Malcolm Baldridge National Quality Award

Lecture XII
[Chapter 2 in textbook]

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

Named after Malcolm Baldridge
(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

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.

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?

Baldridge Award winners also have taken seriously their charge to be quality advocates.

Baldridge 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

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

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

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

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
Baldridge Criteria

Process management (85 points)
Examine 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 relationships with suppliers, establishing performance requirements, and maintaining a mutual understanding of quality control

Baldridge Criteria

Business results (450 points)
Examine 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

Baldridge 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

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 Baldridge 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.

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**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.

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**Baldridge vs. Six Sigma vs. ISO?**

Three different quality measure systems are:

- Six Sigma
- ISO 9001:2000
- Baldridge criteria for performance excellence

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**Baldridge vs. Six Sigma vs. ISO?**

**Six sigma**

Concentrates on measuring product quality and improving process engineering.

Drives process improvement and cost savings.

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**Baldridge vs. Six Sigma vs. 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.

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**Baldridge or Six Sigma or ISO?**

**Baldridge 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.

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A Comparative Analysis of Five Quality Awards

Comparison of five quality awards

Malcolm Baldridge National Quality Award from the United States
European Quality Award
Deming Prize from Japan
Canadian Quality Award
Australian Quality Award

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.

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.

Comprehensive Analysis

All are updated periodically

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