

**Malcomb Baldrige National Quality Award**

**Lecture XII**  
*[Chapter 2 in textbook]*

**Malcomb Baldrige National Quality Award**

*Award given by U.S. President to business,  
education, and health care organizations*

**Malcomb Baldrige National Quality Award**

*Named after Malcolm Baldrige  
(US Secretary of Commerce)*

*Established to recognize US organizations for  
achievement in quality and to raise  
awareness about the importance of quality  
and performance excellence as a competitive  
edge*

**Malcomb Baldrige National Quality Award**

*Given to at most two companies in each of three  
categories*

*manufacturing  
service  
small business*

*Managed by US Commerce Department's  
NIST (National Institute of Standards and Technology)*

**How Is It Achieving It's Goals?**

*Accepted worldwide, as a standard for  
performance excellence*

*Annual government investment of about \$5  
million is leveraged by a contribution of over  
\$100 million from private-sector and state and  
local organizations, including \$10 million  
raised by private industry.*

**How Is It Achieving It's Goals?**

*It's cooperative in nature*

*Experts review applications, conduct site visits  
and provide applicant with an extensive  
feedback report, citing strengths and  
opportunities to improve*

## How Is It Achieving It's Goals?

**Baldrige Award winners also have taken seriously their charge to be quality advocates**

## Baldrige Criteria

### Leadership (125 points)

*Examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship*

*Top management needs to efficiently and effectively communicate direction, values, strategies, expectations, and a total focus on quality*

*Commitment to areas of corporate responsibility and citizenship*

*Emphasize continuous improvement*

## Baldrige Criteria

### Strategic planning (85 points)

*Examines how the organization set strategic directions and how it determines key action plans*

*Developing and adhering to plans that promote customer satisfaction*

*Efficient use of internal financial and human resources  
the use of plans, goals, and internal evaluations to achieve overall organizational objectives*

*Short-term goals and long-term outlook*

## Baldrige Criteria

### Customer and Market Focus (85 points)

*Examines how the organization determines requirements and expectations of customers and markets*

*Focus of internal improvements based on research and target market analysis*

*Effective communication and development of relationships with customers*

*Responding quickly to changing customer needs*

## Baldrige Criteria

### Information and analysis (85 points)

*Examines the management, effective use, and analysis of data and information to support key organization processes and the organization's performance management system*

*Methods of measuring and interpreting performance indicators*

*Effective communication of performance results to all levels of management*

*How results are used in long-term planning*

## Baldrige Criteria

### Human resources focus (85 points)

*Examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.*

*Work environments designed to enhance productivity, innovation, and teamwork*

*the use of feedback, incentives, and recognition to encourage employee performance*

*Continuous education and training to maximize employee productivity*

*building employee satisfaction through a pleasing work environment and intangible benefits*

## Baldrige Criteria

### Process management (85 points)

*Examines the aspects of how key production/ delivery and support processes are designed, managed, and improved*

*The use of process design to prevent waste and inefficiency*

*Utilizing internal and external information to respond to changes in the market*

*Building relationship with suppliers, establishing performance requirements, and maintaining a mutual understanding of quality control*

## Baldrige Criteria

### Business results (450 points)

*Examines the organization's performance and improvement in its key business areas:*

*customer satisfaction  
financial and marketplace performance  
human resources  
supplier and partner performance  
operational performance*

## Baldrige Criteria

### Business results (cont.)

*The category examines how the organization performs relative to competitors*

*The focus of the results should include customer satisfaction and product and service performance*

*Financial and market results*

*Human resource results, including employee well-being and development*

*Supplier and partner results*

*Overall organizational effectiveness*

## Baldrige Criteria

*Criteria are used by thousands of organizations of all kinds for self assessment and training, and as tool to develop performance and business processes*

## Award Winners

*2002 – Motorola Inc. Commercial, Government and Industrial Solutions Sector, Branch Smith Printing Division, and SSM Health Care*

*2001 – Clarke American Checks, Incorporated, Pal's Sudden Service, Chugach School District, Pearl River School District, and University of Wisconsin - Stout*

## Categories for the Baldrige Award

*Manufacturing companies or subsidiaries that produce and sell manufactured products or manufacturing processes*

*Produce agricultural, mining, or construction products*

*Service companies or subsidiaries that sell service*

*Small businesses*

*Health care organizations*

*Educational institutions*

## Assessment Procedure

*Individual assessors or examiners evaluate the submissions*

*A consensus score is determined by an impartial group of examiners*

## Assessment Procedure

*A site visit is awarded to high scoring finalists*

*Awards are given to the companies found to best exemplify the criteria of the award models in both the intent and weighing of the criteria*

*Application fee ranges from \$500-5000 and each applicant receives at least 300 hours of review by a minimum of 8 business and quality experts*

*Site visited organizations receive over 1000 hours of in depth review*

## Baldrige vs. Six Sigma vs. ISO?

*Three different quality measure systems are:*

*Six Sigma*

*ISO 9001:2000*

*Baldrige criteria for performance excellence*

## Baldrige vs. Six Sigma vs. ISO

**Six sigma**

*Concentrates on measuring product quality and improving process engineering*

*Drives process improvement and cost savings*

## Baldrige or Six Sigma or ISO?

**ISO 9001:2000**

*Is a product/service conformity model for guaranteeing equity in a marketplace*

*Concentrates on fixing quality system defects and product/service nonconformities*

## Baldrige or Six Sigma or ISO?

**Baldrige criteria**

*Focus on performance excellence for entire organization in a overall management framework*

*Identify and track all important organizational results:customers*

*Product/service, financial, human resource, organizational effectiveness*

## A Comparative Analysis of Five Quality Awards

### Comparison of five quality awards

*Malcolm Baldrige National Quality Award  
from the United States*

*European Quality Award*

*Deming Prize from Japan*

*Canadian Quality Award*

*Australian Quality Award*

**TABLE 2** Common Award Criteria

	Malcolm Baldrige Award (U.S.)	European Quality Award	Deming Prize (Japan)	Canadian Quality Award	Australian Quality Award
<b>Leadership</b>	Executive leadership and community leadership	Integration, respect and promotion of total quality management.	Policy, organization and helpful supervision.	Strategic direction, involvement and improvement.	Executive, company and community leadership.
<b>Planning</b>	Strategic direction, plan development, plan deployment and performance tracking	Product of policy and strategy	Future plans, quality control initiatives and action focus.	Development, assessment, deployment and improvement.	Policy, value integration and strategic process.
<b>Customers</b>	Market requirements, customer relationships and satisfaction.	Measurement of customer satisfaction.	Service activities and customer relationships.	Knowing customer needs, relationship management, customer satisfaction and improvement.	Customer need awareness, relationships and satisfaction.
<b>Employees</b>	Human resource development and participatory environment.	Balance of full potential through people management.	Training and motivation of skilled labor personnel.	Human resource planning, participation, involvement, training and improvement.	People management, involvement, training, communication and satisfaction.
<b>Processes</b>	Process design, implementation, management and improvement.	Identification, management, review and improvement.	Standardization, quality experience, maintenance and improvement.	Design, control, analysis and change, and improvement.	Quality of product design and service, supplier relationships and improvement.
<b>Suppliers</b>	Improvement of purchasing process and evaluation of supplier performance.	Leadership involvement with and management of supplier resources.	Vendor training and associations of related companies.	Partnership, supplier quality and improvement.	Quality of relationships.
<b>Results</b>	Customer, financial, supplier, operational and community.	Objective achievement, stakeholder satisfaction, financial success and impact on society.	Quality, delivery, cost, profit, safety and environmental effects of quality control.	Product, operational, customer, employee and financial.	Organizational performance with customers, shareholders, employees and community.

All the awards encourage continuous improvement of technical techniques, strategic plans, company processes and stakeholder relationships through the analysis and change of business needs.

## Comprehensive Analysis

*Each program emphasizes continuous analysis and improvement and focuses on Organizational Quality Management*

*(except for Deming prize – concerned with company wide QC for product manufacturers)*

*All have similar evaluation procedure.*

## Comprehensive Analysis

*All are updated periodically*

*Programs have similar criteria, but the approaches and definitions involved vary from award to award.*

## Difference in Point Allocations Placed on Each Criterion

*Business results have the greatest weight for the MBNQA, customer satisfaction for the European.*

*Quality Award, organizational performance for the Canadian Quality Award, and people or process for the Australian Quality Award.*

*All of the checkpoints in the Deming Prize are equally weighted.*