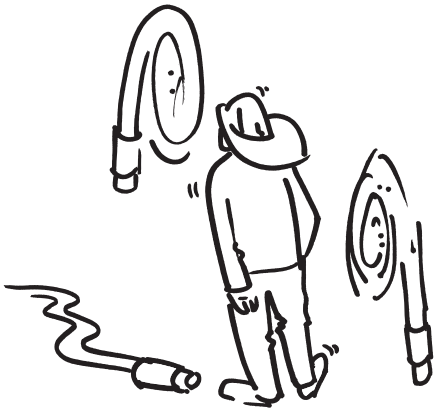
Learning is an essential attribute of high-performing organizations. Effective, well-deployed organizational learning can help an organization improve from the early stages of reacting to problems to the highest levels of organization-wide improvement, refinement, and innovation.

1

Reacting to the problem (0–5%)

Run with the hose and put out the fire.

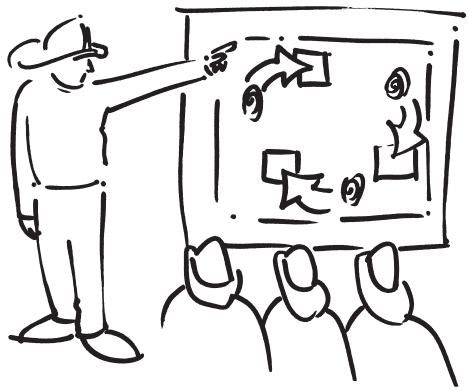
2



General improvement orientation (10–25%)

Install more fire hoses to get to the fires quickly and reduce their impact.

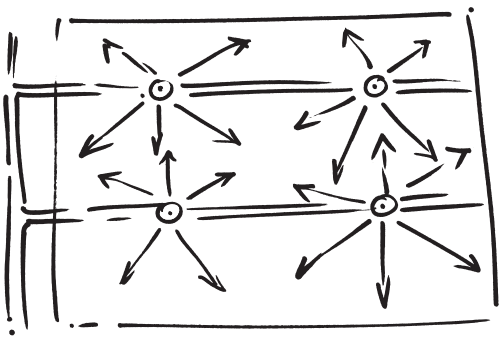
3



Systematic evaluation and improvement (30–45%)

Evaluate which locations are most susceptible to fire. Install heat sensors and sprinklers in those locations.

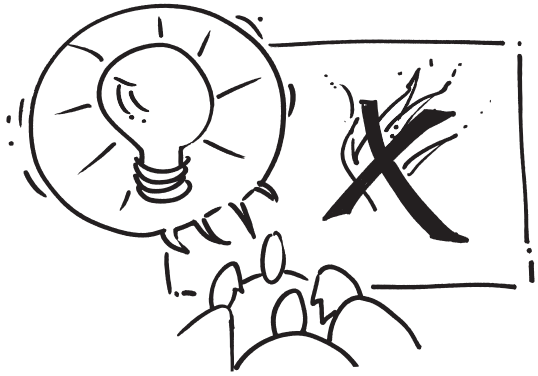
4



Learning and strategic improvement (50–65%)

Install systemwide heat sensors and a sprinkler system that is activated by the heat preceding fires.

5



Organizational analysis and innovation (70–100%)

Use fireproof and fire-retardant materials. Replace combustible liquids with water-based liquids. Prevention is the primary approach for protection, with sensors and sprinklers as the secondary line of protection. This approach has been shared with all facilities and is practiced in all locations.

How to Respond to the Criteria

These guidelines explain how to respond most effectively to the questions in the 17 process and results Criteria items. This information is intended mainly for applicants of Baldrige-based awards, but it is also useful to organizations that are using the Criteria for self-assessment. See also the Scoring System, including the scoring guidelines (pages 28–29), which describes how to assess responses and your organization's performance accomplishments.

First Steps

1. Learn about the Baldrige framework.

Become familiar with the following sections, which provide a full orientation to the Baldrige framework:

- Criteria for Performance Excellence (pages 3–25)
- Scoring System (pages 26–32)
- Glossary of Key Terms (pages 44–51)
- Criteria Commentary (https://www.nist.gov/baldrige/baldrige-criteria-commentary)

2. Understand how to read and respond to a Criteria item.

Review the Criteria for Performance Excellence Structure (page 2), which shows the types of items, the different parts of the items, and the role of each part. Note that the Criteria are written at basic, overall, and multiple levels. Organizations new to the Criteria should consider the basic questions as containing the foundational concepts to support an organization's performance. Overall questions are for those organizations ready to begin an assessment of written responses. Multiple questions drill down into each item and represent the considerations of organizations with robust, mature operating systems—although note that not every question may be relevant or a priority for every organization. Multiple questions are those listed under the boldface questions, except for those instances where there are no additional questions. In those cases, the boldface question is both the overall question and the multiple question.

Baldrige Award applicants should do their best to respond fully and address all the relevant questions, since missing information will be interpreted as a gap in your performance management system. Taken together, the multiple questions express the full meaning of the area to address. In responding, you may want to group responses to these questions in a way that is appropriate to your organization. You do not need to answer each question separately.

3. Review the scoring guidelines.

Consider both the Criteria and the scoring guidelines (pages 28–29) as you prepare your responses. In responding to the questions in the process items (categories 1–6), include information responsive to the process evaluation factors in the scoring guidelines: the maturity of your approaches, the extent of their deployment, the extent of learning, and the extent of integration with other elements of your performance management system (see "Responding to Process Items").

Similarly, in responding to the questions in the results items (category 7), include information responsive to the results evaluation factors in the scoring guidelines: the actual performance levels, the significance of trends in the results, relevant comparative data, integration with important elements of your performance management system, and the results of your improvement approaches (see "Responding to Results Items"). Your responses to the Criteria questions are assessed using the evaluation dimensions described above (ADLI/LeTCI; see "Responding to Process Items" and "Responding to Results Items" below).

4. Understand the meaning of key terms.

Many terms in the Criteria and scoring guidelines have meanings that may differ somewhat from common meanings. When this is the case, the term is printed in SMALL CAPS and defined in the Glossary of Key Terms (pages 44–51). Understanding these terms may help you more accurately self-assess your organization and better communicate your processes and results to those reviewing your responses and planning your improvement efforts.

5. Start with the Organizational Profile.

The Organizational Profile (pages 3–5) is the most appropriate starting point. Whether you are using the Criteria for self-assessment, to write an application, or as a leadership and management guide, the Organizational Profile helps you understand what is most relevant and important to your organization's business, mission, and performance.

Responding to Process Items

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

Your responses to process items (categories 1–6) permit you or those who are reviewing your responses to diagnose your organization's *most important* processes—the ones that contribute most to organizational performance improvement and result in key intended outcomes or performance results. This diagnosis and the quality of the feedback you receive depend heavily on the content and completeness of your responses. For this reason, respond to these items by providing information focused on your *key* processes. Guidelines for organizing and reviewing such information follow.

1. Understand the meaning of *how*.

In responding to questions in process items that begin with *how*, give information on your key processes with regard to approach, deployment, learning, and integration (ADLI; see the Scoring System, page 26–32). Responses lacking such information, or merely providing an example, are referred to in the scoring guidelines as *anecdotal information*.

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

Show *deployment*. In your responses, summarize how your approaches are implemented in different parts of your organization and explain any variations that may exist in your deployment, as appropriate. For example, a new or improved approach may not be fully deployed throughout the organization.

Show evidence of *learning*. Give evidence of evaluation and improvement cycles for processes, as well as the adoption of best practices and innovations. Show that improvements are shared with other appropriate units of your organization to enable organizational learning.

Show *integration*. Integration is alignment and harmonization among processes, plans, measures, actions, and results. This harmonization greatly increases organizational effectiveness and efficiencies.

Showing alignment in your responses to the process items and corresponding measures in the results items should assist in improving organizational performance. Your responses should show alignment with the organizational needs and priorities identified in the Organizational Profile and process items.

2. Understand the meaning of *what*.

What questions set the context for showing alignment and integration in your performance management system. For example, when you identify your key strategic objectives, your action plans, some performance measures, and some results in category 7 are expected to relate to those strategic objectives.

Responding to Results Items

1. Focus on your organization's most critical performance results.

Report results that cover the most important requirements for your organization's success, as highlighted in the Organizational Profile and in the process categories (1–6).

2. Report data that demonstrate levels, trends, and comparisons, and show integration in your results.

Report performance levels on a meaningful measurement scale. Rates, percentages, and ratios are more meaningful than simple measures of volume or numbers of occurrences.

Trends show the directions of results and rates of change in areas of importance. A minimum of three historical data points is generally needed to ascertain the beginnings of a trend. Trends represent historic and current performance, not projected (future) performance. Indicate which direction or range of performance indicates "good" performance.

Time intervals between data points should be meaningful for the measure(s) you report. For important results, include new data even if trends are not yet well established. *Explain trends that show a significant beneficial or adverse change.*

Report *comparisons* to show how your results compare with those of other, appropriately selected, relevant organizations or benchmarks.

Show *integration* by including all results that are important to your organization and segmenting them appropriately, such as by important customer, market or location, workforce, process, and product-line groups (usually outlined in the Organizational Profile).

Responding Efficiently

1. Cross-reference when appropriate.

Ensure that each item response is as self-contained as possible and that responses to different items are mutually reinforcing. To accomplish this, refer to other responses rather than repeat information. In such cases, give key process information in the item requesting that information. For example, you would describe workforce development and learning systems in item 5.2. Discussions about workforce development and learning elsewhere in your application would then reference but not repeat details given in item 5.2.

2. Use a compact format.

To make the best use of space, use flowcharts, tables, and lists to present information concisely. Page limits for Baldrige Award and Baldrige-based award applications are designed to force your organization to consider what is most important in managing your enterprise and reporting your results.

3. Use graphs and tables.

You can report many results compactly by using graphs and tables. When you report results over time or compare them

with others, "normalize" them (i.e., present them in a way that takes size factors into account using rates, rankings, or ratios). For example, if the number of employees has varied over the period or if you are comparing your results to those of organizations differing in size, safety trends will be more meaningful if you report them as lost workdays per 100 employees rather than as total lost workdays.

The graph below shows one part of a possible response to questions in item 7.3a(3) Workforce Engagement. The organization's response is at the multiple level of Criteria questions for the item.

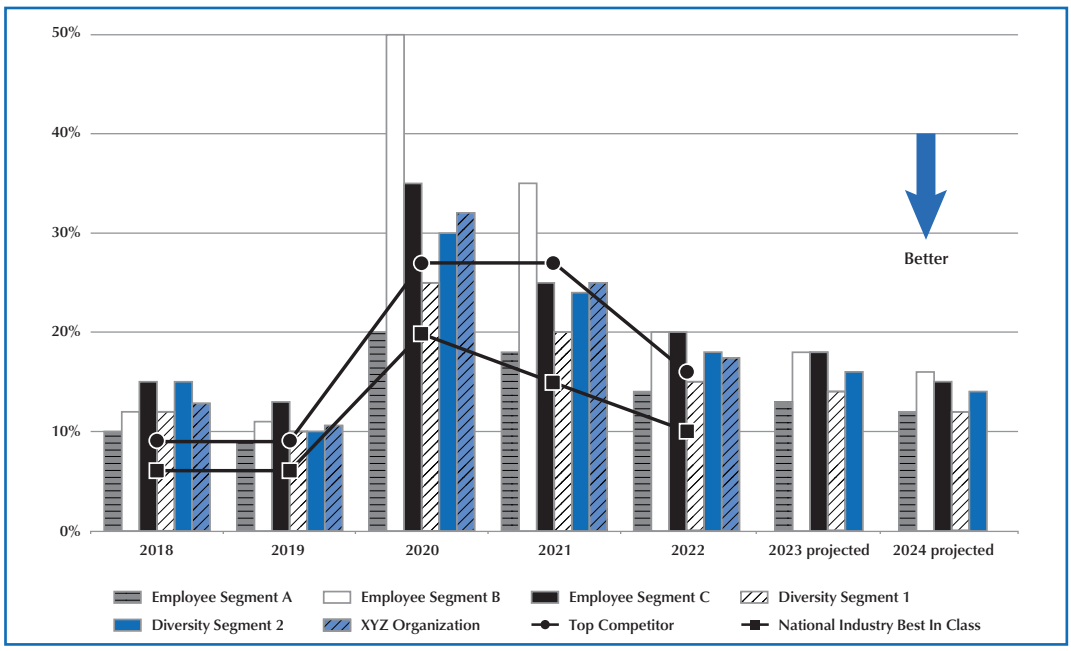
The graph illustrates a number of characteristics of clear and effective results reporting:

- Both axes and units of measure are clearly labeled.
- Levels and trends are reported for a key performance measure—employee turnover.
- Results are presented for several years.
- An arrow indicates that a downward trend is better for this measure.
- Appropriate comparisons are shown clearly.
- In a single graph, the organization presents results for its three employee segments that were identified in its Organizational Profile, showing that they are tracked separately. The organization also shows the results segmented by the diversity of its workforce, also identified in the Organizational Profile.
- The organization presents less favorable employee turnover levels in 2020 and 2021 and should explain the reason for that performance in the text. Through comparisons, the graph also shows a disruption in the entire industry that began in 2020, so that XYZ's performance can be seen in context and can be assessed relative to industry performance levels.
- The graph projects improved performance. The text might also refer to process categories that show action plans or approaches in place that are expected to lead to the improved results.
- The organization has projected improvements for all segments for 2023 and 2024. Where used, projections should be based on a reasonable interpretation of ongoing performance, anticipated improvements, and changes in the industry.

Interpreting the graph with the scoring guidelines in mind would result in the following observations on the organization's performance and maturity level:

- The current overall organizational performance level for employee turnover is good to very good, performing close to the top competitor. This conclusion is supported by performance trends and comparisons with the top competitor and the national industry best in class; these comparisons should be included as part of the comparative data in the Organizational Profile.
- There was a major disruption in the industry in 2020.
- In 2020, employee segment B showed sudden poor performance, as did employee segment C, though to a lesser degree. The top competitor also experienced a similar change in performance.
- The overall organization shows beneficial improvement trends sustained since 2020.
- The text for the chart should explain the importance of the employee turnover measure to the organization.

Figure 7.3-10 Employee Turnover



Core Values and Concepts

These beliefs and behaviors are embedded in high-performing organizations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for an organization's action, feedback, and ongoing success.

The Baldrige Criteria are built on the following set of interrelated core values and concepts:

- Systems perspective
- Visionary leadership
- Customer-focused excellence
- Valuing people
- Agility and resilience
- Organizational learning
- Focus on success and innovation
- Management by fact
- Societal contributions
- Ethics and transparency
- Delivering value and results

Systems Perspective

A systems perspective means managing all the components of your organization as a unified whole to achieve your mission, ongoing success, and performance excellence. A systems perspective also means managing your organization within the context of an interconnected ecosystem of organizations that presents opportunities for new and possibly innovative relationships.

Successfully managing overall organizational performance requires realization of your organization as a system with interdependent operations. Organization-specific synthesis, alignment, and integration make the internal system successful. *Synthesis* means understanding your organization as a whole. It incorporates key business attributes, including your core competencies, strategic objectives, action plans, work systems, and workforce requirements and expectations. *Alignment* means using key organizational linkages to ensure consistency of plans, processes, measures, and actions. *Integration* builds on alignment, so that the individual components of your performance management system operate in a fully interconnected, unified, and mutually beneficial manner to deliver anticipated results.

In addition, your organization exists within a business ecosystem—a network of organizations, including your partners, suppliers, collaborators, competitors, customers, communities, and other relevant organizations inside and outside your sector or industry. Within this larger system, roles among organizations may be fluid as opportunities arise and needs change. For your business ecosystem, *synthesis* means understanding your organization as part of a larger whole. It incorporates the key attributes that you contribute to and need from your partners, collaborators, competitors, customers, communities, and other relevant organizations, including those not traditionally considered as collaborators.

These concepts are depicted in the Baldrige Criteria overview (page 2). When your organization takes a systems perspective, your senior leaders focus on strategic directions and customers. Your senior leaders monitor, respond to, and manage performance based on your results. With a systems perspective, you use your measures, indicators, core competencies, and organizational knowledge to build your key strategies, link these strategies with your work systems and key processes, manage risk, and align your resources to improve your overall performance and your focus on customers and stakeholders. The core values and concepts, the seven Criteria categories, and the scoring guidelines are the system's building blocks and integrating mechanisms.

Visionary Leadership

Your organization's senior leaders should set a vision for the organization, create a customer focus, demonstrate clear and visible organizational values and ethics, and set high expectations for the workforce. The vision, values, and expectations should balance the needs of all your stakeholders. Your leaders should also ensure the creation of strategies, systems, and methods for building knowledge and capabilities, empowering the workforce, fostering and capitalizing on diversity, stimulating innovation, managing risk, ensuring resilience, requiring accountability, and achieving performance excellence, thereby ensuring organizational success now and in the future.

The values and strategies leaders define should help guide all of your organization's activities and decisions. Senior leaders should inspire and encourage your entire workforce to contribute, develop and learn, be innovative, and embrace meaningful change. Senior leaders should be responsible to your organization's governance body for their actions and performance, and the governance body should be responsible ultimately to all your stakeholders for your organization's and its senior leaders' ethics, actions, and performance.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, providing a supportive environment for innovation, communicating, coaching and motivating the workforce,

developing future leaders, recognizing workforce members, promoting equity and inclusion, and reviewing organizational performance. Senior leaders should demonstrate authenticity and admit to their missteps and opportunities for improvement. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.

Customer-Focused Excellence

Your customers are the ultimate judges of your performance and the quality of your products and services. Thus, your organization must consider all product and service features and characteristics, all modes of customer access and support, and all organizational values and behaviors that contribute value to your customers. Such behavior leads to customer acquisition, satisfaction, preference, trust, and loyalty; positive referrals; and, ultimately, the ongoing success of your business. Customer-focused excellence has both current and future components: understanding today's customer desires and anticipating future customer desires and marketplace potential.

Many factors may influence value and satisfaction over the course of your customers' experience with your organization. These factors include your organization's customer relationship management, which helps build trust, confidence, and loyalty.

Customer-focused excellence means much more than reducing defects and errors, merely meeting specifications, or reducing dissatisfaction and complaints. Nevertheless, these factors contribute to your customers' view of your organization and thus are also important parts of customer-focused excellence. In addition, your success in recovering from defects, service errors, and mistakes; fostering equity and inclusion; adapting to disruptions; and safeguarding customer information is crucial for retaining customers and engaging them for the long term.

A customer-focused organization addresses not only the product and service characteristics that meet basic customer requirements but also those unique features and characteristics that differentiate the organization from competitors. This differentiation may be based on accelerated product development, innovative or customized offerings or customer experience, combinations of product and service offerings, price, societal contributions, or special relationships. These might include participation in alliances or collaborative, multilateral networks (ecosystems) of organizations that drive efficiency, effectiveness, and innovation.

Customer-focused excellence is thus a strategic concept. It is directed toward customer acquisition, retention and loyalty, stronger brand recognition, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer engagement. It demands close attention to the voice of the customer. It demands anticipating changes in the marketplace. Therefore, customer-focused excellence demands a customer-focused culture and organizational agility.

Valuing People

An organization's success depends on an engaged workforce that benefits from meaningful work, clear organizational direction, the opportunity to learn, and accountability for performance. That workforce must also have a safe, trusting, and cooperative environment. The successful organization has a culture of equity and inclusion that capitalizes on the diverse backgrounds and characteristics, knowledge, skills, creativity, and motivation of its workforce, partners, and collaborators. Promoting equity means fostering the fair treatment of all customers and workforce members. Promoting equity also supports the ability of all workforce members to reach their full potential. Inclusion refers to empowering participation and promoting a sense of belonging. The successful organization also values all people who have a stake in the organization, including customers, community members, stockholders, and other people affected by the organization's actions.

Valuing the people in your workforce means committing to their engagement, development, and well-being. Major challenges in valuing your workforce members include (1) demonstrating your leaders' commitment to their success; (2) providing motivation and recognition that go beyond the regular compensation system; (3) supporting work-life balance through flexible work practices tailored to varying workplace and life needs; (4) creating an inclusive, equitable environment for a diverse workforce; (5) offering development and progression within your organization; (6) providing support during disruptions and transitions; (7) sharing your organization's knowledge so that your workforce can better serve your customers and contribute to achieving your strategic objectives; (8) creating an environment that encourages intelligent risk taking to achieve innovation; and (9) developing a system of workforce and organizational accountability for performance. With increased remote and hybrid work, an additional challenge is ensuring that a geographically dispersed workforce benefits from technology and other resource support, meaningful work, clear organizational direction, the opportunity to learn, and accountability for performance.

The success of your workforce members—including your leaders—depends on their having opportunities to learn. This learning includes preparing people for future organizational core competencies. On-the-job training offers a cost-effective way to cross-train and to link training more closely to your organization's capacity needs and priorities. If your organization relies on volunteers to perform core work, their personal development and learning are also important to consider.

To accomplish their overall goals, successful organizations build and value ecosystems of internal and external partnerships and collaborative, multilateral alliances. Internal partnerships might include collaboration between labor and management. Forming internal partnerships might also involve creating network relationships and collaboration among people across work units and locations, or between employees and volunteers to improve flexibility, respon-

siveness, learning, and knowledge sharing. As products and services become increasingly multidisciplinary, organizations may need new business models and ecosystems, including nontraditional partnerships with competitors or organizations outside the sector, alliances, consortia, and value networks.

Agility and Resilience

Success in today's ever-changing, globally competitive environment demands agility and organizational resilience. Agility requires a capacity for rapid change and for flexibility in operations. Organizational resilience is the ability to anticipate, prepare for, and recover from disasters, emergencies, and other disruptions, and—when disruptions occur—to protect and enhance workforce and customer engagement, supply-network and financial performance, organizational productivity, and community well-being. Resilience includes the agility to modify plans, processes, and relationships whenever circumstances warrant.

Organizations face ever-shorter cycles for introducing new or improved products and services and for responding rapidly to new or emerging issues. Organizations must be capable of managing risk and making changes on an ever-shorter cycle time. Major improvements in response times often require new work systems; rapid decision making; reduced bureaucracy; the simplification of work processes; agile, efficient supplier and partner networks; effective, efficient communication with the workforce, partners, and suppliers; and the ability for rapid changeover from one process or one location to another.

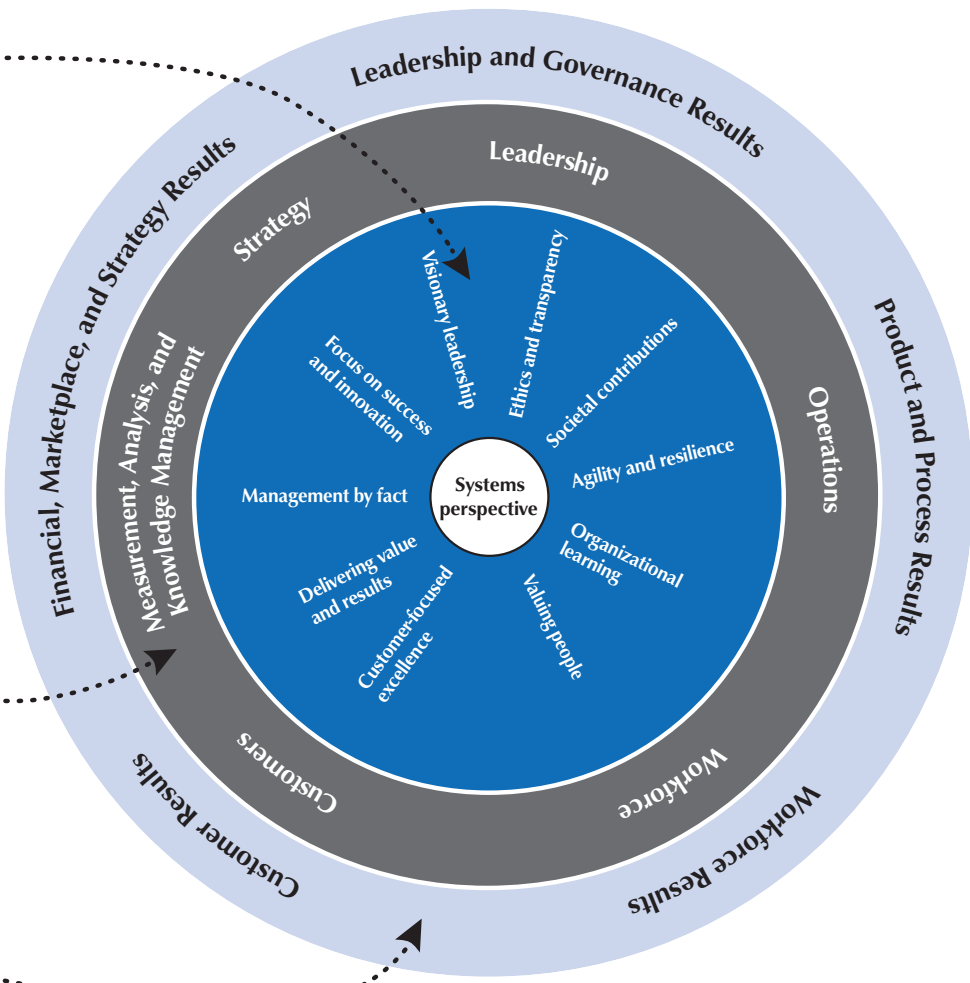
All aspects of time performance are now more critical, and cycle time is a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements or changes in your work systems, organization, quality, cost, supply-network integration, productivity, and ongoing success in a challenging economy. A major success factor in meeting competitive challenges is design-to-introduction time (the time it takes to initiate a product or service

The Role of Core Values and Concepts

The Baldrige Criteria build on **core values and concepts...**

which are embedded in **systematic processes...** (Criteria categories 1–6)

yielding **performance results**. (Criteria category 7)



feature) or innovation cycle time. To meet the demands of rapidly changing markets, your organization needs to carry out stage-to-stage integration of activities from research or concept to commercialization or implementation.

Disruptive events are occurring more frequently, triggered by economic or political upheaval or stress, major weather or health events, social or societal demands, or innovative technologies or product introductions. For an organization to be resilient, leaders must cultivate the agility to anticipate opportunities and threats, adapt strategy to changing circumstances, and have robust governance with a culture of trust. Organizations must embrace data-rich thought processes and equip their employees with ongoing learning of new skills.

Agility and resilience can also be achieved through your business ecosystem, in which collaborations, strategic partnerships, or alliances might offer complementary core competencies that allow rapid response to disruptions, entry into new markets, or a rethinking of customer offerings in a larger context. Your ecosystem might also permit you to address common issues quickly by blending your organization's core competencies or leadership capabilities with other organizations' complementary strengths and capabilities, creating a new source of strategic advantage. The result may be broad, interdependent, agile ecosystems that include traditional partners and collaborators, as well as suppliers, competitors, customers, communities, and organizations outside your sector or industry.

Organizational Learning

Achieving the highest levels of organizational performance requires a well-executed approach to organizational learning that includes sharing knowledge via systematic processes. In today's demanding environment, a cross-trained and empowered workforce and effective management of up-to-date organizational knowledge are vital assets. Organizational learning includes continuous improvement of existing approaches; the adoption of best practices and innovations; and significant, discontinuous change or innovation, leading to new goals, approaches, products, and markets.

Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) results in solving problems at their source (root cause); (3) is focused on building and sharing knowledge throughout your organization and your business ecosystem; and (4) is driven by opportunities to effect significant, meaningful change and to innovate. Sources for learning include employees' and volunteers' ideas, research and development, customers' input, best-practice sharing, competitors' performance, and benchmarking. Your business ecosystem is another source of learning.

Organizational learning can result in (1) enhanced value to customers through new and improved products and customer services; (2) the development of new business opportunities; (3) the development of new and improved processes or business models; (4) reduced errors, defects, waste, and related costs; (5) increased productivity and effectiveness in the use of all your resources; (6) enhanced performance in making societal contributions; and (7) greater agility in managing change and disruption.

Focus on Success and Innovation

Ensuring your organization's success now and in the future requires an understanding of the short- and longer-term factors that affect your organization and its environment. It also requires the ability to drive organizational innovation.

Sustained success requires managing uncertainty in the environment, as well as balancing some stakeholders' short-term demands with the need to invest in long-term success. The pursuit of sustained growth and performance leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, workforce, suppliers, partners, and stockholders; the public; and the community. It also requires the agility to modify plans, processes, and relationships whenever circumstances warrant, which may entail business transformation.

Your organization's planning and resource allocation should anticipate many factors, such as customers' short- and long-term expectations; new business models and collaboration or partnering opportunities; potential crises, including events that disrupt economic and social conditions; technological developments; workforce capacity and capability needs; community and societal expectations and needs; your competitive marketplace; security and cybersecurity risks; evolving regulatory requirements; and strategic moves by competitors. Your strategic objectives and resource allocations need to accommodate these influences. A focus on success includes ensuring resilience; developing your leaders, workforce, and suppliers; accomplishing effective succession planning; and anticipating areas for societal contributions and concerns.

A focus on success also includes a focus on innovation—making meaningful change to improve products, services, programs, processes, operations, business models, or societal well-being, with the purpose of creating new value for stakeholders. Innovation should lead your organization to new dimensions of performance and success. Innovation may be present in organizations of all sizes, sectors, and maturity levels; in some cases, an organization's genesis is an innovation, with work systems and work processes developing as the organization matures.

Innovation is important for all aspects of your operations and all work systems and work processes. Innovation benefits from a supportive environment, a process for identifying strategic opportunities, and the pursuit of intelligent risks. Innovation and continuous incremental improvement are different, but complementary, concepts. Successful organizations use both approaches to improve performance. Your organization should be led and managed so that identifying strategic opportunities and taking intelligent risks become part of the learning culture. Innovation should be integrated into daily work and be

supported by your performance improvement system. Systematic processes for identifying strategic opportunities should reach across your entire organization and should explore strategic alliances with complementary organizations and with organizations that have historically been outside your ecosystem.

Innovation may arise from adapting innovations in other industries to achieve a breakthrough in your industry. It builds on the accumulated knowledge of your organization and its people and the innovations of partners, collaborators, competitors, customers, and other relevant organizations, including those outside your sector. It may involve collaboration among people who do not normally work together and are in different parts of the organization. This can lead to the maximizing of learning through shared information and the willingness to use concepts from outside the organization as idea generators. Therefore, the ability to rapidly disseminate and capitalize on new and accumulated knowledge is critical to driving organizational innovation and success.

Management by Fact

Management by fact requires you to measure and analyze your organization's performance, both inside the organization and in your competitive environment. Measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, results, outcomes, and competitor and industry performance. Organizations need many types of data and information to effectively manage their performance. Data and information may come in many forms, such as numerical, graphical, or qualitative, and from many sources, including internal processes, surveys, and the Internet (including social media). Performance measurement should include measurement of customer, product, and process performance; comparisons of operational, market, and competitive performance; supplier, workforce, partner, cost, and financial performance; governance and compliance results; and accomplishment of strategic objectives.

A major consideration in performance improvement and change management is the selection and use of performance measures or indicators. The measures or indicators you select should best represent the factors that lead to improved customer, operational, financial, marketplace, and societal performance. A comprehensive yet carefully culled set of measures or indicators tied to customer and organizational performance requirements provides a clear basis for aligning all processes with your organization's goals. Measures and indicators support you in making decisions in a rapidly changing environment. By analyzing data from your tracking processes, you can evaluate the measures or indicators themselves and change them to better support your goals.

Analysis means extracting larger meaning from data and information to support evaluation, decision making, improvement, and innovation. It entails using data to determine trends, projections, and cause-and-effect relationships that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, comparing your performance with competitors' or with best-practice benchmarks, projecting future performance, and managing change. To facilitate analysis, data may need to be aggregated from various sources. Data may also need to be segmented by, for example, markets, product lines, and workforce groups so that you can gain a deeper understanding of significant differences.

Societal Contributions

Your organization's leaders should stress contributions to the public and the consideration of societal well-being and benefit. Leaders should be role models for your organization and its workforce in the protection of public health, safety, and the environment. This protection applies to any impact of your organization's operations, as well as the life cycles of your products. Also, your organization should emphasize resource conservation, recycling, and waste reduction at the source. Planning should anticipate adverse impacts from the production, distribution, transportation, use, and disposal of your products. Effective planning should reduce or prevent problems; provide for a forthright response if problems occur; and make available the information and support needed to maintain public awareness, safety, and confidence.

Your organization should meet all local, state, and federal laws and regulatory requirements and should also treat these and related requirements as opportunities to excel beyond minimal compliance.

Considering societal well-being and benefit means leading and supporting—within the limits of your resources—the environmental, social, and economic systems in your organization's sphere of influence. Such leadership and support might include improving education, health care, and other services in your local community and/or beyond; pursuing environmental excellence; being a role model for addressing socially important issues, such as diversity, equity, and inclusion; practicing resource conservation; reducing your carbon footprint; performing community service and charity; improving industry and business practices; and sharing nonproprietary information. Increasingly, such societal contributions are a customer or stakeholder requirement.

Leadership in this area may entail influencing other organizations, private and public, to partner for these purposes. Managing societal contributions requires your organization to use appropriate measures and your leaders to assume responsibility for those measures.

Ethics and Transparency

Your organization should stress ethical behavior in all stakeholder transactions and interactions. Your organization's governance body should require highly ethical conduct and monitor all conduct accordingly. Your senior

leaders should be role models of ethical behavior and make their expectations of the workforce very clear.

Your organization's ethical principles are the foundation for your culture and values. They distinguish right from wrong. Clearly articulated ethical principles, along with your organizational values, empower your people to make effective decisions and may serve as boundary conditions for determining organizational norms and prohibitions.

Transparency is characterized by consistently candid and open communication, accountability, and the sharing of clear and accurate information by leadership and management. The benefits of transparency are manifold. Transparency is a key factor in workforce engagement and allows people to see why actions are being taken and how they can contribute. Transparency and accountability are also important in interactions with customers and other stakeholders, giving them a sense of involvement, engagement, and confidence in your organization.

Ethical behavior and transparency build trust in the organization and its leaders and engender a belief in the organization's fairness and integrity that is valued by all key stakeholders.

Delivering Value and Results

By delivering and balancing value for key stakeholders, your organization builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value requires, your organizational strategy should explicitly include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. A balanced composite of leading and lagging performance measures is an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Your organization's performance measurements need to focus on key results. Results should be used to deliver and balance value for your key stakeholders—your customers, workforce, stockholders, suppliers, partners, and collaborators; the public; and the community. Thus, results need to be a composite of measures that include not just financial and market results but also product and process results; customer and workforce satisfaction and engagement results; and leadership, strategy, and societal performance.

Changes from the 2021–2022 Baldrige Excellence Framework

Revisions have one overarching purpose: for the framework and the Criteria to reflect the leading edge of validated leadership and performance practice while ensuring that they are as concise and user-friendly as possible.

For more than 32 years, the Criteria for Performance Excellence have evolved along with the drivers of organizational competitiveness and long-term success. Through this evolution, the Baldrige Excellence Framework offers today's organizations a nonprescriptive leadership and management guide that facilitates a systems approach to achieving excellence.

As the Baldrige framework and the Criteria evolve, they must balance two important considerations. On the one hand, the Criteria need to reflect a national standard for performance excellence, helping organizations address current leadership and management challenges and educating organizations in all aspects of establishing an integrated performance management system. On the other hand, the Criteria need to be accessible and user-friendly for a variety of organizations at varying levels of maturity.

To address the first consideration, several concepts are woven into the changes reflected in the *2023–2024 Baldrige Excellence Framework*. For example, *agility* and *resilience* are integrated across categories, and *innovation(s)* is clarified. Other examples include the changing nature of work and workplace arrangements, as well as *diversity, equity,* and *inclusion,* which are emphasized throughout the Criteria and in the notes.

To address the second consideration, many changes in this revision make the Criteria more user-friendly through updates, simplifications, and clarifications. For example, some notes that were not critical to understanding how to answer a Criteria question have been moved from the Criteria items to the online commentary or eliminated altogether.

The most significant changes to the Criteria items are summarized as follows.

Organizational Profile

- Some "what" questions have been moved into the Organizational Profile; for example, the concept of *strategic opportunities* was moved because it fits better with strategic challenges, and opportunities have implications across multiple categories. In other cases of "what" questions, the decision was made to leave them in the categories where they have the most impact.
- Item P.1a(3), Workforce Profile, has been simplified for clarity. In addition, *educational requirements* have been removed from the Criteria questions based on feedback that these were not regularly used in assessments.
- Questions have been embedded to provide a better understanding of an organization's business model in P.1a(1; percentage of revenue) and P.2a(1; differentiators).

Category 1: Leadership

- In 1.1a, *mission* is now referenced among key elements for which senior leaders are responsible for setting and deploying. Similarly, in 1.1c(1), *safety* and *diversity* were added in relation to senior leaders' responsibility to create an environment for success.
- Questions on the board's role in organizational performance evaluation were moved from 4.1b to 1.2a(3) to keep governance board questions together.

Category 2: Strategy

- In 2.1a(2), the strategy considerations list was revised to focus on key elements and risks.
- The term *work systems* was removed from the title of the area to address, which now references *outsourcing* and *core competencies*. The important concept of *work systems* still appears in 2.1a(4) and 5.1a(3), and in several notes, as well as in the glossary.

Category 3: Customers

- The cross-cutting concept *voice of the customer* is now embedded in items 3.1, 3.2, and 6.1 in listening to customers, identifying their requirements, designing products and services, etc.
- In 3.2b, areas to address on customer satisfaction, dissatisfaction, and engagement were streamlined for clarity. The concept of *customer experience* is also referenced as overarching for item 3.2.

Category 4: Measurement, Analysis, and Knowledge Management

- *Measurement agility* was moved into 4.1a(1) to better fit with the other questions, and performance and performance projections were rolled into 4.1b. This revision makes *performance projections* a multiple-level versus an overall-level question and aligns the question better with the Results Scoring

Guidelines for projections, which are in the 70–85% and 90–100% ranges.

- Based on user feedback, *cybersecurity* was moved from category 6 to category 4 to be incorporated within information and knowledge management. The wording in the Criteria still conveys that cybersecurity is an organization-wide strategic imperative.
- Item 4.2c now features *the pursuit of innovation*, moving the concept from category 6 to category 4 as an attempt to minimize confusion on where to respond to *innovation* in the Criteria. Item 4.2c has been reworded to indicate the importance of innovation to the overall organization and its relationship to an organization's knowledge management system.

Category 5: Workforce

- *Workforce dissatisfaction* has been called out as an area to independently determine root causes and enable a systematic remedy to avoid future dissatisfaction.
- *Learning and development system effectiveness* (formerly 5.2c[3]) is embedded in the Criteria's learning element in the Scoring System and addressed in 5.2c(2), with effectiveness results reported in category 7.
- *Compensation* is now called out with workforce benefits and includes a consideration of fairness.

Category 6: Operations

- Items 6.1a and 6.1b were streamlined to focus first on product and or/service and process design, then on process management and improvement.
- Items 6.1a(2) and 6.1a(4) now include language that relates to minimizing harmful societal or environmental impacts of products and/or services and operations.
- *Supply-network management* was moved from item 6.1 to item 6.2 under the umbrella of operational effectiveness. A note in 6.2b explains why the term *supply network* is used instead of *supply chain* in the Criteria, to reflect a more resilient approach to supplier management.
- Reducing waste associated with your products and/or services was added as an example and as a note, reflecting a growing focus on a circular economy.
- An area to address on your overall approach to risk management was added as 6.2c(2).

Category 7: Results

- Item 7.2 now asks for *customer experience* results.
- Item 7.3 now asks for results for *workforce dissatisfaction* and *retention*.
- Item 7.4 now asks for results for how senior leaders cultivate a culture that values diversity and fosters equity and inclusion, innovation, and intelligent risk taking.
- Item 7.5 now asks for your results for key measures or indicators of innovation efforts.

Scoring System

Scoring information, including maximum score values per item, has been moved into the Scoring System section. This reinforces use of the Criteria as a leadership and management guide, while still enabling self-assessments.

Some point values have shifted among items to improve balance: (1) Five points have been moved from item 1.1 to item 2.2 to give more weight to strategy implementation. There is not an intention to downplay leadership; category 1 is still the process category with the highest potential points. However, strategy is one of leadership's key responsibilities, and strategy implementation is crucial for ongoing success. (2) Point values have been switched for items 6.1 and 6.2 because item 6.2 now has a strong focus on the *supply network, safety/business continuity/resilience,* and *risk management*.

Core Values

- The concept of *customer-focused excellence* now looks at reducing dissatisfaction as well as complaints.
- The concept of *valuing people* now references the fair treatment of all customers and workforce members.
- The concept of *focus on success and innovation* now references the pursuit of sustained growth and performance leadership as potentially entailing a business transformation.

Glossary of Key Terms

- Definitions have been added for the terms *agility, culture,* and *system*.
- The term *innovation(s)* has been clarified; for consistency, the Criteria now use *innovation* as a process/activity and *innovations* to refer to the outcomes (discontinuous or "breakthrough" improvements in results, products, processes, or societal well-being). *Innovation* is now included in 2.1a(3) as part of a focus on *strategic opportunities*. An entire area on *the pursuit of innovations* and *managing innovation* has been consolidated in 4.2c.
- There are a few terms that are intentionally not included in the Glossary for two reasons: (1) definitions in the Glossary are intended for words that may be used differently in the Criteria than in common understanding; and (2) definitions of terms that could be deemed sensitive politically may be spelled out in the notes (rather than in the Glossary) so that their context and usage can be made clear.

Glossary of Key Terms

The terms below are those in SMALL CAPS in the Baldrige Criteria for Performance Excellence and scoring guidelines. Each term is followed by a definition in boldface. The rest of the first paragraph elaborates on this definition. The paragraphs that follow provide examples, descriptive information, or key linkages to other information in the Baldrige framework.

ACTION PLANS. Specific actions that your organization takes to reach its strategic objectives. These plans specify the resources committed to and the time horizons for accomplishing the plans. Action plan development is the critical stage in planning when you make strategic objectives and goals specific so that you can effectively deploy them throughout the organization in an understandable way. In the Criteria, deploying action plans includes creating aligned measures for all affected departments and work units. Deployment might also require specialized training for some workforce members or recruitment of personnel.

For example, a strategic objective for a supplier in a highly competitive industry might be to develop and maintain price leadership. Action plans could entail designing efficient processes, creating an accounting system that tracks activity-level costs, aligning processes and accounting systems across the organization, and partnering with other suppliers. To deploy the action plans, the supplier might train work units and teams in setting priorities based on costs and benefits. Organizational-level analysis and review would likely emphasize productivity growth, cost control, and quality.

See also STRATEGIC OBJECTIVES.

AGILITY. A capacity for rapid change and flexibility in operations. Agility may be needed to respond to emergencies or address changes in your operating environment, to take advantage of an immediate opportunity, and/or to address a strategic challenge.

See also RESILIENCE.

ALIGNMENT. A state of consistency among plans, processes, information, resource decisions, workforce capability and capacity, actions, measures, results, and analyses that support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary data and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the work unit level.

See also INTEGRATION.

ANALYSIS. The examination of data and information to provide a basis for effective decision making. Analysis often involves determining cause-effect relationships. Overall organizational analysis guides you in managing work systems and work processes toward achieving key business results and attaining strategic objectives.

Although individual facts and data are important, they do not usually provide an effective basis for acting or setting priorities. Effective actions depend on an understanding of relationships and context, which is derived from the analysis of patterns in data and information.

ANECDOTAL. In a response to a Criteria item, information that lacks specific methods; measures; deployment mechanisms; and evaluation, improvement, and learning factors. Anecdotal information frequently consists of examples and describes individual activities rather than systematic processes. For example, in an anecdotal response to how senior leaders deploy performance expectations, you might describe a specific occasion when a senior leader visited all of your organization's facilities. On the other hand, in describing a systematic process, you might include the methods all senior leaders use to communicate performance expectations regularly to all locations and workforce members, the measures leaders use to assess the effectiveness of the methods, and the tools and techniques you use to evaluate and improve the methods.

See also SYSTEMATIC.

APPROACH. The methods your organization uses to carry out its processes. Besides the methods themselves, approach refers to the appropriateness of the methods to the item questions and your organization's operating environment, as well as how effectively your organization uses those methods.

Approach is one of the factors considered in evaluating process items. For further description, see the Scoring System (pages 26–32).

BASIC QUESTION. The most central concept of a Criteria item, as presented in the item title question. For an illustration, see Criteria for Performance Excellence Structure (page 2).

BENCHMARKS. Processes and results that represent the best practices and best performance levels for similar activities, inside or outside your organization's industry. Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (nonincremental) or "breakthrough" improvement.

Benchmarks are one form of comparative data. Other forms include industry data collected by a third party, data on competitors' performance, and comparisons with similar organizations that are in the same geographic area or that provide similar products and services in other geographic areas.

CAPABILITY, WORKFORCE. See WORKFORCE CAPABILITY.

CAPACITY, WORKFORCE. See WORKFORCE CAPACITY.

COLLABORATORS. Organizations or individuals who cooperate with your organization to support a particular activity or event or who cooperate intermittently when their short-term goals are aligned with or are the same as yours. Typically, collaborations do not involve formal agreements or arrangements.

See also PARTNERS.

CORE COMPETENCIES. Your organization's areas of greatest expertise; those strategically important, possibly specialized capabilities that are central to fulfilling your mission or that provide an advantage in your marketplace or service environment. Core competencies are frequently challenging for competitors or suppliers and partners to imitate, and they may provide an ongoing competitive advantage or create opportunities in your business ecosystem. The absence of a needed core competency may result in a significant strategic challenge or disadvantage for your organization in the marketplace.

Core competencies may involve technological expertise, unique service offerings, a marketplace niche, or business acumen in a particular area.

CULTURE. The shared beliefs, norms, and values that characterize your workforce and are demonstrated within your organization. In high-performing organizations, senior leaders create and reinforce an organization's culture based on the organization's mission, vision, and values.

See also ETHICAL BEHAVIOR and VALUES.

CUSTOMER. An actual or potential user of your organization's offerings of products, programs, or services (all referred to as products and/or services in the Criteria). Customers include the end users of your products, as well as others who are immediate purchasers or users, such as distributors, agents, or organizations that process your product as a component of theirs. The Baldrige framework addresses customers broadly, referencing your current and potential customers, as well as your competitors' customers.

Customer-focused excellence is a Baldrige core value embedded in the beliefs and behaviors of high-performing organizations. Customer focus impacts and should be a factor in integrating your organization's strategic directions, work systems and work processes, and business results.

See also STAKEHOLDERS for the relationship between customers and others who might be affected by your products.

CUSTOMER ENGAGEMENT. Your customers' emotional and intellectual commitment to your brand and product and/or service offerings. It is based on your ongoing ability to serve their needs and build relationships so that they will continue using your products and/or services. Characteristics of engaged customers include retention, brand loyalty, willingness to make an effort to do business—and increase their business—with you, and willingness to actively advocate for and recommend your brand and offerings.

DEPLOYMENT. The extent to which your organization applies an approach in addressing the questions in a Criteria item. Evaluation of deployment considers how broadly and deeply the approach is applied in relevant work units throughout your organization.

Deployment is one of the factors considered in evaluating process items. For further description, see the Scoring System (pages 26–32).

DIVERSITY. Personal differences among workforce members that enrich the work environment and are representative of your hiring and customer communities. These differences are based on many variables, such as race, religion, color, gender, national origin, disability, sexual orientation, age and generation, education, geographic origin, and skill characteristics, as well as ideas, thinking, learning styles, academic disciplines, and perspectives.

The Criteria refer to valuing and benefiting from the diversity of your workforce hiring and customer communities. Capitalizing on both in building your workforce increases your opportunities for high performance; customer, workforce, and community satisfaction; and customer and workforce engagement. When embraced, diversity can drive cultural, economic, and social vitality and innovation.

EFFECTIVE. How well a process or a measure addresses its intended purpose. Determining effectiveness requires (1) evaluating how well the process is aligned with the organization's needs and how well it is deployed, (2) evaluating the outcome of the measure as an indicator of process or product/service performance, or (3) evaluating how well customer requirements have been met or exceeded.

EMPOWERMENT. Giving people the authority and responsibility to make decisions and take actions. When people are empowered, decisions are made closest to the front line, where work-related knowledge and understanding reside.

The purpose of empowering people is to enable them to satisfy customers on first contact, improve processes and increase productivity, and improve your organization's performance results, as well as to encourage collaboration. An empowered workforce requires information to make appropriate decisions; thus, your organization must provide that information in a timely and useful way.

ENGAGEMENT, CUSTOMER. See CUSTOMER ENGAGEMENT.

ENGAGEMENT, WORKFORCE. See WORKFORCE ENGAGEMENT.

ETHICAL BEHAVIOR. The actions your organization and your leaders take to ensure that all your decisions, actions, and stakeholder interactions conform to your moral and professional principles of conduct. These principles should support all applicable laws and regulations and are the foundation for your organization's culture and values. They distinguish right from wrong.

Senior leaders should be role models for these principles of behavior. The principles apply to all people involved in your organization, from temporary workforce members to members of the board of directors. These principles benefit from regular communication and reinforcement. Senior leaders have the responsibility for the alignment of your organization's mission, vision, and values with its ethical principles. Ethical behavior encompasses interactions with all stakeholders, including your workforce, shareholders, customers, partners, suppliers, and local community members.

Well-designed and clearly articulated ethical principles empower people to make effective decisions with great confidence. In some organizations, ethical principles also serve as boundary conditions restricting behavior that otherwise could have adverse impacts on your organization and/or society.

See also the related core value, Ethics and Transparency (page 40–41).

EXCELLENCE. See PERFORMANCE EXCELLENCE.

GOALS. Future conditions or performance levels that your organization intends or desires to attain. Goals can be both short- and longer-term. They are ends that guide actions. Quantitative goals, frequently referred to as targets, include a numerical point or range. Targets might be desired performance based on comparative or competitive data. Stretch goals are goals for desired major, discontinuous (nonincremental) or "breakthrough" improvements, usually in areas most critical to your organization's future success.

Goals can serve many purposes, including

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

See also PERFORMANCE PROJECTIONS.

GOVERNANCE. The system of management and controls exercised in the stewardship of your organization. Governance includes the responsibilities of your organization's owners/shareholders, board of directors, and senior leaders. Corporate or organizational charters, bylaws, and policies document the rights and responsibilities of each of the parties and describe how they will direct and control your organization to ensure (1) accountability to owners/shareholders and other stakeholders, (2) transparency of operations, and (3) fair treatment of all stakeholders. Governance processes may include the approval of strategic direction, the monitoring and evaluation of the CEO's performance, the establishment of executive compensation and benefits, succession planning, financial and other fiduciary auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

HIGH PERFORMANCE. High levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time. High performance results in improved service and value for customers and other stakeholders.

Approaches to high performance vary in their form, their function, and the incentive systems used. High performance stems from and enhances workforce engagement. It involves cooperation between management and the workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; empowerment of your people, including personal accountability; and workforce input into planning. It may involve learning and building individual and organizational skills; learning from other organizations; creating flexible job design and work assignments; maintaining a flattened organizational structure, where decision making is decentralized and decisions are made closest to the front line; and effectively using performance measures, including comparisons. Many organizations encourage high performance with monetary and nonmonetary incentives based on factors such as organizational performance, team and individual contributions, and skill building. Also, approaches to high performance usually seek to align your organization's structure, core competencies, work, jobs, workforce development, and incentives.

HOW. The systems and processes that your organization uses to achieve its mission requirements. In responding to "how" questions in Criteria categories 1–6, you should include information on approach (methods and measures), deployment, learning, and integration.

INDICATORS. See MEASURES AND INDICATORS.

INNOVATION(S). Making meaningful change to improve processes, products, the organization, or societal well-being to increase value for stakeholders. (The Criteria use the term *innovation* as a process/activity and the term *innovations* to refer to the outcomes.) Innovation involves adopting an idea, process, technology, product, or business model that is either new or new to its proposed application. Innovations are discontinuous or "breakthrough" improvements in results, products, processes, or societal well-being. Innovation benefits from a supportive environment, a process for identifying strategic opportunities, and a willingness to pursue intelligent risks.

Successful organizational innovation also entails knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that can benefit from change through innovations, whether breakthrough improvement or a change in approach or outputs. Innovations may be present in organizations of all sizes, sectors, and maturity levels; in some cases, an organization's genesis is an innovative idea, process, technology, product, or change in organizational structure or business model.

See also BENCHMARKING, INTELLIGENT RISKS, and STRATEGIC OPPORTUNITIES.

INTEGRATION. The harmonization of plans, processes, information, resource decisions, workforce capability and capacity, actions, results, measures, and analyses to support key organization-wide goals. Effective integration goes beyond alignment and is achieved when the individual components of an organizational performance management system operate as a fully interconnected unit.

Integration is one of the factors considered in evaluating both process and results items. For further description, see the Scoring System (pages 26–32).

See also ALIGNMENT.

INTELLIGENT RISKS. Opportunities for which the potential short- or long-term gain or benefit outweighs the potential harm or loss to your organization if you do not explore them (sometimes referred to as a calculated risk). Taking intelligent risks requires a tolerance for failure and an expectation that innovations are not achieved by initiating only successful endeavors. At the outset, organizations must invest in potential successes while realizing that some will lead to failure.

The degree of risk that is intelligent to take will vary by the pace and level of threat and opportunity in the industry. In a rapidly changing industry with constant introductions of new products, processes, or business models, there is an obvious need to invest more resources in intelligent risks than in a stable industry. In the latter, organizations must monitor and explore growth potential and change but, most likely, with a less significant commitment of resources.

See also STRATEGIC OPPORTUNITIES.

KEY. Major or most important; critical to achieving your intended outcome. The Criteria, for example, refer to key challenges, plans, work processes, and measures—those that are most important to your organization's success. They are the essential elements for pursuing or monitoring a desired outcome. Key is generally defined as around the most significant five (e.g., around five key challenges).

KNOWLEDGE ASSETS. Your organization's accumulated intellectual resources; the knowledge possessed by your organization and its workforce in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. These knowledge assets reside in your workforce, software, patents, databases, documents, guides, policies and procedures, and technical drawings. Knowledge assets also reside within customers, suppliers, and partners.

Knowledge assets are the know-how that your organization has available to use, invest, and grow. Building and managing knowledge assets are key components of creating value for your stakeholders and sustaining a competitive advantage.

LEADERSHIP SYSTEM. The way leadership is exercised, formally and informally, throughout your organization; the basis for key decisions and the way they are made, communicated, and carried out. A leadership system includes structures and mechanisms for making decisions; ensuring two-way communication; selecting and developing leaders and managers; and reinforcing values, ethical behavior, directions, and performance expectations.

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

LEARNING. New knowledge or skills acquired and implemented through evaluation, study, experience, and innovation. The Baldrige framework refers to two distinct kinds of learning: organizational learning and learning by the people in your workforce. Organizational learning is achieved through research and development, evaluation and improvement cycles, ideas and input from the workforce and stakeholders, the sharing of best practices, and benchmarking. Workforce learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way your organization operates. Learning contributes to a competitive advantage and ongoing success for your organization and workforce.

For further description of organizational and personal learning, see the related core values and concepts: *Valuing People* and *Organizational Learning* (pages 37–38, 39).

Learning is one of the factors considered in evaluating process items. For further description, see the Scoring System (pages 26–32).

LEVELS. Numerical information that places or positions your organization's results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

MEASURES AND INDICATORS. Numerical information that quantifies the input, output, and performance dimensions of processes, products, programs, projects, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

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

MISSION. Your organization's overall function. The mission answers the question, "What is your organization attempting to accomplish?" The mission might define customers or markets served, distinctive or core competencies, or technologies used.

MULTIPLE QUESTIONS. The details of a Criteria item, as expressed in the individual questions under each lettered area to address. Multiple questions are those listed under the boldface questions. For an illustration, see the Criteria for Performance Excellence Structure (page 2).

Even high-performing, high-scoring users of the Baldrige framework are not likely to be able to address all the multiple questions with equal capability or success.

OVERALL QUESTIONS. The most important features of a Criteria item, as elaborated in the first question (the leading question in boldface) in each paragraph under each lettered area to address. For an illustration, see the Criteria for Performance Excellence Structure (page 2).

PARTNERS. Key organizations or individuals who are working in concert with your organization to achieve a common goal or improve performance. Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or deliver a specific product or service.

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

See also COLLABORATORS.

PERFORMANCE. Outputs and their outcomes obtained from processes, products and services, and strategies that permit you to evaluate and compare your organization's results to performance projections, standards, past results, goals, and other organizations' results.

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

Product and service performance is performance relative to measures and indicators of product and service characteristics that are important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time. For some service organizations, including nonprofit organizations, examples might include program and project performance in the areas of rapid response to emergencies, at-home services, or multilingual services.

Customer-focused performance is performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, and satisfaction and engagement survey results.

Operational performance is workforce, leadership, and organizational performance (including ethical and legal compliance) relative to measures and indicators of effectiveness, efficiency, and accountability. Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, regulatory compliance, fiscal accountability, strategy accomplishment, and community involvement. Operational performance might be measured at the work-unit, key work process, and organizational levels.

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

PERFORMANCE EXCELLENCE. An integrated approach to organizational performance management that results in (1) delivery of ever-improving value to customers and stakeholders, contributing to ongoing organizational success; (2) improvement of your organization's overall effectiveness and capabilities; and (3) learning for the organization and for people in the workforce. The Baldrige Organizational Profile, Criteria, core values and concepts, and scoring guidelines provide a framework and assessment tool for understanding your organization's strengths and opportunities for improvement and, thus, for guiding your planning toward achieving higher performance and striving for excellence.

PERFORMANCE PROJECTIONS. Estimates of your organization's future performance. Projections should be based on an understanding of past performance, rates of improvement, and assumptions about future internal changes and innovations, as well as assumptions about changes in the external environment that result in internal

changes. Thus, performance projections can serve as a key tool in managing your operations and in developing and implementing your strategy.

Performance projections state your *expected* future performance. Goals state your *desired* future performance. Performance projections for your competitors or similar organizations may indicate challenges facing your organization and areas where breakthrough performance or innovations are needed. In areas where your organization intends to achieve breakthrough performance or innovations, your performance projections and your goals may overlap.

See also GOALS.

PROCESS. Linked activities with the purpose of producing a product or service for a customer (user) within or outside your organization. Generally, processes involve combinations of people, machines, tools, techniques, materials, and improvements in a defined series of steps or actions. Processes rarely operate in isolation and must be considered in relation to other processes that impact them. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In the delivery of services, particularly those that directly involve customers, process is used more generally to spell out what delivering that service entails, possibly including a preferred or expected sequence. If a sequence is critical, the process needs to include information that helps customers understand and follow the sequence. Such service processes also require guidance for service providers on handling contingencies related to customers' possible actions or behaviors.

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

Process is one of the two dimensions (along with results) evaluated in a Baldrige-based assessment. This evaluation is based on four factors: approach, deployment, learning, and integration. For further description, see the Scoring System (pages 26–32).

PRODUCTIVITY. Measures of the efficiency of resource use.

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

PROJECTIONS, PERFORMANCE. See PERFORMANCE PROJECTIONS.

RESILIENCE. An organization's ability to anticipate, prepare for, and recover from disasters, emergencies, and other disruptions, and when disruptions occur, to protect and enhance workforce and customer engagement, supply-network and financial performance, organizational productivity, and community well-being.

Beyond the ability to "bounce back" to a prior state when a disruption occurs, resilience means having a plan in place that allows your organization to continue operating as needed during disruptions. To achieve resilience, leaders must cultivate the agility to respond quickly to both opportunities and threats, adapt strategy to changing circumstances, and have robust governance with a culture of trust. Organizations must adopt an ecosystem mindset, embrace data-rich thought processes, and equip their employees with ongoing learning of new skills.

See also AGILITY.

RESULTS. Outputs and outcomes achieved by your organization. Results are evaluated based on current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of the results measures to key organizational performance requirements.

Results are one of the two dimensions (along with processes) evaluated in a Baldrige-based assessment. The evaluation of results is based on four factors: levels, trends, comparisons, and integration. For further description, see the Scoring System (pages 26–32).

SEGMENT. One part of your organization's customer, market, product or service offering, or workforce base. Segments typically have common characteristics that allow logical groupings. In Criteria results items, segmentation refers to disaggregating results data in a way that allows for meaningful analysis of your organization's performance. It is up to each organization to determine the factors that it uses to segment its customers, markets, products and services, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups and to tailoring product and service offerings to meet their needs and expectations. For example, you might segment your market based on distribution channels, business volume, geography, or technologies employed. You might segment your workforce based on geography, skills, needs, work assignments, or job classifications.

SENIOR LEADERS. Your organization's senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports.

STAKEHOLDERS. All groups that are or might be affected by your organization's actions and success. Key stakeholders might include customers, the workforce, partners, collaborators, governing boards, stockholders, donors,

suppliers, taxpayers, regulatory bodies, policymakers, funders, and local and professional communities.

See also CUSTOMER.

STRATEGIC ADVANTAGES. Those benefits that exert a decisive influence on your organization's likelihood of future success. These advantages are frequently sources of current and future competitive success relative to other providers of similar products. Strategic advantages generally arise from either or both of two sources: (1) core competencies, which focus on building and expanding on your organization's internal capabilities, and (2) strategically important external resources, which your organization shapes and leverages through key external relationships and partnerships.

When an organization realizes both sources of strategic advantage, it can amplify its unique internal capabilities by capitalizing on complementary capabilities in other organizations.

See STRATEGIC CHALLENGES and STRATEGIC OBJECTIVES for the relationship among strategic advantages, strategic challenges, and the strategic objectives your organization articulates to address its challenges and advantages.

STRATEGIC CHALLENGES. Those pressures that exert a decisive influence on your organization's likelihood of future success. These challenges are frequently driven by your organization's anticipated competitive position in the future relative to other providers of similar products. While not exclusively so, strategic challenges are generally externally driven. However, in responding to externally driven strategic challenges, your organization may face internal strategic challenges.

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

See STRATEGIC ADVANTAGES and STRATEGIC OBJECTIVES for the relationship among strategic challenges, strategic advantages, and the strategic objectives your organization articulates to address its challenges and advantages.

STRATEGIC OBJECTIVES. The aims or responses that your organization articulates to address major change or improvement, competitiveness or social issues, and business advantages. Strategic objectives are generally focused both externally and internally and relate to significant customer, market, product, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what your organization must achieve to remain or become competitive and ensure its long-term success. Strategic objectives set your organization's longer-term directions and guide resource allocation and redistribution.

See ACTION PLANS for the relationship between strategic objectives and action plans and for an example of each.

STRATEGIC OPPORTUNITIES. Prospects for new or changed products, services, processes, business models (including strategic alliances), or markets. They arise from outside-the-box thinking, brainstorming, capitalizing on serendipity, research and innovation processes, nonlinear extrapolation of current conditions, and other approaches to imagining a different future.

The generation of ideas that lead to strategic opportunities benefits from an environment that encourages nondirected, free thought. Choosing which strategic opportunities to pursue involves consideration of relative risk, financial and otherwise, and then making intelligent choices (intelligent risks).

See also INTELLIGENT RISKS.

SYSTEM. A set of interrelated leadership and management elements of an organization used to integrate approaches, establish policies and objectives, and manage processes to achieve those objectives. The overarching performance system depicted by the Baldrige Excellence Framework consists of six process categories and a results category. Organizational systems establish processes, procedures, and responsibilities for achieving policies and objectives; and they may contain elements such as management structures (e.g., groups or committees), measurements, and multiple integrated systematic approaches used to conduct the work and support the organization. Organizational systems are generally focused internally, whereas the broader concept *work systems* includes internal work processes and external resources of the organization.

See also WORK SYSTEMS.

SYSTEMATIC. Well-ordered, repeatable, and exhibiting the use of data and information so that learning is possible. Approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. To see the term in use, refer to the Process Scoring Guidelines (page 28).

TRENDS. Numerical information that shows the direction and rate of change of your organization's results or the consistency of its performance over time. Trends show your organization's performance in a time sequence.

Ascertaining a trend generally requires a minimum of three historical (not projected) data points. Defining a statistically valid trend requires more data points. The cycle time of the process being measured determines the time between the data points for establishing a trend. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer periods for a meaningful trend.

Examples of trends called for by the Criteria and scoring guidelines include data on product performance, results for customer and workforce satisfaction and dissatisfaction, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

VALUE. The perceived worth of a product or service, process, asset, or function relative to its cost and possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Your organization needs to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value among customers and other stakeholders, such as your workforce and the community.

VALUES. The guiding principles and behaviors that embody how your organization and its people are expected to operate. Values influence and reinforce your organization's desired culture. They support and guide the decisions made by every workforce member, helping your organization accomplish its mission and attain its vision appropriately. Examples of values include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and striving for performance excellence every day.

VISION. Your organization's desired future state. The vision describes where your organization is headed, what it intends to be, or how it wishes to be perceived in the future.

VOICE OF THE CUSTOMER. 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, social media data and commentary, warranty data, marketing and sales information, and complaint data, that affect customers' purchasing and engagement decisions.

WORK PROCESSES. Your organization's most important internal value-creation processes. They might include product design, production, and delivery; customer support; supply-network management; business; and support processes. They are the processes that involve the majority of your organization's workforce and produce customer, stakeholder, and stockholder value.

Your key work processes are always accomplished by your workforce. They frequently relate to your core competencies, the factors that determine your success relative to competitors, and the factors your senior leaders consider important for business growth. In contrast, projects are unique work processes intended to produce an outcome and then go out of existence.

WORK SYSTEMS. The coordinated combination of internal work processes and external resources that you need to develop and produce products, deliver them to your customers, and succeed in your marketplace. Within your work systems, internal work processes are those that involve your workforce. External resources may include processes performed by your key suppliers, partners, contractors, and collaborators, as well as other components of your supply network needed to produce and deliver your products and carry out your business and support processes. These internal work processes and external resources function together to accomplish your organization's work.

Decisions about work systems are strategic, as you must decide whether to use internal processes or external resources for maximum efficiency and sustainability in your marketplace. These decisions involve protecting intellectual property, capitalizing on core competencies, and mitigating risk. The decisions you make have implications for your organizational structure, people, work processes, and equipment/technology.

WORKFORCE. All people actively supervised by your organization and involved in accomplishing your organization's core work, including paid employees (e.g., permanent, part-time, temporary, on-site, and remote employees, as well as contract employees supervised by your organization) and some volunteers (e.g., students/interns), as appropriate. Your workforce includes team leaders, supervisors, and managers at all levels.

WORKFORCE CAPABILITY. Your organization's ability to accomplish its work processes through your people's knowledge, skills, abilities, and competencies.

Capability may include the ability to build and sustain relationships with customers; to innovate and transition to new technologies; to develop new products and work processes; and to meet changing business, market, and regulatory demands.

WORKFORCE CAPACITY. Your organization's ability to ensure sufficient staffing levels to accomplish your work processes and deliver your products to customers, including the ability to meet seasonal or varying demand levels.

WORKFORCE ENGAGEMENT. The extent of workforce members' emotional and intellectual commitment to accomplishing your organization's work, mission, and vision. Organizations with high levels of workforce engagement are often characterized by high-performance work environments in which people are motivated to do their utmost for their customers' benefit and the organization's success.

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

Index of Key Terms

Page numbers in **boldface** *indicate definitions in the Glossary of Key Terms (pages 44–51).*

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