

PERFORMANCE COUNTS

Fall 2013



The Newsletter of the Virginia U.S. Senate Productivity and Quality Award Program

Who's in the VA SPQA Community?

- Award applicants and past recipients
- Current, potential and past Examiners
- Sponsors big and small
- Others who wish to make a difference

Who to contact with questions about the VA SPQA Community?

- *Bob Bowles, Executive Director* 571.215.8881
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chair@spqa-va.org
- *Mike Novak, Newsletter Editor*
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Baldrige News

Everything you always wanted to know

New Baldrige Director Named – Robert (Bob) Fangmeyer, deputy director of the Baldrige Performance Excellence Program (BPEP) at the National Institute of Standards and Technology (NIST), has been selected to be the program's new director. He will be only the third director to lead the BPEP since its establishment by Congress in 1987. Fangmeyer has served as acting director since his predecessor, Harry Hertz, retired in June, 2013.

2013 Baldrige Awards – Three U.S. organizations will receive the 2013 Malcolm Baldrige National Quality Award, the nation's highest Presidential honor for performance excellence through innovation, improvement and visionary

leadership. All of this year's winners are from the health care and education sectors:

Pewaukee School District, Pewaukee, Wis. (Education)
Baylor Regional Medical Center at Plano, Plano, Texas (Health Care)
Sutter Davis Hospital, Davis, Calif. (Health Care).

Baldrige Award Applications

– Applications are now being accepted for the 2014 Malcolm Baldrige National Quality Award. Applicants for the 2014 award must submit eligibility forms to the BPEP by April 1, 2014 (February 18 if also submitting a nomination to the Board of Examiners). Application forms are due by May 13, 2014 (April

29 if submitting on CD only).

For details, see www.nist.gov/baldrige/baldrige-app-112013.cfm#.

Baldrige Examiner Applications

– The Baldrige Performance Excellence Program is seeking applicants for its Board of Examiners. Applications will be accepted until 6:00 pm Eastern on January 9, 2014. For details, see www.nist.gov/baldrige/examiners.

Baldrige Executive Fellow Applications

– The Baldrige Executive Fellows Program, a one-year, nationally ranked leadership development experience for senior leaders, is accepting applications through December 15, 2013. See www.nist.gov/baldrige/fellows. ●

The 2014 SPQA Cycle is Underway

Sign up now to become an Examiner!

This year, six Applications for the Recognition/Award program are expected, and Discovery self-assessments are in the queue. Examiners for both programs are now being recruited.

In January, Examiners will convene in Richmond for two days of training to prepare them to evaluate Applications.

Topics covered during Examiner training are many and varied:

- Roles of the Examiner, Team Leader, Mentor, Editor, and Judges
- Ethical expectations of Examiners (Code of Ethical Conduct and Conflict of Interest)
- Evaluation factors – how to score Process and Results

Items

- The SPQA process
- Purposes of Independent Review, Consensus Review, Site Visit, and Feedback Report
- Developing the Scorebook
- Reviewing and analyzing Process and Results Items
- Preparing feedback comments for Process and Results Items
- Use of the online examination tool

Examiner training is highly interactive. Throughout the two-day training session, Examiners will engage in exercises and other activities to facilitate learning and to engender a spirit of teamwork and collaboration. The day after general Examiner training, specialized leadership

training will be conducted for Team Leaders, Mentors, Editors, and Judges.

Following the training, the Examiner Team will be assembled, and will be given their Applications to review. Over the ensuing five months,

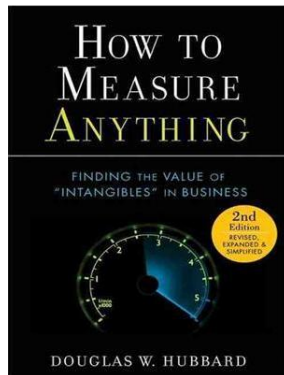
Examiners will participate in Independent Review of Applications, coming together to develop a Consensus Scorebook, conducting a Site Visit, developing a Final Feedback Report, and meeting with Applicant for a face-to-face Feedback Session.

Sign up now to be an Examiner. Go to <http://www.spqa-va.org/examiners.html>! ●

"VA SPQA evaluation and recognition is available to the **business service, manufacturing, health care, government/non-profit and educational sectors.**"

Measuring the Immeasurable Measuring Intangibles to Reduce Risk and Uncertainty in Decision Making

Review Article: *How to Measure Anything – Finding the Value of "Intangibles" in Business.* By Douglas W. Hubbard. Hoboken, NJ: John Wiley & Sons, Inc., 2010.



As a long-time (since 1994) Baldrige aficionado and an even longer-time (since 1982) "quality professional" I am acutely aware of the value of measures. "What gets measured gets done." "If you can't measure it, you can't analyze it; if you can't analyze it, you can't improve it." And so on.

Sometimes measuring is pretty straightforward – you can measure the tangible attributes (diameter, weight, voltage, etc.) of tangible products with micrometers, gages, scales, voltmeters, and other traditional measurement devices.

But what about the intangibles? Many "products" are intangible. Many attributes of products are intangible. Many things we measure in modern organizations are intangible. And these intangibles give rise to serious challenges in measurement and, hence, management.

For example, how do you measure consultant services? How do you measure the value of data, information, or knowledge? How do you measure research? How do you measure those pesky Baldrige Core Values and Concepts?

Now, along comes Douglas W. Hubbard, who sheds a great amount of light on the subject.

The first "light" is in the first four words of the first paragraph of the

first chapter in Section I: "Anything can be measured." The second "light" follows closely: No matter how "fuzzy," inexact, or imprecise the measurement, if it tells you more about the object being measured than you knew before, then it can help reduce uncertainty and risk. And that can help managers make informed decisions to improve performance.

The remainder of Hubbard's book expands upon those themes. *How to Measure Anything* is divided into four Sections. Section I (Chapters 1 – 3) sets the stage for the rest of the book. Here Hubbard provides some operational definitions (e.g., "the concept of measurement,") the objective of measurement, some basic thumb rules and assumptions about measurement, and some business reasons for not measuring.)

Section II (Chapters 4- 7) focuses on additional terms and concepts related to measurement, risk, and uncertainty. For example, Chapter 5 introduces the concept of "Calibrated Estimates" by asking "How much do you know *now*?" and by introducing the concepts of Confidence, Overconfidence, and Underconfidence about estimates.

Section III (Chapters 8 – 10) shifts our attention from the "what" of measurement to the "how." Here Hubbard focuses on methods of observation, sampling, and statistics.

Section IV (Chapters 11 – 14) takes us "beyond the basics" and focuses our attention on some of the more perplexing problems in the realm of measures and measurement. In particular, Hubbard describes some of the common biases in measurement:

- Anchoring: the tendency of one estimate to be affected by a previous – often totally unrelated – estimate
- Halo/horns effect: the tendency to observe one attribute and transfer that observation (good, bad, etc.) to other attributes
- Bandwagon bias: the tendency of individuals to go along with the group's estimate ("Groupthink")
- Emerging preferences: the tendency, once a preference has been established (e.g., for the

"quality" of a product) to maintain that preference despite evidence to the contrary ("My mind is made up; don't confuse me with facts.")

One aspect of *How to Measure Anything* that I found particularly valuable was a set of criteria for measurement that Hubbard provides at the beginning of Chapter 4:

- What is the decision this measurement is supposed to support? In other words, why are you measuring this? To what use will the measurement data be put? For example, are you deciding to employ new suppliers? To retain current suppliers?
- What is the definition of the thing being measured in terms of observable consequences? For example, if you are measuring "supplier engagement," what does "supplier engagement" look like? How do you differentiate between "good," and "poor" supplier engagement?
- How, exactly, does this thing matter to the decision being asked? Using the example above, how does measuring supplier engagement help you make decisions about employing new suppliers or retaining current suppliers?
- How much do you know about it now (i.e., what is your current level of uncertainty)? How much data/information do you have? What does that data/information tell you about supplier engagement?
- What is the value of additional information? How will additional data/information about supplier engagement reduce risk and uncertainty and add value to your ability to make decisions about new and current suppliers?

I found *How to Measure Anything* an enlightening read. While much of what Hubbard writes is not new, his treatment of measurement in the context of management of risk and uncertainty is unique and useful. Bottom line: This book should be read by business managers, risk analysts, quality analysts, and decision makers at any level in an organization. ●

Reviewed by Michael Novak.



2013 Examiner Awards

AnneMarie Ferraro and Steve Sawyer Honored

Each year SPQA recognizes those Examiners for showing extraordinary dedication and service to that year's SPQA program. In 2013 two such individuals were recognized:



Steve Sawyer was the 2013 recipient of the **Above and Beyond** Award, presented for "Outstanding contribution in assigned role(s) and/or special project." Specifically, Steve was highly recommended by Team Leadership for the contributions he made to the Team. He volunteered for additional tasks, which enabled the Team to function more smoothly and efficiently. This is his second year as an SPQA Examiner, and he was the recipient of an Examiner Rookie Award in 2012.



AnneMarie Ferraro received the **Examiner of the Year** Award for "Active participation in Team activities including completing all work in a timely fashion, recommended by Team Leader (or Mentor or Editor), collaboration with other Team members and Team leadership, enthusiasm, initiative, professionalism, quality of work, not only exceeded expectations but also volunteered for another SPQA project/contribution." Specifically, AnneMarie has been an Examiner with the SPQA Recognition Program for a number of years, and she has always done an outstanding job in whatever role she was assigned Examiner, Assistant Team Lead, or Team Lead. A couple of years ago, we loaned her to another State Award Program, and feared that they would refuse to return her to SPQA. Fortunately, she returned and has continued to make important contributions to our Program each year, including helping out with Forum registration. ●

Intelligent Risk, Sustainability, & Results

A Recap of the 2013 Virginia Forum for Excellence



The 2013 Virginia Forum for Excellence has come and gone! September 16 and 17 were filled with great opportunities for celebration, learning, and networking.

As in the past, Monday, September 16, featured half-day and full-day pre-conference workshops that addressed overarching themes related to the conference theme and the Baldrige/SPQA Criteria and program elements.

Jan Garfield and Jamie Ambrosi presented the full-day "An Explorer's Guide to the Criteria." In the morning, Robert Latino presented "Using Intelligent Risk Approaches to Prevent Failure Not React to It," and Tamara Parsons presented "SPQA Application Writing: Techniques to Enhance Your Application." In the afternoon, Marie Hussey and Kim Humphrey presented "Discovery Program: A First Step Toward Performance Excellence," and Paul Bolesta and Roy Luebke presented "Innovation Engineering: Intelligent Risk Management in New Products and Services."

Monday evening featured two major events:

- An Examiner Community Gathering, for all SPQA Examiners, past and present. Topics include programmatic updates and special presentations. Our guest speaker was Jamie Ambrosi of the National Baldrige Program.
- A Welcome Reception, where this year's Examiners, Mentors, Editors, and Judges were recognized. (See "2013 Examiner Awards," this page.)

This year's conference theme was "Using the Baldrige Criteria to Drive Intelligent Risk, Sustainability, and Results." This theme was reflected in two of the pre-conference workshops, and in twelve learning sessions conducted throughout the day on Tuesday, September 17.

This year's session titles included:

- Six Easy Pieces: The Essentials of Evaluating Results the Baldrige Way, presented by Jamie Ambrosi
- PMI's Risk Management Methodology, presented by Steve Bonk
- The Truth Option: Bedrock of Intelligent Risk, presented by Dona Witten
- Zen and the Art of Sustainability Management, presented by Mike Novak
- Proactive Root Cause Analysis (RCA) – Turning RCA to ROI, presented by Robert Latino
- Sustaining Excellence through Trust, Recognition, and Measures That Matter, presented by Jeff Parks and Bun Chin Tan
- The "Criteria" Are An Intelligent Risk Approach, presented by Steve Holcomb
- Vet-Strong: Recruit, Hire, Train, Retain Veterans to Recapitalize Your Workforce, presented by Joe Barto and Tom Barto
- Assessing Results: What to Include and How It Is Scored, presented by Eric Malloy
- Applying the Baldrige Criteria in A "Complex" Environment, presented by Thomas Sabolsky and Norman Jones
- Emergency Preparedness: Where We Have Been and Where We Are Going, presented by Marie Fredrick
- Innovative Strategies for the Business Use of Social Media, presented by Brian Loebig

Interspersed among the September 17 workshops were keynote addresses. The **Opening Keynote, "Journey to Performance Excellence,"** was delivered by **Tom Sabolsky**, Chief of the Media Services Center, National Reconnaissance Office (2013

SPQA Medallion recipient).



Tom Sabolsky and Dennis Vonderfecht

The **Luncheon Keynote, "MSHA's Baldrige Journey, Bringing Loving Care to Healthcare,"** was delivered by **Dennis Vonderfecht**, Chief Executive Officer, Mountain States Health Alliance (2012 SPQA Medallion recipient).

Finally, Jo Rohr, SPQA Board Chair and Ms. Tyee Davenport, Regional Director for Central Virginia, Office of Senator Kaine, recognized the 2013 Virginia SPQA Award recipients. The **Media Services Center, Office of National Reconnaissance Office** received the SPQA Medallion for Excellence. The **Virginia Department of Social Services** was recognized as an SPQA Discovery Program participant.

The next Virginia Forum for Excellence will be held in September 2014. See you at the Forum! ●

SPQA Schedule of Events

- October 1 – December 1, 2013 – Examiner Recruitment
- January 14-15, or 21-22, or 28-29, 2014 – Examiner Training
- January 16 or 23, 2014 – Training for Team Leaders, Asst Team Leaders, Editors, Mentors, and Judges
- January 15 – February 28, 2014 – Independent Review
- March 1 – March 16, 2014 – Consensus Meetings
- April 23 – May 8, 2014 – Site Visits
- May 8 – May 16, 2014 – Submission of Feedback Reports
- June 16 – June 30, 2014 – Team Meetings with Applicants
- September 2014 – VA Forum for Excellence ●



The Performance Corner

Featuring articles from members of the VA SPQA Community that promote performance excellence.

This article is submitted by Mike Novak, editor of "Performance Counts."

"Performance Counts" is looking for submissions for the Winter 2013-14 edition. To be considered, submit your article no later than January 11, 2014 to: editor@spqa-va.org. Please limit submissions to 625 words.

Enterprise Architecture in Baldrige? Using EA Concepts to Pursue Performance Excellence

Of course, the words "Enterprise Architecture" do not appear anywhere in the Baldrige Criteria for Performance Excellence. And there is nothing in the Criteria that address, even obliquely, the subject of Enterprise Architecture (EA). Or is there?

The Overall Requirements of Item 4.1 ask (among other things), "How do you measure, analyze, review, and improve organizational performance by using data and information at all levels and in all parts of your organization?" In the language of EA, this is asking for a description of how Data and Information (and, by extension, Applications and Technology) are used to support the accomplishment of business strategies and objectives – which is a description of the purpose and intent of EA.

Conventional wisdom views EA as a component of the realm of the Chief Information Officer (CIO) and the world of Information Technology (IT) – totally estranged from the "business" side of the house.

But wise business leaders see EA as something that transcends IT. Indeed, EA can enable the IT world to add value to and support the organization's business strategy and objectives – by using IT to help the organization address its key business drivers (or Key Factors, in the language of Baldrige).

Let's see how that happens (and note: this is a highly simplified description).

First, try to view a model of the organization that encompasses four "domains" – also called "architectures" – business, data, applications, and technology.

The Business Domain consists of what we normally focus on in a Baldrige-based process: the Organizational Profile that describes the organization and its key business drivers/factors; and key Business Processes (Categories 1 – 6) that delineate

what the organization does to address its key business drivers.

The Data Domain (sometimes referred to as the Data/Information Domain) consists of the data and information that enable the organization's leaders to measure, monitor, and control the effectiveness of the processes in the Business Domain ... and to make effective business decisions. Much of this data/information shows up as Business Outcomes (Category 7) that show how well the key Business Processes are addressing the key business drivers.

The Applications Domain contains the applications (also referred to as software) that process, analyze, display, report, and in some cases make business recommendations about the data and information of the Data Domain.

The Technology Domain consists of the hardware (computers, servers, routers, etc.) that "run" the software in the Applications Domain.

OK, you say. That all sounds great in theory, but how does it work in real life?

Take, for example, the case of XYZ Corporation, a small business that manufactures copper tubing. One of XYZ's key business drivers is that, in order to be competitive and maintain its market share, it needs to maintain a very low rate of rejection by its customers.

XYZ's Business Domain must consist of processes to procure raw materials, manufacture tubing, perform QC, ship product, and all the other processes normally expected in a manufacturing enterprise.

Using the procurement process as an example, XYZ's Data Domain must consist of data that support the procurement process – supplier names, addresses, contact names;

quality characteristics of material procured; quality assurance inspection results; and supplier delivery time data – to name a few.

XYZ's quality assurance inspection data would require, in the Applications Domain, one or more software packages that, as a minimum, process inspection data to show quality characteristics of each type of raw material; performance data for each supplier in aggregate, over time, and in comparison with other suppliers. Applications should also segment data by material type, supplier, and shipment; and able to provide "dashboard" type information (e.g., Green-Yellow-Red indicators) and especially evidence of nonconforming material in real time.

The Technology Domain that supports XYZ's applications could include laptops, desktops, or mainframes; quite possibly an off-site server to back up data in case of emergency; and, because the QA inspections would probably be conducted remotely at the supplier's facility or at XYZ's receiving dock, hand-held measurement devices that could transmit inspection data to the main computer in real time.

While Enterprise Architecture is only hinted at in Category 4, EA presents immense opportunities to respond effectively to the requirements of Category 4. ●