Using Baldrige, Enterprise SPICE, and other Robust Performance Excellence Tools to Drive Organizational Improvement

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Objectives

- Define the problem
- Provide overview of some tools you can use
- Provide example of usage for improvement
- Leave you with references

What we won’t do:
- *Teach you how to write a Baldrige application*
- *Go into detail on the application content/process*
Some Problems

• Resistance to change

• Organizational Silo’s

What are your top 3?
Solution Space is Complex 
(like Herding Cats)

How do you make them all march in a complementary direction?
Two Tools For You

1. **Baldrige Award**
   - Created in 1988
   - Administered by National Institute of Standards and Technology
   - Now done at the state level also (Maryland, Virginia)

2. **Enterprise SPICE (ISO 15504)**
   - In process of development
   - Blends together a variety of maturity models, capability models, standards, and best practice frameworks
   - Will provide overarching process improvement tool
The Baldrige National Quality Program

http://www.quality.nist.gov/

“We applied for the Award, not with the idea of winning, but with the goal of receiving the evaluation of the Baldrige Examiners. That evaluation was comprehensive, professional, and insightful...making it perhaps the most cost-effective, value-added business consultation available anywhere in the world today.”

Bob Barnett, Executive Vice President
Motorola, Inc., 2003 Baldrige Award Ceremony
Benefits Stated by Applicants

- Accelerate improvement efforts
- Energize employees
- Gain outside perspective
- Learn from the expert Examiner feedback
- Focus on Results
Organizational Profile: Environment, Relationships, and Challenges

1 Leadership

2 Strategic Planning

3 Customer and Market Focus

4 Measurement, Analysis, and Knowledge Management

5 Workforce Focus

6 Process Management

7 Results

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What you Get

- Feedback report
  - 50 pages
  - Key Themes. Detailed comments
  - Scores for each category item
  - 80% satisfaction rating from applicants
General Guidance

- Takes years of commitment
- Requires total organizational involvement
  Can start at state level before moving to national level
  - Maryland Performance Excellence Awards
    - [http://www.mpea.umd.edu/](http://www.mpea.umd.edu/)
  - United States Senate Productivity and Quality Award for Virginia
    - [www.spqa-va.org](http://www.spqa-va.org)
And now for something completely different

SPICE
Background on *SPICE* (ISO 15504)

- Model concept is similar to CMM-I
- Guidance for maturity model developers
  - Codification
  - Consistency

**Part 1. Concepts and vocabulary**
**Part 2, 3, 4. Performing an assessment**
**Part 5 and 6. Example models**
  - Banking SPICE
  - Automotive SPICE
  - Enterprise SPICE
SPICE Reference Model and Assessment Model

Automotive SPICE
Process Reference Model
vs. ISO 15504-2 SPICE Assessment Model

<table>
<thead>
<tr>
<th>Process Identification</th>
<th>Process name</th>
</tr>
</thead>
<tbody>
<tr>
<td>SUP.1</td>
<td>Quality assurance</td>
</tr>
<tr>
<td>SUP.2</td>
<td>Verification</td>
</tr>
<tr>
<td>SUP.4</td>
<td>Joint review</td>
</tr>
<tr>
<td>SUP.7</td>
<td>Documentation</td>
</tr>
<tr>
<td>SUP.8</td>
<td>Configuration management</td>
</tr>
<tr>
<td>SUP.9</td>
<td>Problem resolution management</td>
</tr>
<tr>
<td>SUP.10</td>
<td>Change request management</td>
</tr>
</tbody>
</table>
Discipline Scope

- **Enterprise management** (i.e. governance, leadership, strategic processes, enterprise performance excellence, public responsibility)
- **Full lifecycle engineering** (for products and services)
- **Acquisition**
- **Quality Management Systems**
- **Safety and Security**
- **General management** (i.e., management of project, operations, suppliers, risk)
- **Core supporting disciplines** (i.e., configuration management, quality assurance, information management, measurement, training, work environment, decision making, process management, innovation)
- **Service Management**
- **Human Resource Management**
- **Knowledge Management**
- **Financial/Investment Management**
- **Environment**

**Future:**
Supply chain management; marketing, sales, business development; collaboration; asset/facilities management; health
Useful SPICE Links

- www.isospice.com
- www.enterprisespice.com
- http://www.spiceusergroup.org
- http://www.itsmspice.com
- http://www.automotivespice.com
Do You Have Problems in IT?

(and don’t you always ? )

• The key frameworks are:
  • IT Infrastructure Library (ITIL), for operations and support
  • Capability Maturity Model (CMM-I), for development
  • COBIT, for auditing

• More information is available through the professional association, the *IT Service Management Forum USA* (itSMF USA)
  • [http://www.itsmfusa.org](http://www.itsmfusa.org)
Fine concepts, but I have Silo’s and Resistance to Change problems.

How do I get traction?
RECOMMENDATION: Start with Self-Assessment Workshop

- Informal self-assessment based on Baldrige
- 1-2 day meeting
- Answered individually then discussed in group
- Facilitated discussion leads to shared commitment to best practices

**LEADERSHIP**

- The reward and recognition system is aligned with our business and quality goals and accomplishments are publicized and shared

- Our vision is shared and communicated such that everyone knows where we are going and how we plan to get there (e.g., products and services, quality, customer service, business success)
Seven Areas of Self-Assessment

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Be Very Careful...

- Skilled facilitation (internal or external)
- Focus on the discussion and not the ratings
- Allow self-criticism
- Allow the group to reality-check
- No external finger-pointing
- Outcome: key actions and themes
### Tailored Assessment Tool
Includes Calibration Anchors

<table>
<thead>
<tr>
<th>Customer Satisfaction</th>
<th>Process Quality</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. We have a process to determine our customer wants and needs (internal and external)</td>
<td>1. We have well-defined, well-controlled, and documented processes for key technical procedures and business functions.</td>
</tr>
<tr>
<td>2. We have strong and well-defined communication channels with our customers</td>
<td>2. Key business processes are continuously improved</td>
</tr>
<tr>
<td>3. Individual Respondent Ratings</td>
<td></td>
</tr>
</tbody>
</table>

**Customer Satisfaction**

- **World class, continually evaluated and improved**
  - 100
- **Proven effective and innovative**
  - 90
- **Well-documented sound, realistic**
  - 80
- **Good beginning**
  - 70
- **Awareness of the need for a process**
  - 60
- **Don’t believe the necessary**
  - 50

**Process Quality**

- **Processes are proven to be world class**
  - 100
- **Processes are continuously benchmarked against industry standards**
  - 90
- **All key technical and business functions defined end-to-end**
  - 80
- **Some technical and business functions documented, customer needs regularly met**
  - 70
- **Some technical procedures and business processes defined**
  - 60
- **Most activity is ad hoc**
  - 50

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Full Self-Assessment is Next

1. **Leadership** (120 pts.)

The *Leadership* Category examines how your organization's senior leaders' personal actions guide and sustain your organization. Also examined are your organization's governance systems and how your organization fulfills its legal, ethical, and societal responsibilities and supports its key communities.

1.1 **Senior Leadership**: How do your senior leaders lead? (70 pts.)

Describe how senior leaders' actions guide and sustain your organization. Describe how senior leaders communicate with your workforce and encourage high performance.

Within your response, include answers to the following questions:

**a. Vision, Values, and Mission**

1. How do senior leaders set organizational vision and values? How do senior leaders deploy your organization’s vision and values through your leadership systems, 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 the organization’s values?

2. How do senior leaders personally promote an organizational environment that fosters, requires, and results in legal and ethical behavior?

3. How do senior leaders create a sustainable organization? How do they create an environment for organizational performance improvement, the accomplishment of your mission and strategic objectives, innovation, competitive or role-model performance leadership, and organizational agility? How do they create an environment for organizational and workforce learning? How do they develop and enhance their personal leadership skills? How do they participate in organizational learning, in succession planning, and in the development of future organizational leaders?

**b. Communication and Organizational Performance**

1. How do senior leaders communicate with and engage the entire workforce? How do senior leaders encourage frank, two-way communication throughout the organization? How do senior leaders communicate key decisions? How do they take an active role in reward and recognition programs to reinforce high performance and a customer and business focus?

2. How do senior leaders create a focus on action to accomplish the organization’s objectives, improve performance, and attain its vision? What performance measures do senior leaders regularly review to identify needed actions? How do senior leaders include a focus on creating and balancing value for customers and other stakeholders in their organizational performance expectations?

**Notes:**

N1. Organizational vision (1.1a[1]) should set the context for strategic objectives and action plans, which are described in Items 2.1 and 2.2.

N3. A focus on action (1.1b[2]) considers the strategy, the workforce, the work systems, and the hard assets of your organization. It includes both innovation and
Case Study: A New VP Bets Against the Odds

• New VP of Operations
• Predecessor’s best practices program had just FAILED
• History of acceptable financial success (“what problem?”)
• History of non-cooperation between corporate functions
• 13 Regional centers spread around the country, each serving its own Line of business (mostly autonomously)
• No control over key headquarters operations functions

But this VP knew…
• Millions of dollars to be spent on new service offerings
• Needs best practices, standard technology, and standard processes
• Transformation had to begin right NOW
Had to Get Senior Management Team Buy-In

• Held national Senior Management Summit
  • A very big deal
  • Invitation only (but a big organizational tent)
  • Competing factions in same room “with a referee”
• Humbling organizational self-assessment
  • Based on Baldrige Award
• Established the imperative of “transformation”
• Broke down organizational barriers
How Fast Did Things Start? Within 60 Days...

- Public Division President support
- Volunteer initiative leadership by 100% of Senior management team (field and headquarters managers)
- Committed volunteer participation from >30% of field employees
- Collaboration with Engineering, headquarters operations, project management
Case Study: Assessment Led to a Multi-million Dollar Impact

OLD

- Massive and lingering instability in key customer-impacting application
- High impact on customer service costs
- New fixes never fixed it
- Getting worse!

RESULTS

- 69% reduction in # of events for this function
- 73% reduction in event durations
- Trending down to ZERO

Focused Process Pilots led to aversion of $25 Million project
### Other Cultural Differences Across Multiple Assessments

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
</tr>
</thead>
<tbody>
<tr>
<td>Each Regional center says their way represents best practice</td>
<td>Regional centers lead the way in standardization</td>
</tr>
<tr>
<td>“We need our uniqueness because we know our customers best”</td>
<td>“We need more audits and stiffer penalties for non-compliance.”</td>
</tr>
<tr>
<td>SVP and Consultant do most of the talking at Summit</td>
<td>SVP and Consultant do virtually no talking</td>
</tr>
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Summary

- These techniques take time
- Expertise is valuable

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