

PERFORMANCE COUNTS

Winter-Spring 2015



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?

- *Dr. Rebecca Anderson, Executive Director*
executive.director@spqa-va.org
- *Dr. Jan Garfield, Board Chair*
chair@spqa-va.org
- *Mike Novak, Newsletter Editor*
editor@spqa-va.org

Contents

Quest for Excellence	1
2015 Award Cycle Update	1
In Memoriam	2
Book Review	3
Baldrige News	3
SPQA Schedule	3
The Performance Corner	4

2015 Quest for Excellence

Save the Dates – April 12 - 15



Register today for the 27th annual Quest for Excellence® conference! The conference, which will showcase the best practices and lessons learned of the 2014 Baldrige Award recipients, along with those from past awardees, is being held April 12-15, 2015 at the Marriott Baltimore Waterfront, Baltimore, MD.

Highlights of Quest for Excellence include:

- The Baldrige Award Ceremony, to honor the 2014 Award recipients on Sunday evening, April 12
- Two plenary sessions, where senior leaders of the 2014 recipients share role-model leadership practices
- Keynote on April 14 and 15
- 50 best practices sessions featuring current and former Baldrige Award recipients from all sectors sharing their proven strategies and real-world insights in areas important to business success
- Pre-conference workshops on the afternoon of Sunday, April 12 for beginner and intermediate users of the Baldrige Criteria, facilitated by leaders of former Baldrige Award-winning organizations.

- Opportunities to network with Baldrige recipients, applicants, Examiners, Alliance for Performance Excellence representatives, as well as Criteria experts and users in all industries
- Opportunities to meet conference sponsors

For more information about the Quest for Excellence Conference, visit the [conference Webpage](#). For questions, contact the Baldrige Performance Excellence Program at (301) 975-2036 or baldrige@nist.gov.

Register by March 16 for the \$150 early bird discount! See you at Quest! ●

2015 SPQA Cycle Update

Consensus Time!

In January, Examiners gathered in two separate two-day sessions to learn the craft of Examinership.



This is a unique year for SPQA, as there is only one Applicant and, hence, only one Examiner Team. That is requiring a bit of innovation: the Team has two Mentors and three Editors. Working in BOSS (the on-line Evaluation system) with an unconventional Team structure

has led to a few challenges. But those challenges have been overcome, and at the end of February, Teams finished Independent Review and commenced the Consensus Review Phase.



The Team Consensus Meeting will be in early March, and the Team's Consensus Report and First Report to Judges are due in mid-March. Later in March the Judges Panel

will determine if the Applicant will receive a Site Visit. The Site Visit will be conducted in late April. (SPQA's policy is that all Applicants receive Site Visits unless it is apparent that an Applicant would not benefit from the Visit.)

After Site Visit, the Examiner Team will develop a Final Feedback Report, and meet with the Panel of Judges. The Final Feedback Report will be delivered to the Applicant in early June, and in late June the Team will meet with the Applicant for a face-to-face Feedback Session to discuss the Feedback Report.

For more information about SPQA Examiners, see <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.**"

In Memoriam

Armand Feigenbaum, "Father of Modern Quality Management"



Dr. Armand Vallin Feigenbaum passed away November 13, 2014. He was 96 years old.

Who?

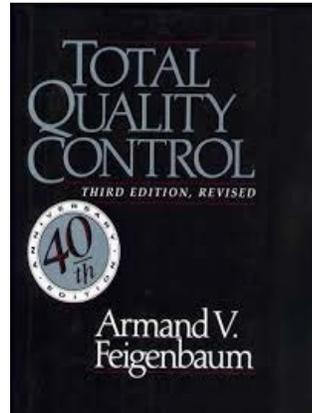
When talking about quality and quality management, the names that come immediately to mind are Deming (PDCA, 14 Points of Quality Management, System of Profound Knowledge), Juran (Juran Trilogy, Breakthrough Improvement, *Quality Handbook*), and Crosby (*Quality Is Free*, Quality Management Maturity Grid). Aren't they the icons of quality?

Well, yes ... and no. While many would argue that Deming, Juran, and Crosby are "The Big Three," let us not forget that it was Armand Feigenbaum who laid the foundation for the Total Quality Management concept and methodology.

Feigenbaum developed the concept of "Total Quality Control" (TQC) while employed at General Electric in 1946. In 1951, while a doctoral student at MIT, he wrote the first edition of his book *Total Quality Control*. The book established the principles of Total Quality Management (TQM), the approach to quality, productivity, and profitability that profoundly influenced management strategy in the competition for world markets.

Feigenbaum wrote, "Total quality control is an effective system for integrating the quality development, quality maintenance, and quality improvement efforts of the various groups in an organization so as to enable production and service at the

most economical levels which allow full customer satisfaction."



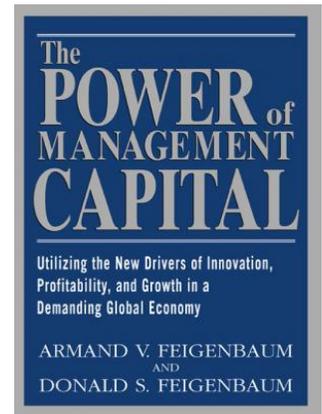
This was the basis for the Company-wide Quality Control (CWQC) movement that started in Japan during the period 1955--60. Echoing the words of Feigenbaum, the concept of CWQC posited that quality does not only mean the quality of product, but also of after sales service, and quality of management, the company itself, and human life as well.

Feigenbaum is also known for his concept of the "hidden plant" -- in every factory a certain proportion of its capacity is wasted through not getting it right the first time. Feigenbaum quoted a figure of up to 40% of the capacity of the plant being wasted.

Feigenbaum's establishment of General Systems Corporation with his brother Donald made it possible for him to further refine TQM and widely bring to many companies and organizations the benefits of the total quality and management practices he had developed. This brought demonstrable economic, environmental and social business benefits to these companies and their customers, and correspondingly to America's economy.

Feigenbaum co-authored *The Power of Management Capital* with his brother, setting a new direction for innovation in management in the twenty-first century not only in industry but also in health care, education, public administration, and technology. This book takes up where *Total Quality Control* leaves

off. It provides definitions and descriptions of the distinct components of management capital – the physical assets, the culture, the approach to innovation, the intellectual capital, the human resources, and other factors of an organization – and then shows how the deployment of each of these assets is key to successful growth and profitability.



Feigenbaum has received numerous honors and awards, including:

- the Edwards Medal of the American Society for Quality for "outstanding leadership in the field of quality control."
- named an Honorary Member of the American Society for Quality, that body's highest honor.
- first recipient of the Lancaster Award of the American Society for Quality, for his "leadership of the international development of quality."

In 1988, Feigenbaum was appointed by the Secretary of Commerce in Washington, D.C. to the first Board of Overseers of the Malcolm Baldrige National Quality Award Program.

In 1992 the Governor of Massachusetts announced the establishment of the Armand V. Feigenbaum Massachusetts Quality Award to annually recognize business organizations displaying the strongest competitive leadership.

In 1998, the American Society for Quality established the Feigenbaum Medal to be granted annually for excellence in performance. ●



Baldrige News

What's going on at the National level?

From the February 2015 Newsletter of the Alliance for Performance Excellence: Last month, your Alliance board met for our annual planning event. As mentioned in the November newsletter, we are now poised for growth. While the board has more work to do to craft short- and longer-term goals, our strategy is centering on some key areas:

- Marketing – one of our biggest collective challenges. But thanks to some concentrated effort the last few months, a marketing plan is emerging. The plan is intended to broaden awareness of Baldrige, which should eventually help each of our programs grow.
- Business Development – the Alliance now has a new committee focused on identifying, vetting, and bringing products and services to Alliance members that could be resold in the marketplace.
- Partnerships – very related to marketing and business development, the Alliance is now serious about finding a few key partners that can provide us access to channels, market segments, and new business for us all as individual programs and/or as an Alliance and Enterprise.
- Member Value – the Alliance is still very committed to providing value to our members, not just in resources that improve marketing and business development, but also exploring ways for us all to do our work better, more efficiently, more cost-effectively.

Each of these strategic areas has been assigned to an Alliance Committee, and goals, action plans, and next steps are under development. We'll have much more to share at the meetings in April at Quest.

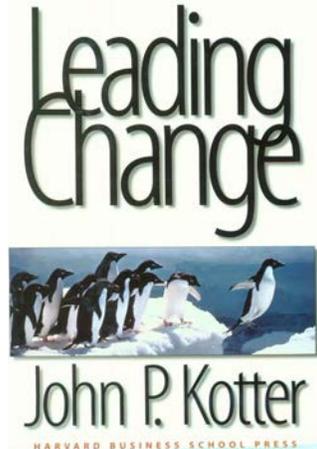
The Alliance board was also very interested in increasing participation of Alliance members in Alliance committees – in increasing our engagement. So many of our programs have a great deal to offer – and it doesn't just have to be the Executive Director participating (a board member, a judge, a senior examiner could sit on an Alliance Committee or Task Force). So look for ways to get involved to move our strategy forward! As the Alliance grows and succeeds, our member programs grow and succeed. ●

Change Management 101

Addressing the Issue of Transformational Change in Organizations

Book Review: *Leading Change*. By John P. Kotter. Boston: Harvard Business School Press, 1996. 187 pp.

AN ACTION PLAN FROM THE WORLD'S FOREMOST EXPERT ON BUSINESS LEADERSHIP



When you purchase your copy of the 2015-2016 Baldrige Excellence Framework, you will find a new theme: Change Management. Specifically, you will see in several instances the term “transformational change.”

Transformational change? What does *that* mean? And how do I do it?

Briefly, transformational change can be defined as change that affects the organization's structure and culture. This is alluded to in Note 1.1a(3).

There are a lot of change management materials – books, consultants, gurus, etc., out there. But the seminal work on the subject is *Leading Change*, by John Kotter. Kotter, long recognized as one of the foremost experts on business leadership, presents an elegant, easy-to-understand, eight-step process for implementing change in organizations.

The first stage of Kotter's model, “Establishing a sense of urgency,” addresses the necessity of ensuring that all stakeholders – particularly those within the organization – fully understand that the proposed change is needed: “We must do

this ... or else.”

The second stage, “Creating a guiding coalition,” involves putting together an alliance of sorts – from all levels and divisions of the organization – who will lead the change. Kotter asserts that major change is so difficult to accomplish and sustain that no one individual can accomplish it alone. Kotter argues that only a strong guiding coalition can drive sustainable transformation.

Third, “Developing a vision and strategy,” focuses on creating a vision to help direct the change effort, and on developing strategies for achieving that vision. To be successful, a clear, concise, and articulate vision statement is necessary. Support and buy-in depend on unity of purpose, and that unity can only be reached if everyone can clearly define the end state.

Kotter's fourth stage, “Communicating the change vision,” entails using every available medium to constantly communicate the new vision and strategies.

Kotter's fifth stage, “Empowering broad-based action,” focuses on eliminating, reducing, or mitigating the effects of barriers to the change effort; changing systems or structures that undermine the change vision; and encouraging risk taking and nontraditional ideas, activities, and actions. This taps into the grassroots commitment of the rank-and-file of the organization to energize the move toward change.

Kotter's sixth stage, “Generating short-term wins,” focuses on visibly recognizing and rewarding people who make improvements in performance – or “wins” – possible. Generating short-term wins in change management is a critical element in achieving change.

Kotter's seventh stage, “Consolidating gains and producing more change,” focuses

on the role of early success as an enabler of future success. Here, Kotter looks at three aspects of the task – actions that should happen concurrently: (1) using increased credibility to change all systems, structures, and policies that don't fit together and don't fit the transformation vision; (2) hiring, developing, and promoting people who can implement the change vision; and (3) reinvigorating the process with new projects, themes, and change agents.

Kotter's eighth stage, “Anchoring new approaches in the culture,” is arguably the most difficult, focusing as it does on the highest-level organizational outcomes. Specifically, it focuses on creating better performance through customer- and productivity-oriented behavior, better leadership, and more effective management. It focuses on the connections between the new behaviors or systems changes and organizational success – and developing means to ensure leadership development and succession. ●

Reviewed by Michael J. Novak



SPQA Schedule of Events

- January 14 – February 23, 2015 – Independent Review
- March 7, 2015 – Consensus Meeting
- April 28-29, 2015 – Site Visit
- April 30 – May 4, 2015 – Submission of Feedback Reports
- June 15 – June 30, 2015 – Team Meetings with Applicants
- September 2015 – 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 2015 edition. To be considered, submit your article no later than June 11, 2015 to: editor@spqa-va.org. Please limit submissions to 625 words.

Change Management 102

Why Do Change Initiatives Fail?

In the previous page, we reviewed John Kotter's book *Leading Change*. We described Kotter's eight-stage process for implementing transformational change in organizations. We discussed how, if organizational change efforts are to be successfully implemented and sustained, Kotter's approach could facilitate that.

Now we take a different perspective – how to fail at implementing change. And once again these lessons learned come from John Kotter. In fact, Kotter discusses these "worst practices" in the Preface of *Leading Change* – telling us how to do it *wrong* before telling us how to do it *right*.

Management guru Ken Blanchard has stated that about 70% of all major organizational change efforts end in failure or abandonment. Kotter tells us that there are eight main reasons why that happens.

The first reason is allowing too much complacency. Complacency occurs when organizations plunge ahead with the change effort (be it TQM, Lean, Six Sigma, Baldrige, or whatever) without establishing a high enough sense of urgency throughout the organization. As a result, workers at all levels do not consider the change effort to be important – just this month's rendition of fad-based management. Meanwhile, people fail to recognize the very real risks and threats that need to be addressed by the proposed change initiative.

The second reason why change efforts fail is that a sufficiently powerful guiding coalition is not created. Major enterprise-wide change is rarely possible unless many people, committed to improved performance, pulling together as a team. And these people must be "powerful" not only in terms of their positional authority, but also in terms of information and expertise, reputations and relationships, and capacity for leadership. Otherwise, the effort is seen as another phase of management by best seller, in which people eventually lose interest.

The third reason for failed change efforts is underestimating the power of a clearly articulated vision of what the organization will be like when the change is implemented. Vision plays a key role in producing useful change by helping to direct, align, integrate, and inspire actions by large numbers of people. Without an appropriate vision, a transformation effort can easily deteriorate into a hodge-podge of confusing, incompatible, and time-consuming projects that go in the wrong direction ... or go nowhere. (Anybody remember Business Process Reengineering – or, in the public sector, Reinventing Government?)

Undercommunicating the vision is the next major mistake that leads to failure. Major change is usually impossible unless most employees are willing to help. But people will hesitate, even if they are unhappy with the status quo, unless they understand the benefits of change and unless they really believe a transformation is possible. Without credible communication – *lots* of it – employees never really engage. And the communication must be by words *and* deeds; that's what Criteria Item 1.1 is all about.

The next major error in change implementation is permitting obstacles to block the new vision. The implementation of any major change requires action from a large number of people. New initiatives often fail when employees – even though they embrace a new vision – are disempowered by obstacles in their paths. The obstacles may be imagined, or they may be very real – lack of knowledge and skills to implement the vision, lack of support from a direct supervisor, no clear directions on how to proceed. Employees must confront these obstacles as best they can; but removal or mitigation of such obstacles often requires managerial or executive intervention.

Failing to create short-term wins is the next mistake in change implementation. Real transformation takes time. Many experts estimate that a major change will take five to seven years to take hold in an organization –

and that's if everything is done right! Complex, long-term efforts to change organizational culture, strategies, or structure often lose momentum when there are no short-term goals to meet and celebrate. Most people will not go the distance unless they see compelling evidence that the journey is producing expected results.

The seventh reason why change efforts fail is by declaring victory too soon. As noted earlier, major change takes time. Short-term gains are necessary for overall success, but not sufficient. If an organization "completes" the change project after "picking the low-hanging fruit," then it is doubtful that the overall vision will not be achieved. Worse yet is if the organization accomplishes its short-term goals and then, finding the longer-term goals much more difficult, decides the change approach is flawed, and abandons the effort.

Finally, change efforts fail to be sustained because organizations neglect to anchor changes firmly in the corporate culture. At the end of the day, change only becomes permanent when it is "the way we do things around here." Until the new philosophy, competencies, and behaviors are reflected in the norms and values of the organization, they are subject to abandonment when the motivation to change is no longer apparent. This is often seen when the underlying motivation for change is to receive an award (e.g., Baldrige, SPQA) – when the award is won, it's back to business as usual.

While these reasons for failure of organizational change are widespread, they need not be inevitable. With awareness, skill, and a disciplined approach (e.g., Kotter's) to change management, change can be implemented and sustained. ●