

# The Systematic Pursuit of Performance Excellence



*A PRESENTATION TO THE  
BIOMED/BIOTECH  
SPECIAL INTEREST GROUP (SIG)  
MEETING*

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SECTION 509*

*OCTOBER 10, 2013*

# Agenda

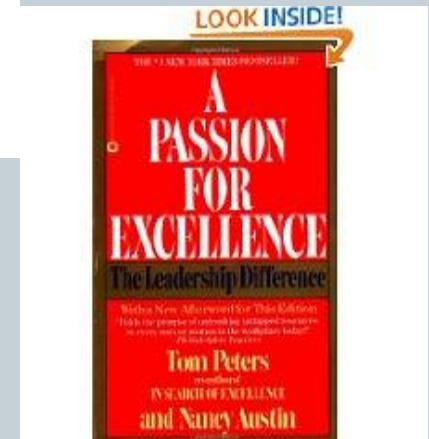
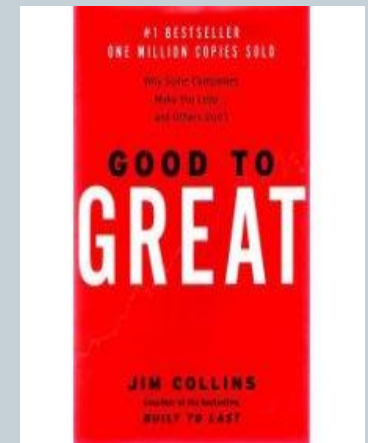
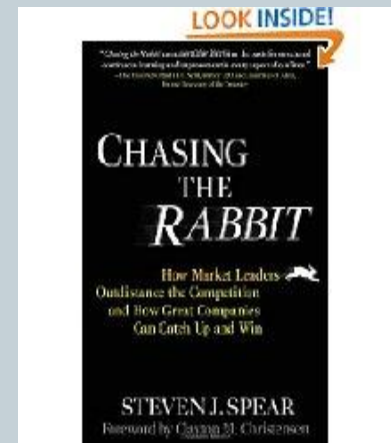


1. Why should we care about Performance Excellence?
2. Historical Context
3. The Importance of Systems Thinking
4. The Power of a Standard
5. Baldrige National Quality Program
6. For Leaders Only
7. Summary

# Why Does Performance Excellence Matter?



- Because the scenery only changes for the lead dog! 😊
- To Survive.
- To attract the best and the brightest.
- For Sustainability.
- Because it's fun.
- And, yet most companies settle for something far short of excellence.



# Pursuing Performance Excellence - Historical Context



## Early 1970s:

US still dominant in Quality

Japan emerging

## Mid 1970s:

US losing the Quality battle

Japan overwhelming many US industries (i.e., electronics) and making inroads into others, most notably the Automotive Sector

## My personal Quality journey...

Early '70s: Little "q"

- Caterpillar Metallurgical Laboratory
- Quality Control

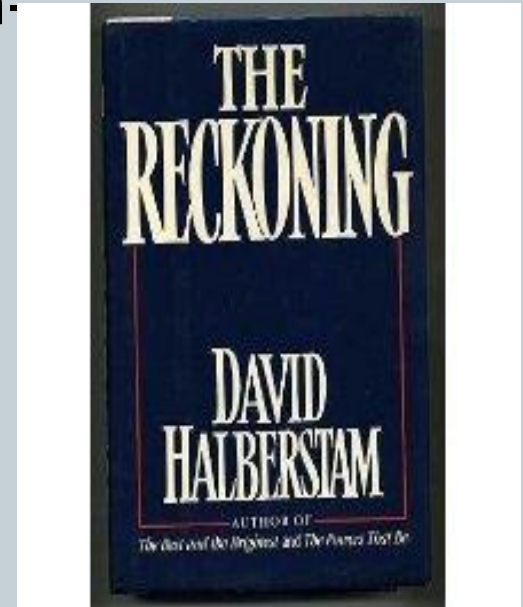
# Pursuing Performance Excellence - The Search for Competitiveness

## Late '70s:

- The US has “suddenly” found itself to be non-competitive in Quality of manufactured products
- The alarm bells are sounding and everyone is scrambling to respond successfully to the threat

*But HOW should we respond?*

(*The Reckoning* by David Halberstam provides a fascinating account of the parallel histories of Ford and Nissan from the beginning of both companies through the late 1980's)



# Pursuing Performance Excellence

## - Turning to the Quality Gurus



### The Gurus:

- **Crosby:** Marketer - “Quality is Free”, Quality = Conformance to Requirements, Cost of Non-Conformance
- **Deming:** Philosopher - SPC, 14 Points
- **Juran:** Management Consultant - Quality = Fitness for Use, Quality Trilogy, Cost of Poor Quality, Resistance to Change

# Pursuing Performance Excellence - The Search for Competitiveness



## **Mid '80s:**

- Manufacturing organizations are selecting a guru to follow
- There is a frantic hunt for the “secret” to Japanese success
- But, there is no consensus on what to do or whether the approaches being tried will work. So, no consensus...no standard

# Pursuing Performance Excellence

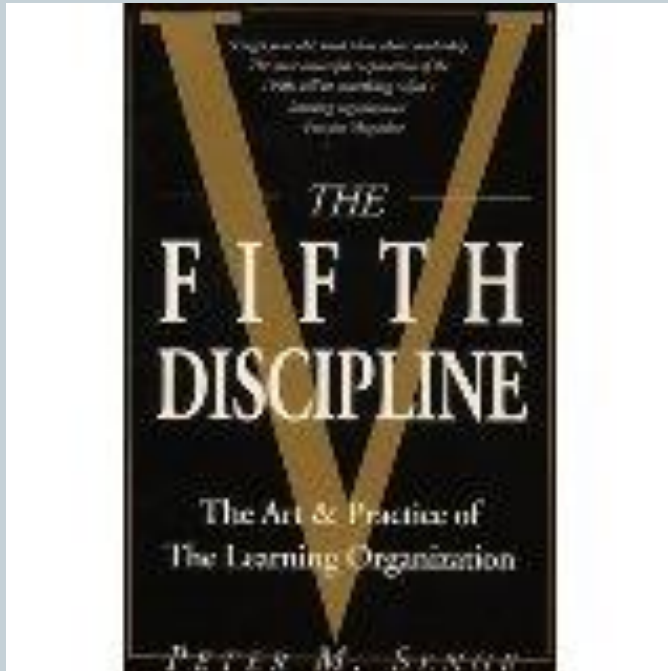


## **Systems Thinking\***

- **Excerpts from a talk by Dr. Russell L. Ackoff  
Chairman and Professor Emeritus, the Wharton School**



# Systems Thinking



## 5 Disciplines:

1. Personal Mastery
2. Mental Models
3. Building Shared Vision
4. Team Learning
5. **Systems Thinking**

***The Art & Practice of the Learning Organization***

# Pursuing Performance Excellence

## - Defining a System



### A System is:

- a whole consisting of two or more essential parts
- and for which the parts must satisfy 3 conditions:
  - each part can affect the entire system's behavior or properties
  - the way each part affects the whole depends on what at least one other part is doing (i.e., no part of the system has an independent effect on the whole because they interact), and
  - the same applies to all subparts of all subsystems

# Pursuing Performance Excellence

## - Systems Thinking



**Independence and Interaction:**

Because the properties of any system arise out of the interactions of its parts, the essential properties of any system, the properties that define the system, are properties of the whole that none of its parts have!

**Examples:**

# Pursuing Performance Excellence - Systems Thinking



## The Significance of Systems Interaction:

- When you improve the performance of every part of the system taken separately, you do NOT (necessarily) improve the performance of the System.

# Pursuing Performance Excellence - Systems Thinking



## System & Element Design:

- We should not attempt to improve any part of the Management System without understanding its role within the larger system.
- *Instead, we must approach this from the perspective of knowing what properties we want the entire System to have and then designing each element to support that.*

# Pursuing Performance Excellence



## The Power of Standards

# Pursuing Performance Excellence - The Power of Standards



Standards: Confining or Liberating?

*Examples:*

- The Dishwasher Story
- VHS or Beta? Do you feel lucky?
- PCs
- Cell phones

*Conclusion: The emergence of a clear standard in a free enterprise system eliminates confusion and helps to fuel economic growth.*

# Pursuing Performance Excellence

## - The Power of Standards



**But can Standards be Confining?      Yes**

- Standards are confining when they are not updated and no longer represent the capability of a well managed / operated process.

**Does this happen?      Yes**

***Conclusion: The challenge is to continually improve process capability and, in turn, upgrade the standards to reflect those improvements. Standards should be dynamic, not static.***



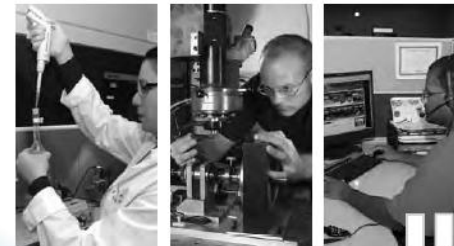
# Pursuing Performance Excellence



## The Baldrige Management System Model

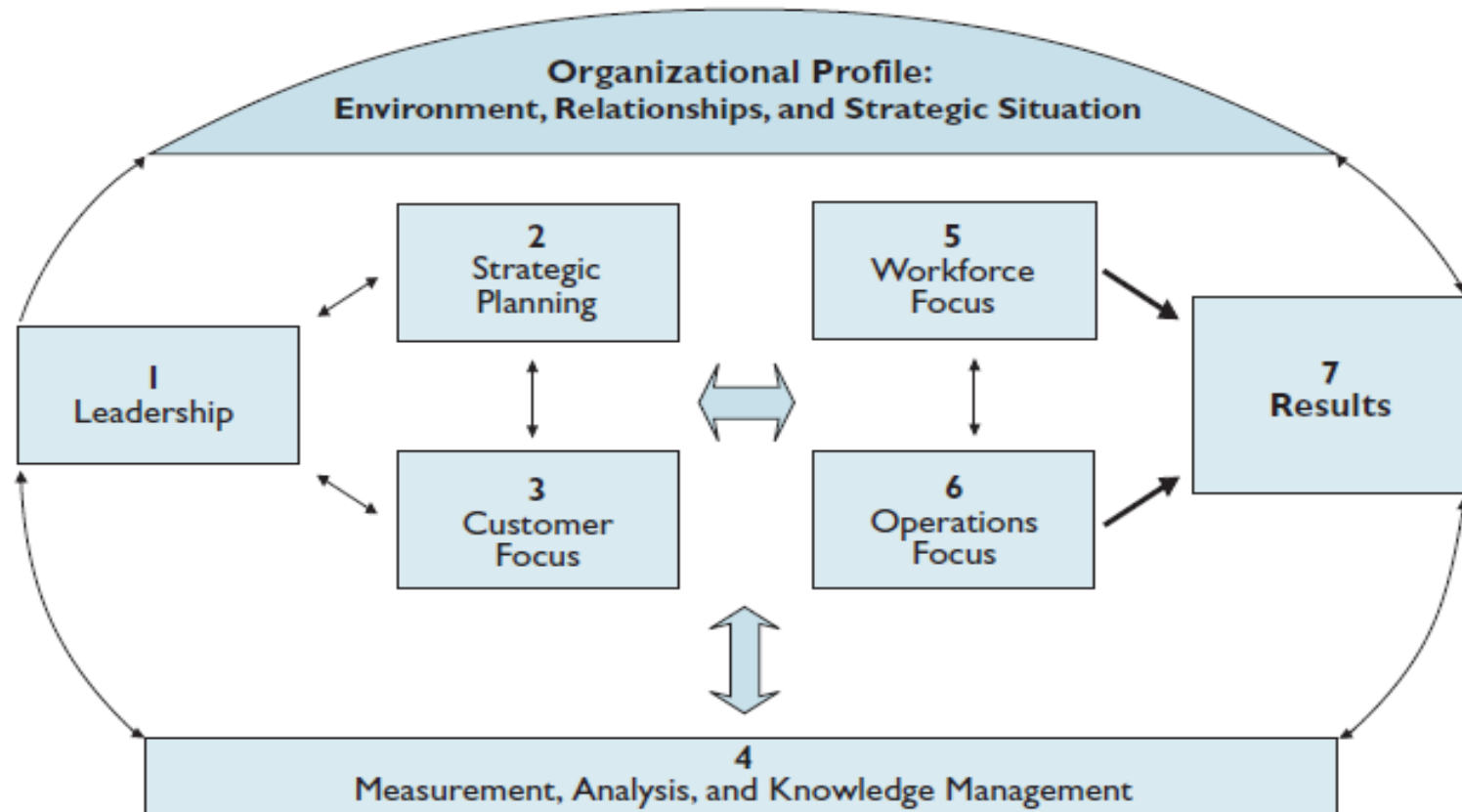
2011–2012

### Criteria for Performance Excellence



# The Baldrige Management System

## Baldrige Criteria for Performance Excellence Framework A Systems Perspective



# Pursuing Performance Excellence - Creating a National Quality Award



- Signed into Law - 1987
- 6 Categories: Manufacturing, Service, Small Business, Education, Healthcare, Not-for-Profit
- Purpose: Improve Competitiveness of US business
- Objective: Recognize role-model organizations, facilitate sharing and learning
- Identify the leading edge of validated management practices

# Pursuing Performance Excellence

## - The Malcolm Baldrige National Quality Award



From 1987 - 2012:

- Over 80 Winners of the Award
- Winners have shared their experience and learnings to help others improve
- Millions of copies of criteria distributed
- Over 40 states have Quality Awards using Criteria
- Inspired the European Quality Award
- Being adopted by the Japanese and Chinese
- Expanded to Education and Healthcare in 1997 and to Not-for-profit in 2007

# Pursuing Performance Excellence

## - Baldrige Core Values & Concepts



- **Visionary Leadership**

- Senior leaders should set directions and create a customer focus, clear and visible values, and high expectations.

- **Customer driven excellence**

- A strategic concept that includes the organization's relationship with customers that helps build trust, confidence, and loyalty.

- **Organizational & Personal Learning**

- Learning needs to be embedded: as part of daily work, practiced at all levels, results in solving problems at the source, focused on sharing knowledge and driven by opportunities to effect significant change and to do better.

- **Valuing employees and partners**

- Committing to employee satisfaction, development and well-being, using flexible, high-performance work practices.

- **Agility**

- Effectively facing ever-shorter cycles for faster and more flexible response to customers.

- **Focus on the future**

- Requires a willingness to make long-term commitments to key stakeholders, including developing employees and suppliers, creating opportunities for innovation, and anticipating public responsibilities.

- **Managing for innovation**

- Making meaningful change to improve products, services, and processes and to create new value for the organization's stakeholders.

- **Management by fact**

- Measurements derive from business needs and strategy. Analysis extracts larger meaning from data and information to support evaluation, decision making, and operational improvement.

- **Public responsibility and citizenship**

- Basic expectations of the organization related to business ethics and protection of public health, safety and environment.

- **Focus on results and creating value**

- Results should be used to create and balance value for stakeholders.

- **Systems perspective**

- Successful management of overall performance requires organization-specific synthesis and alignment.

# Pursuing Performance Excellence

## - Baldrige Dimensions



- Approach - An organization's response to the question "How do you...?"
- Deployment - Implementation of the Approach to all applicable parts of the organization
- Results - Quantitative impact (of sound, systematic approaches that have been well deployed) in areas of strategic importance

# Pursuing Performance Excellence - The Baldrige Framework



The Baldrige Quality Program  
represents a  
*national management system standard*  
that enables the  
systematic and effective pursuit of  
Performance Excellence

# Pursuing Performance Excellence - Why Baldrige?



- It's efficient: The Management System elements have been determined for you
- A Standard minimizes the tendency for consultants to create their own competing approach
- The common framework facilitates understanding, and sharing



# Pursuing Performance Excellence

## - Why Baldrige (continued) ?



- An extensive infrastructure is in place to support you: Baldrige Foundation, Examiners, State Awards, the Winners
- It is constantly evaluated and improved
- It is not prescriptive - every organization has complete freedom to design its own approaches
- It works!

# Pursuing Performance Excellence



**For Leaders Only**

# Pursuing Performance Excellence - For Leaders Only



- If you are a leader, then only YOU (and your leadership team) can decide what kind of management system you will build and operate in your organization
- Your people can NOT do it!
- This can NOT be delegated
- It takes your personal involvement

# Pursuing Performance Excellence - For Leaders Only



- The capability of the System trumps everything else
- Average people can do great things if the system is well designed and well executed...
- ...And Great people will fail in a system that isn't.
- It isn't the people, it's the System
- *Your job is to continuously improve the System!*

# Pursuing Performance Excellence

## - Summary



### **The Baldrige National Quality Program:**

- Has its roots in the Quality movement of the '70s and '80s
- Represents ***a national management system standard***
- Identifies the attributes of an excellent management system capable of producing superior results
- Is applicable to any organization in any sector of the economy
- Provides complete freedom to develop any approaches an organization needs to support its goals and objectives
- Is ***designed to successfully and systematically pursue Performance Excellence***
- ***And it's available from NIST.***

# Pursuing Performance Excellence - How to contact NIST



**The Baldrige Performance Excellence Program welcomes your comments on the Criteria or any of the Baldrige Award processes. Please address your comments to**

2011–2012 Criteria for Performance Excellence  
Baldrige Performance Excellence Program  
National Institute of Standards and Technology  
Administration Building, Room A600  
100 Bureau Drive, Stop 1020  
Gaithersburg, MD 20899-1020

E-Mail: [baldrige@nist.gov](mailto:baldrige@nist.gov)

Web Site: <http://www.nist.gov/baldrige>