

PERFORMANCE COUNTS

Spring 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
director@spqa-va.org
- *Jo Lin Rohr, Board Chair*
chair@spqa-va.org
- *Mike Novak, Newsletter Editor*
editor@spqa-va.org

Contents

2013 Cycle Nearly Complete	1
Baldrige Update	1
Review Article	2
SPQA Loans Examiners ...	3
The Forum is Coming	3
SPQA Discovery Program	3
SPQA Schedule	3
The Performance Corner	4

SPQA 2013 Cycle is Nearly Complete

Applicant to Receive Site Visit!

By the time this Newsletter hits the presses, the 2013 SPQA Cycle will be nearly over.

Examiners have been trained. Independent Review and Consensus Meetings are distant memories. A Site Visit has been conducted. And the Final Feedback Report is being prepared.

During the Site Visit, the Examiner Team clarified Opportunities for Improvement and verified Strengths recorded in the Consensus Review Scorebook. (Remember – until Site Visit, Examiners have access only to what the Applicant has written in the Application. At Site Visit,

Teams may request any and all additional data and information they may need to fill in the gaps in the Application.)

Following Site Visit, the Team revises and refines the Comments in the Scorebook, and the Final Feedback Report is prepared. The Feedback Report is sent to the Applicant, and the Applicant is offered the opportunity to meet with the Examiner Team in a face-to-face meeting to discuss any questions they might have about the Feedback Report.

Meanwhile, the SPQA Panel of Judges will meet again to recommend the level of Award to

be presented to each Applicant.

Finally, all participants in the 2013 Award Cycle will assemble in Richmond for two days of celebration and learning. The Virginia Forum for Excellence will be held at the Holiday Inn Koger Center September 16 and 17. Forum events will include pre-conference workshops on September 16 and breakout learning sessions on September 17. There will also be keynote addresses and, of course, the Awards Ceremony itself. Be sure to join us in Richmond in September. ●

Baldrige Update

What's New in The 2013-2014 Criteria?

The Baldrige Criteria for Performance Excellence undergo changes every two years. This is done for one reason: to ensure the Criteria always reflect the leading edge of validated management practice. The 2013-2014 Criteria have significant differences from the 2011-2012 Criteria, primarily related to an organization's strategic focus.

This strategic focus relates to three key considerations that should be on the minds of all leaders committed to their organization's next-generation viability: (1) designing and implementing competitive work systems, (2) cultivating and managing innovation, and (3) mastering the evolving opportunities and challenges

presented by social media.

The specific changes in the Criteria cover a full two pages in the Criteria booklet. Space prohibits listing or explaining them all, but here is a sample:

Item 1.1, Senior Leadership, now includes a focus on senior leaders' role in innovation and intelligent risk taking.

Category 2, Strategic Planning, has an enhanced focus on innovation and work systems.

Item 3.2, Customer Engagement, now asks about the use of social media to enhance customer engagement and relationships.

Item 4.2, now called Knowledge Management, Information, and Information Technology, places a

primary focus on knowledge management and organizational learning as key components of your organizational sustainability.

Category 6, Operations Focus, has undergone extensive revision to focus on internal work processes and operational effectiveness in light of strategic decisions (Category 2) about work systems.

The descriptions of Agility, Focus on the Future, and Managing for Innovation have been revised to reflect a greater focus on disruptive events, external environmental factors, and the need for an innovation strategy.

Two new terms have been added to the Glossary: *intelligent risks* and *strategic opportunities*. ●

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



Back to the Basics

Review Article: Quality Gurus and the American Quality Movement

Total Quality Control, by Armand Feigenbaum;

Quality Planning and Analysis, Juran on Quality Planning, and Juran on Quality by Design by Joseph M. Juran;

Quality Is Free and Quality Without Tears by Philip B. Crosby

The writings and concepts of management philosophers Daniel Bell, Peter F. Drucker, and W. Edwards Deming laid the groundwork for what was to become known as "modern management methods." Their ideas were harbingers of the integration of many disciplines into what we now call "Quality" or "Performance Excellence" – in particular, the Baldrige Criteria and methodology for performance excellence.

Now we turn from philosophers to practitioners and methodologists: Armand Feigenbaum, Joseph Juran, and Philip Crosby all base their concepts and methods on the management philosophers.

But before we begin, some questions: Why include so many "gurus?" Why not just pick one? As Deming once remarked, "All models are wrong. Some are useful." What he meant was that we should not get distracted by playing a game of "My guru is better than your guru." There is a great diversity of ideas, models, methodologies, and techniques; the more we know about them, the better we will be prepared for the diversity of situations we might encounter and the more agile we will be in responding to those situations.

While Armand Feigenbaum (unlike Deming and Juran) did not build his career on work in Japan, he did study the Japanese approach to Quality. The Japanese called their approach Company-wide Quality Control, and Feigenbaum introduced the concept in the United States in 1951, calling it Total Quality Control in a book by the same name. Eventually, it became known generically as Total Quality

Management, and by other names in specific organizations (e.g., Total Quality Leadership in the U.S. Navy, and Total Quality Organization in the Internal Revenue Service). The basic premise was that all people, all processes, and all technology in the organization affect the quality of an organization's products and services. On the negative side, one ineffective process, one disengaged employee, or one user-unfriendly piece of technology can have an adverse affect on the organization's performance.

Feigenbaum believes that there are three elements that lead to Total Quality: First is Quality Leadership – that is, the management in an organization must always be striving for quality. Senior leaders implement practices that enable employees effectively to measure, control, and improve quality. There must be constant feedback and oversight of the organization to assure that quality continues. Second is Modern Quality Technology – the quality function cannot achieve quality without modern tools, techniques, and methodologies. Third is Organizational Commitment – everyone in the organization must believe in quality. Do these sound familiar? (Hint: Categories 1, 4, and 5 of the Baldrige Criteria.)

Joseph M. Juran made many contributions to the field of quality management in his 70+ active working years. His *Quality Control Handbook*, first published in 1951, is a classic reference for the Quality profession. He revolutionized the Japanese philosophy on quality management and was the first to incorporate the human aspect of quality management, which is a key element of the Baldrige approach to performance excellence. Juran also stressed top management involvement, the need for widespread training in quality, and the project-by-project approach to quality improvement. He also popularized the use of the Pareto principle in management, and he defined quality as "fitness for use." He is probably best known for his Quality Trilogy: Quality Planning, Quality Improvement, and Quality Control. Again, these should look

familiar to anyone who has read the Baldrige Criteria.

If Deming and Juran were the great brains of the quality revolution, Philip Crosby translated their concepts and terminology for quality so that mere mortals could understand them. His books, *Quality Without Tears* and *Quality Is Free* were easy to read. He popularized the idea of the "cost of poor quality," that is, figuring out how much it really costs to do things badly. He also popularized the concept of "zero defects," which morphed eventually into the modern SixSigma methodology. Crosby was quick to point out, as Deming often did, that zero defects is not something that originates with the employee. If management does not embrace a zero-defects philosophy, and does not create a system by which zero defects is clearly the objective, then employees are not to blame when things go astray and defects occur.

Crosby defined quality as "conformity to requirements" set forth by the needs and wants of customers, not some vague concept of "goodness." Finally, Crosby articulated his beliefs in what he called "The Four Absolutes of Quality Management" – quality is defined as conformance to requirements, not as "goodness" or "elegance;" the system for causing quality is prevention, not inspection; the performance standard must be Zero Defects, not "close enough;" and the measurement of quality is the Price of Nonconformance, not metrics of conformance. Once again: Sound familiar?

While the approaches of Feigenbaum, Juran, and Crosby may be varied, the conclusions they reach – and the principles they advocate – are very similar: The customer is the supreme arbiter of quality; leadership involvement and commitment are essential; planning and flawless execution of processes are imperative; and the continuous pursuit of improvement is crucial to the success and survival of the organization. ●

Reviewed by Michael Novak.

SPQA Loans Examiners and Judges to MPEA

As they say, "It's either feast or famine." Last year, SPQA had eight Applicants and had a difficult time finding enough Examiners, Mentors, and Editors.

This year, with only one SPQA Applicant, there were simply too many Examiners. Many highly qualified and motivated individuals – some who had served as SPQA Examiners in the past – had to be turned away. Many were disappointed.

But this year, the Maryland Performance Excellence Awards (MPEA) program was in the same position SPQA was in last year. MPEA did not have enough Examiners to fill out its Teams. So, MPEA asked SPQA for help. And SPQA was sent out a recruitment request to its pool of experienced Examiners. As a result, four experienced SPQA Examiners – Nishat Ahmed, Audrey Chambers-Robinson, Susan Lloyd, and Jose Perez – stepped forward and became MPEA Examiners. These four individuals attended MPEA Examiner Training on April 15 and 16 – one day of Criteria Training and one day of How-To-Be-An-Examiner Training. They are now firmly engaged in the MPEA Independent Review process, will participate in the Consensus process in June and Site Visits in July.

The Maryland Performance Excellence Award program and its parent organization, the Maryland Performance Excellence Foundation, commend the four SPQA Examiners for their assistance, and thank the SPQA Board of Directors for their help in recruiting these Examiners.

It is also worthy of note that the two programs – SPQA and MPEA – also regularly borrow Judges from each other. This year, SPQA Judges include Mike Novak, MPEA Executive Director, and Sara Parker, a member of the MPEF Leadership Team. 2013 MPEA Judges borrowed from the SPQA program include Luis Morales and Eric Malloy. ●

The Forum is Coming!

"Using the Baldrige Criteria to Drive Intelligent Risk, Sustainability and Results" is This Year's Theme

The 2013 Virginia Forum for Excellence is scheduled for September 16 & 17. This year's Forum will again be held in the Holiday Inn Koger Center in Richmond.

Keynote speakers are being recruited, and will be reported as soon as they are known. September 16, as per tradition, will feature day-long and full-day pre-conference workshops; these are also being finalized.

But we do know the overall theme of the Forum. This year's conference theme is "Using the Baldrige Criteria to Drive Intelligent Risk, Sustainability, and Results," which is sure to include many lively and interesting learning sessions on September 17.

It would be surprising if anyone said, "What do you mean: Results?" We know that Results are the be-all and end-all of the Baldrige approach to organizational performance assessment and improvement. It's all about the Results – as they say, "The proof is in the pudding." Results are so central to the Baldrige approach that Results Items account for 450 of 1000 available points in a Baldrige Application.

We also know that Sustainability is an important concept in the Baldrige approach. Specifically, the 2013-2014 Criteria Glossary defines Sustainability as "Your organization's ability to address current business needs and to have the agility and strategic management to prepare successfully for the future business, market and operating environment. To be sustainable, our organization needs to consider both external and internal factors. In addition, sustainability has a component related to day-to-day preparedness for real-time or short-term emergencies."

Essentially, Sustainability refers

to your organization's ability to plan for the future, respond to changes in its environment, and manage internal change. It means being able to, at the very minimum, maintain its current performance levels – if not improve them. Bottom line: Sustainability is Survivability.

But what about "Intelligent Risk?" Where did that come from? The term "Intelligent Risks" is new to the Baldrige y in the 2013-2014 edition of the Criteria. The Glossary defines Intelligent Risks as "Opportunities for which the potential gain outweighs the potential harm or loss to your organization's sustainability if you do not explore them. Taking intelligent risks requires a tolerance for failure and an expectation that innovation is not achieved by initiating only successful endeavors. At the outset, organizations must invest in potential successes while realizing that some will lead to failure."

Note the interrelationships among the three seemingly discrete topics: Taking Intelligent Risks leads to Results; Results lead to Sustainability. This sounds like a really interesting presentation topic for the Forum for Excellence.

But there is a dilemma: By expecting failure – even part of the time, with an overall view toward eventual success – the whole concept of "Intelligent Risk" seems to fly in the face of the concept of "Zero Defects" (see "Back to Basics," on page 2 of this newsletter). Or does it? Maybe not: Intelligent Risks are not taken lightly. They are researched, analyzed, and experimented with before implementing the initiative. Isn't that what Deming taught us with his Plan-Do-Study-Act model? Isn't that what innovation is all about?

See you at the Forum! ●

SPQA Discovery Program



The Discovery Program provides a means to explore how the Baldrige Criteria and Virginia SPQA can help improve an organization's performance. The written feedback and optional teleconference are perfect for organizations interested in a less complex, but still thought provoking approach to Self-Assessment. While there is no award, Discovery participants are recognized at Virginia SPQA's Annual Forum for Excellence.

Discovery is offered year-round. Discovery is also available to a wider group of organizations not traditionally eligible for participation in the Award and Recognition Program. There is a modest participation fee.

For more information about the Discovery program, and to download an application form, please go to www.spqa-va.org/discovery. ●

SPQA Schedule of Events

- June 1, 2013 – Feedback Report sent
- June 17 - 28, 2013 – Feedback Meeting with Applicant
- June 18 – 19, 2013 – An Inquirer's Guide to the Criteria for Performance Excellence – Roanoke (see www.spqa-va.org)
- July 13, 2013 – SPQA Forward
- September 16 - 17, 2013 – 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 Summer 2013 edition. To be considered, submit your article no later than June 11, 2013 to: editor@spqa-va.org. Please limit submissions to 625 words.

What's Wrong with Our Values?

A New Look at Organizational Guiding Principles

First, let's start with the end in mind. What is the purpose of Values? Quite simply, the function of Values is to drive the behavior of the organization and the people in it toward achieving the organization's Purpose, Vision, Mission, Goals, Objectives, and desired Outcomes. Therefore, the organization must choose the most important, most impactful Values – not just come up with a list of words that will impress SPQA Examiners.

To do that, we need to borrow from the Enterprise Architecture discipline. Typically, Enterprise Architecture (EA) planning includes compilation of "Principles" – concepts that control the implementation of the EA initiative. The bottom line in EA is: Everything we do is covered by one or more of our Architecture Principles; if something isn't covered by the Principles, we don't do it. There are also overarching Business Principles, which control the organization's business operations – what we would call guidelines or Values.

What makes a good Principle? There are five criteria that distinguish a good set of principles:

- **Understandable:** The underlying tenets can be quickly grasped and understood by all. The intention of the principle is clear and unambiguous, so that violations, whether intentional or not, are minimized.
- **Robust:** They enable high quality decisions and plans to be made, and enforceable policies and standards to be created. Each Principle should be sufficiently definitive and precise to support consistent decision making in complex, potentially controversial situations.
- **Complete:** Every potentially important Principle is defined. The Principles cover every situation perceived.
- **Consistent:** Strict adherence to one Principle may require a

loose interpretation of another Principle. The set of Principles must be expressed in a way that allows a balance of interpretations. Principles should not be contradictory to the point where adhering to one Principle would violate the spirit of another.

- **Stable:** Principles should be enduring, yet able to accommodate changes. An amendment process should be established for adding, removing, or altering Principles.

In EA, a Principle has four parts: Name, Statement, Rationale, and Implications. The Name is simply that – one or a few words that identify the Principle. It should both represent the essence of the rule as well as be easy to remember. Ambiguous words in the Name (and in the Statement) such as: "support," "open," "consider," "manage(ment)," unnecessary adjectives and adverbs (fluff) should be avoided.

The Statement is a description of what the Principle is or means. It should succinctly and unambiguously communicate the fundamental rule. It is vital that the Statement be unambiguous.

Most organizational Values consist of only the Name and the Statement – sometimes only the Name. Let's continue

The Rationale articulates the importance of the Principle to the organization. It should highlight the business benefits of adhering to the Principle, and should describe the relationship to other Principles. (The Rationale looks a lot like the "So what?" or Impact statement in a well-written Opportunity For Improvement comment, doesn't it?)

The Implications describe the effect of the Principle on the organization. They should highlight the requirements – in

terms of resources, costs, and activities/tasks. The impact to the business and consequences of adopting a Principle should be clearly stated. The reader should readily discern the answer to: "How does this affect me?"

Let's look at an example that we know from the Baldrige Criteria and Core Values, and from many Organizational Profiles we have read:

Name: Societal Responsibility
Statement: We comply with the letter and spirit of laws and regulations, and we are ethical in our behavior in all instances. Our products and services are intended to serve the public good. We support our key communities.

Rationale: One of the byproducts of societal responsibility is "goodwill," which affects our reputation and brand. If potential clients and returning customers view us as a "good neighbor," they will be more likely to bring their business to us.

Implications: We must be ever vigilant to weigh "efficiency" and "cost-effective" policies and practices against their more far-reaching (and sometimes unforeseen and unintended) consequences. When a conflict between "right" and "efficient" arises, we choose "right."

Try putting your Values into this format. You might be surprised at what you find! ●

