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The journey toward performance excellence Three Colorado companies know the way there

By Triche Guenin



Last month, Poudre Valley Healthcare System (PVHS) in Fort Collins became Colorado's third recipient of the Baldrige National Quality Award -- the highest level of national recognition for performance excellence that a U.S. organization can receive.

The Baldrige National Quality Award (BNQA) was enacted by Congress in 1987. It was named in honor of Malcolm Baldrige, then Secretary of Commerce, and is This program was developed as a way to improve U.S. competitiveness and share best-in-class practices across industries.

It came at a time when the US was in a major slump due to the oil crunch and the business community needed something to focus on in the longer term. Whether an organization is large or small, represents the manufacturing, service, healthcare, education, government, or non-profit sectors, has one location or multiple sites across the globe, the criteria of the award provides a valuable framework to help an organization measure performance and plan in an uncertain environment.

Since 1987, only 76 organizations have received the Baldrige Award. Within Colorado, Operations Management International, Inc. (OMI), the wastewater and drinking water treatment division of CH2M Hill, became the first recipient of the Baldrige Award in 2000. Four years later, University of Northern Colorado's Monfort College of Business earned the award.

The award process is an assessment of an organization's performance. The criteria used are evaluated and updated every two years and provide a valuable framework for measuring performance on a composite of key indicators. They encompass the following areas: Leadership, Strategic Planning, Customer Focus, Measurement/Analysis and Knowledge Management, Workforce Focus, Process Management, and Results.

Organizations embarking on the performance excellence journey, whether achieving the award or not, benefit exponentially. In general, most experience increased market share, increased financial return, increased customer and workforce satisfaction, increased quality of product/service, increased efficiencies/productivity, and increased innovation, to name a few. Ultimately, those that work towards performance excellence address long-term issues for the organization and establish the foundation for continued sustainability.

The journey towards Performance Excellence is one that not only requires management commitment but also needs to be a strategic objective. All three Colorado organizations took about ten years to attain the level of performance for Baldrige recognition. Rulon Stacey, CEO of PVHS indicated that "We had a workhorse vs. a racehorse philosophy - we wanted to improve a little bit each year, rather than sprint then burn out."

What prompted each of the three Colorado organizations to start on their respective journeys of excellence?

- o OMI - Times were turbulent and the Baldrige program was chosen as a tool and strategy to manage the uncertainty. The criteria provided focus for addressing the dangers of the changing business environment while taking advantage of the opportunity that change and innovation provided. "To live only for some future goal is shallow. It's the sides of the mountain that sustain life, not the top" as quoted by Robert Pirsig in his book, *Zen and the Art of Motorcycle Maintenance*. This became the analogy that was later used about their decision.

- o Montfort College of Business (MCB) - At that time, there was explosive growth in business school enrollment, which created quite a wide range of undergraduate/graduate programs. Competition from other business schools within a 50-mile radius emphasized the need to focus and differentiate themselves. They decided to shed their graduate programs and offer only a BS in business administration.

- o Poudre Valley Health System - Originally, a decision was made to focus on continuous improvement and innovation. A number of tools were considered and the Baldrige program with its robust criteria was chosen. Rulon says " We used to compare ourselves to the average in the industry - what's the point of that? Who wants to be average - we want to be best in class".

And what benefits have been recognized as a result of pursuing performance excellence? Again, for each, there is a different metric.

- o OMI - The organization went from one that was more consumed with incremental improvement to one that is revolutionary with a focus on leadership and a culture of excellence, empowerment, and accountability. Today, many municipal governments are privatizing and outsourcing city services and OMI has become highly sought after as a potential service provider.
- o MCB - one of the few colleges in the country to hold undergraduate-only accreditations in both business administration and accounting. In addition, MCB has ranked in the top levels for national student exit performance and student satisfaction as well as employer satisfaction
- o PVHS - "Its because of our journey towards excellence and becoming a better organization" Rulon attributes "that people are alive today that wouldn't have been." How do you quantify that ROI?

Note: PVHS will recognize their decade long journey towards performance excellence by sharing with other organizations (regardless of industry) in similar pursuit of excellence. Lessons learned along the way as well as their best practices will be addressed in two upcoming sessions on Feb 11 & 12 and April 8 & 9, 2010. See www.sharingdays.pvhs.org for details.

For information on the Baldrige National Quality Award (BNQA), visit <http://www.quality.nist.gov/>. For information on Colorado's Performance Excellence Award, a feeder program into the BNQA, visit <http://www.coloradoexcellence.org/>.

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