

# The Partnership for Excellence

*Helping organizations  
see improved results*

Ohio \* Indiana \* West Virginia

***Are We Making  
Progress as Leaders:  
How do we know?***

**Al Faber  
President & CEO, TPE  
October 29, 2013**

# Agenda



- Welcome
- Introduction of MBB Webcast Series
  - Ellen Milnes, MoreSteam.com
- Today's Session
  - Al Faber, The Partnership for Excellence
- Open Discussion and Questions

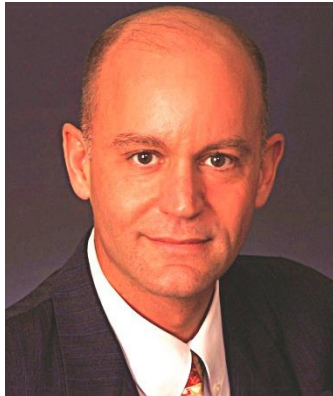


- Founded in 2000
- Trained 400,000 Lean Six Sigma professionals
- Served over 2,000 corporate customers (including 50+% of the F500)
- First firm to offer the complete Black Belt curriculum online
- Courses reviewed and approved by ASQ and PMI
- Academic Partnerships with Ohio State University, Cal Poly and George Washington University

## Select Customers:



# Today's Presenter



## ***Al Faber, President & CEO The Partnership for Excellence***

- *TPE presents the state's premier quality awards to organizations in Ohio, Indiana and West Virginia*
- *Retired Colonel who led his team to two National Baldrige Awards*
- *Served as a National Security Fellow at the J.F.K. School of Government, Harvard University*
- *BA, summa cum laude, from Capital University and MA from Salve Regina University*

# Where We Are Today

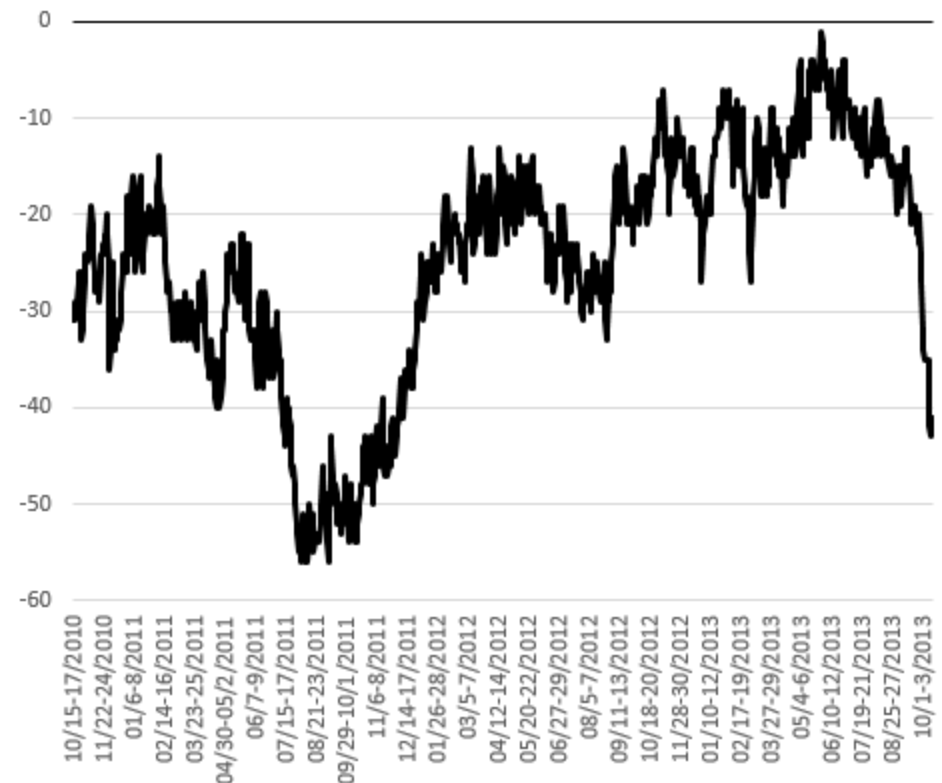
Are we making progress as leaders?

- ☐ Reliable?
- ☐ Repeatable?
- ☐ Predictable?

*How do we know?*



Gallup Economic Confidence Index



# The Criteria for Performance Excellence: *A Diagnostic Tool for Operational Excellence*

**The Criteria for Performance Excellence is your Organizational Diagnostic Tool (Gap Analysis) for:**

- Full integration throughout the organization.
- Customer satisfaction, engagement, and loyalty.
- Product and service outcomes, and process efficiency.
- Workforce satisfaction and engagement.
- Revenue and market share.
- Innovation.
- Financial results.

*If you do not know how to ask the right question, you discover nothing.*

- W. Edwards Deming

# History

In the mid-1980s, U.S. leaders realized that American companies needed to focus on quality in order to compete in an ever-expanding, demanding global market.



The goal of the Malcolm Baldrige National Quality Improvement Act of 1987 was to enhance the competitiveness of U.S. businesses. Its scope has since been expanded to health care and education organizations (in 1999) and to nonprofit/government organizations (in 2005).

Congress created the Award Program to:

- Identify and recognize role-model businesses
- Establish criteria for evaluating improvement efforts
- Disseminate and share best practices



# What is Baldrige all about?

Improving organizational performance using an objective, cost-effective, third party evaluation...

- Accelerating improvement results
- Gaining an outside perspective
- Focusing on results that matter
- Energizing your workforce
- Learning from the feedback report

*“The Baldrige Criteria can be adapted to fit your unique challenges and culture and help you evaluate performance, assess where improvements or innovation are most needed, and get results.”*



**Baldrige is not an “awards program”**

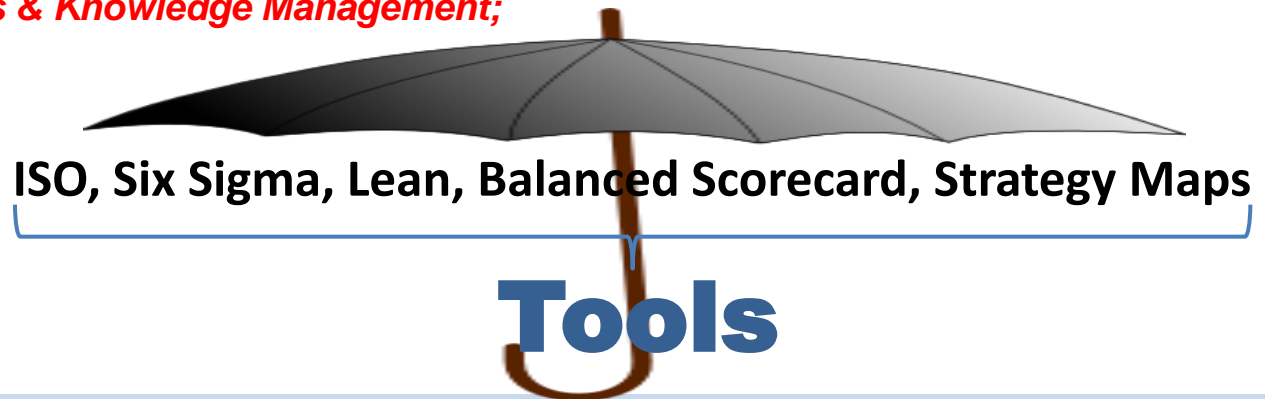


# Baldrige-Based Model – A Systems Perspective

- A flexible “systems” approach - non-prescriptive
- Uses the latest validated management practices

*Leadership;  
Strategic Planning;  
Customer Focus;  
Measurement, Analysis & Knowledge Management;  
Workforce Focus;  
Operations Focus;  
Results*

Baldrige is a Holistic Management Framework



The Baldrige Criteria focus on organizational improvement and innovation systems.

*Six Sigma & Lean methodologies drive waste and inefficiencies out of processes that users of the Baldrige Criteria identify for improvement.*

Six Sigma & Lean focus on organizational improvement and innovation processes.

# Alignment of Initiatives

## Domains

## Initiatives

ORGANIZATIONAL ALIGNMENT

Strategic

Baldrige  
Strategic Planning

Operational

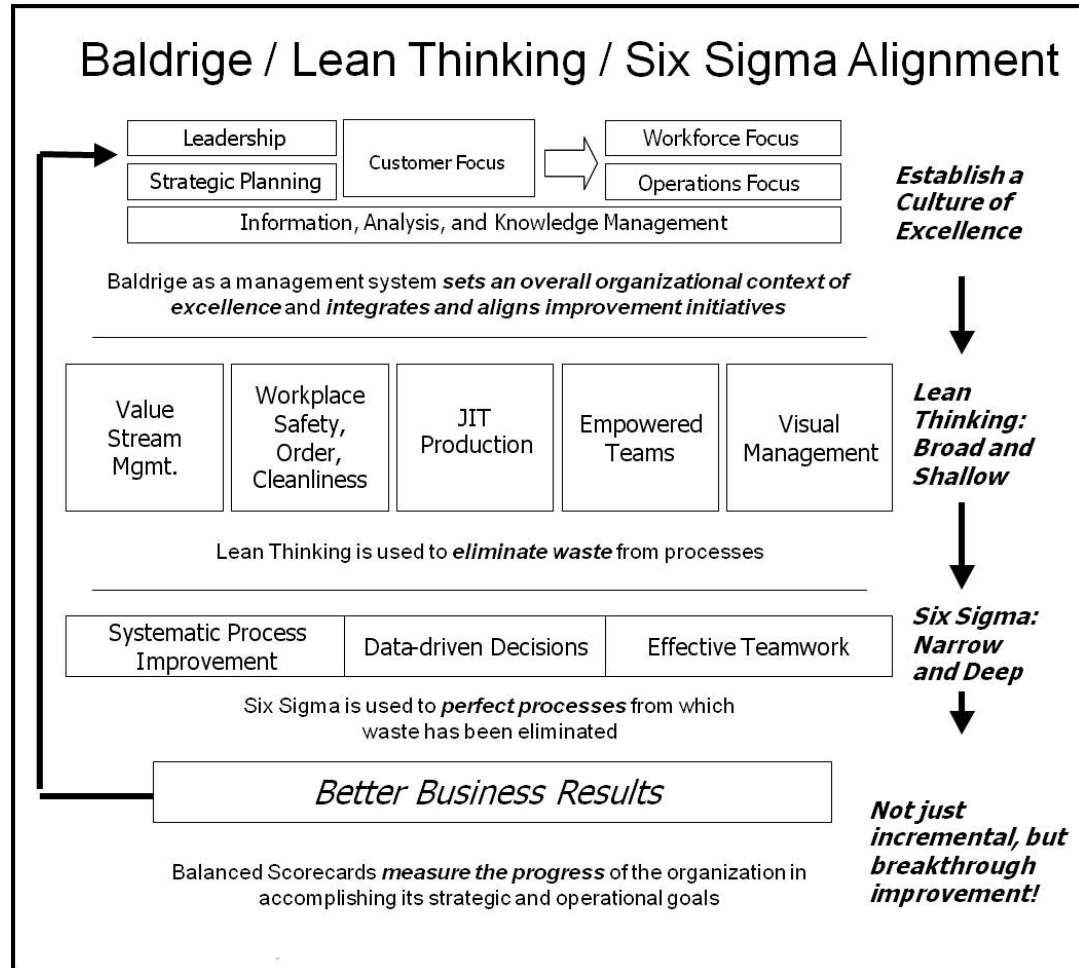
Joint Commission  
Magnet Recognition  
ISO  
HFAP  
Balanced Scorecards

Tactical

Lean and Lean 2.0  
Six Sigma  
Dashboards  
Automation

# Aligned with Lean and Six Sigma

The Baldrige criteria require waste reduction, process improvement, and results that are aligned with business strategies and goals. Six Sigma, Lean Thinking, and Balanced Scorecard tools demonstrate how some organizations have chosen to carry out these requirements. The goal of this effectively aligned process is to drive beyond incremental improvement to breakthrough improvement—and where significant competitive advantage is gained



# Baldrige is about Results Tied to Processes and “Systems”

## Culture

### OLD

Autocratic

Tightly Held

Limited Inputs

Functional Process Focus

Informal Reviews

### NEW

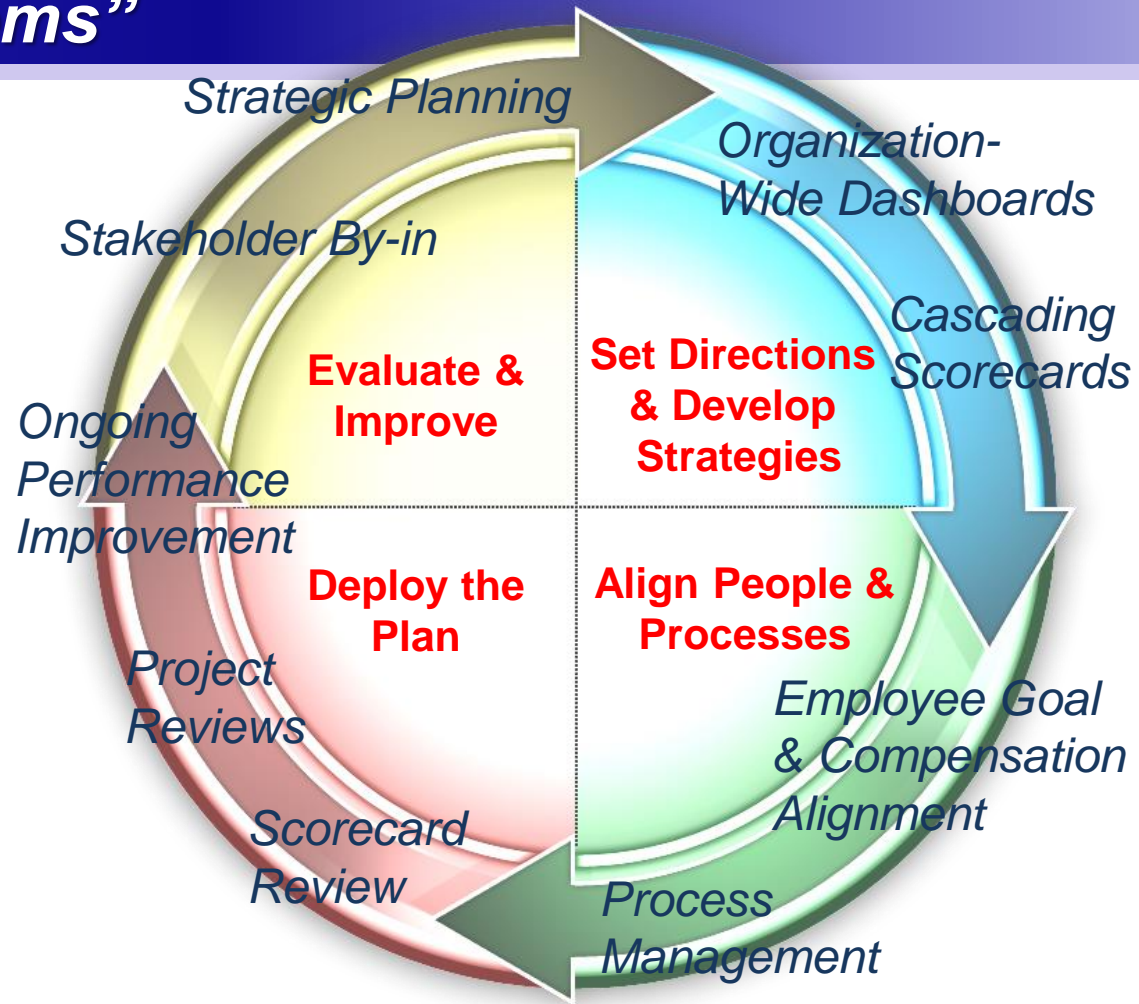
Inclusive

Transparent

Address all Stakeholders

Systems Focus

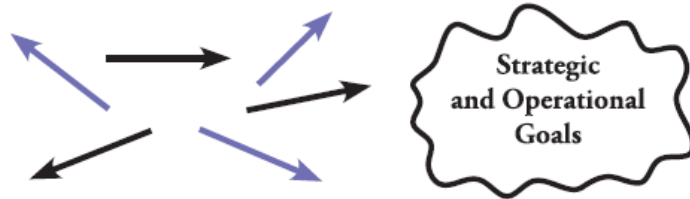
Disciplined Operational Rhythm



## “Operational Rhythm”

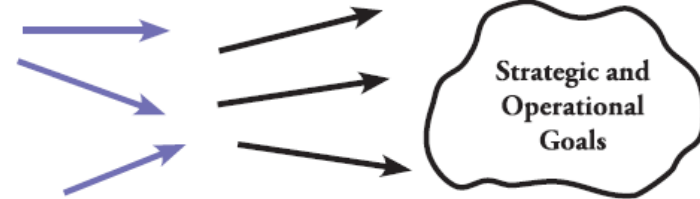
# Organizational Alignment

## (1) Reacting to Problems



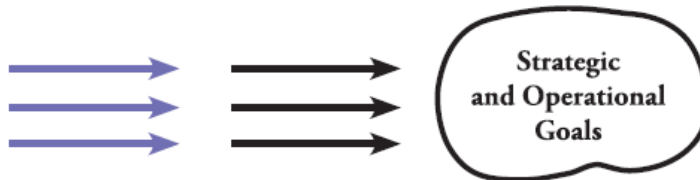
Operations are characterized by activities rather than by processes, and they are largely responsive to immediate needs or problems. Goals are poorly defined.

## (2) Early Systematic Approaches



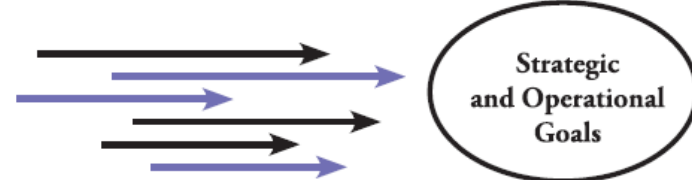
The organization is at the beginning stages of conducting operations by processes with repeatability, evaluation and improvement, and some early coordination among organizational units. Strategy and quantitative goals are being defined.

## (3) Aligned Approaches



Operations are characterized by processes that are repeatable and regularly evaluated for improvement, with learnings shared and with coordination among organizational units. Processes address key strategies and goals of the organization.

## (4) Integrated Approaches



Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement in collaboration with other affected units. Efficiencies across units are sought and achieved through analysis, innovation, and the sharing of information and knowledge. Processes and measures track progress on key strategic and operational goals.

# 'The Business of Quality' vs. 'A **Quality** Business'

## *The Business of Quality...*

International Organization for Standardization (ISO)

Lean and Lean 2.0

Joint Commission

Automation

Magnet Recognition Program

Six Sigma

Dashboards

Strategic Planning

Balanced Scorecard

## *A Quality Business...*



**Category 1**   **Category 2**   **Category 3**   **Category 4**   **Category 5**   **Category 6**   **Category 7**

Leadership	Strategic Planning	Customer Focus,	Measurement Analysis & Knowledge Management	Workforce Focus	Operations Focus	Results
------------	--------------------	-----------------	---	-----------------	------------------	---------



# *The Examining Process “Big Picture”*



Organizations submit a 50-page self-assessment referred to as their “Application” which follows a standardized format.

TPE Examiners evaluate the Application using the appropriate Criteria for Performance Excellence.

TPE returns a “Feedback Report” to the Organization with Strengths, Opportunities for Improvement & Key Themes. The application receives a “score” indicating a level of organizational maturity.

# Return on Your Investment

- Recognize, celebrate, & leverage your organization's strengths to make improvements
- Prioritize opportunities for improvement to stay focused on results and recognize that performance excellence is a journey...
- Provide a framework (Baldrige Criteria for Performance Excellence) to document, achieve, and sustain high performance and reliable, repeatable, predictable results.
- Provide the best and most economical third party assessment!



In 2011, Dayton was rated the #3 city in the nation by HealthGrades for excellence in health care.

2011



In 2012, KHN was recognized as one of the nation's best hospital systems.

2012



# Success Story: PRO-TEC Coating Co., Leipsic, OH

- PRO-TEC is **the industry leader** in advanced high strength steel coating and ultrahigh-strength steel coating, supplying about 15 percent of all hot-dipped galvanized steel to the automotive market.
- PRO-TEC **produces in excess of design capacity** in a 24/7 operation.
- PRO-TEC has been **profitable for the past 12 years**; sales reached \$846 million in 2006.
- Since 2002, PRO-TEC has **led the industry by operating 98 percent of the time**.
- From 2002 through 2006, PRO-TEC **produced no less than 85 percent of the U.S. advanced high-strength steel supply**.

National Institute of Standards and Technology • U.S. Department of Commerce  
Baldridge National Quality Program

**2007 Award Recipient**

**PRO-TEC Coating Company**

Established in 1990 as a joint venture between United States Steel Corporation and Kobe Steel Ltd. of Japan, PRO-TEC Coating Company provides coated sheet steel primarily to the U.S. automotive industry for use in manufacturing cars, trucks, and sport utility vehicles. PRO-TEC's 236 employees, called Associates, work in a state-of-the-art 730,000-square-foot facility that is surrounded by corn and soybean fields, in the small rural town of Leipsic, Ohio. The location was chosen for its access to Midwestern steel markets, in connection to rail and motor transportation, and its proximity to U.S. Steel's production facilities in Indiana and Pennsylvania.

**A Blend of Cultures**

With its heritage from U.S. Steel and Kobe Steel, PRO-TEC has developed its own unique culture centered around three fundamental concepts—ownership, responsibility, and accountability. From the beginning, the company incorporated numerous best-management practices, including lean manufacturing and continuous improvement, and relied on a well-trained, self-directed, empowered workforce to help the company become an industry leader. Its mission statement, “To foster human potential, a spirit of cooperation, and technical innovation for the betterment of our industry, Associates and our community,” further defines its culture. The statement appears on company business cards and is displayed prominently throughout the PRO-TEC facility.

Since its inception, PRO-TEC's success has been driven by its vision:

- **BE** totally committed to personal safety and wellness, consistently profitable, and recognized as the industry technology leader in both product and process;

**What is the Malcolm Baldrige National Quality Award?**

Named after the 26th Secretary of Commerce, the Malcolm Baldrige National Quality Award was established by Congress in 1987 to promote excellence in organizational performance, recognize the achievements and results of U.S. organizations, and publicize successful performance strategies. For more information, see <http://baldrige.nist.gov>.

**Baldridge 20th Anniversary Highlight: The Criteria**

The Baldrige Criteria for Performance Excellence have played a valuable role in helping U.S. organizations improve. The Criteria are designed to help organizations improve their performance by focusing on three goals: delivering ever improving value to customers and stakeholders, improving the organization's overall effectiveness, and organizational and personal learning.

Several million copies of the Criteria have been distributed since 1988, and wide-scale reproduction by organizations and electronic access add to that number significantly.

Gordon Black, former chairman and chief executive officer of Harris/Black International Ltd. (now Harris Interactive Inc.), says the publication containing the Baldrige Criteria for Performance Excellence is “probably the single most influential document in the modern history of American business.”

- **DO** maintain high standards for community, citizenship, and service; provide on-time delivery with world-class quality; and develop/maintain world-class facilities/business systems;
- **HAVE** a highly skilled, engaged workforce committed to ongoing performance excellence; optimal utilization of production capacity/capability; and valuable vendor/supplier relationships.

**An Industry Leader**

PRO-TEC has succeeded largely by focusing on its process for developing advanced high-strength steels that inhibit corrosion and help to improve a vehicle's crash performance and fuel economy.

- PRO-TEC is the industry leader in advanced high-strength steel coating and ultrahigh-strength steel coating, supplying about 15 percent of all hot-dipped galvanized steel to the automotive market.



[http://www.baldrige.nist.gov/PDF\\_files/PROTEC.pdf](http://www.baldrige.nist.gov/PDF_files/PROTEC.pdf)

# Success Story: MESA Products, Inc.

## A Quality Pipeline to Success



2012 Malcolm Baldrige National Quality Award  
Recipient

Since 2006, MESA more than doubled in size while transforming itself from a manufacturing company to a full-service provider of corrosion control and integrity solutions to the pipeline industry. MESA's growth rate during this period exceeded its closest competitor by almost 40 percent.

MESA's entry into new markets, including expansion into the asset integrity market for pipelines, has created more than \$26 million of annual revenue over a nine-year period. Most of this growth has occurred in services, with a fourfold increase over seven years.

Profitability as a percentage of revenue has increased from 5 percent in 2006 to greater than 10 percent projected for 2012.

# Success Story: Lockheed Martin Missiles & Fire Control



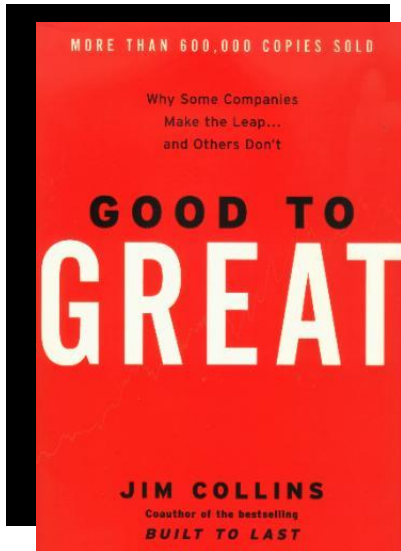
2012 Malcolm Baldrige National Quality Award  
Recipient

Lockheed Martin Missiles and Fire Control (MFC) attained a leading market share and sustained growth in the four years leading to its Baldrige Award in 2012.

This manufacturer realized cost savings of an estimated \$225 million annually through time reductions resulting from process and performance improvement programs in all lines of its businesses.

MFC's customer loyalty ratings improved 18 percent from 2007 to 2012 to become best in class, with 100 percent of customers saying that they "definitely or probably would select MFC for future business." MFC's employee retention rate, considered a measure of employee engagement, reached 95 percent in 2011 and 94 percent in 2012.

# So Why Baldrige?



*“I see the Baldrige process as a powerful set of mechanisms for disciplined people engaged in disciplined thought and taking disciplined action to create great organizations that produce exceptional results.”*

Jim Collins, bestselling author of Good to Great: Why Some Companies Make the Leap... and Others Don't



# Resources



**Al Faber, President/CEO**

**[al.faber@partnershipohio.org](mailto:al.faber@partnershipohio.org)**

**(614) 425-7157**



**Baldridge Performance Excellence Program:**

**[www.quality.nist.gov](http://www.quality.nist.gov)**



**The Alliance for Performance Excellence:**

**[www.baldrigepe.org](http://www.baldrigepe.org)**

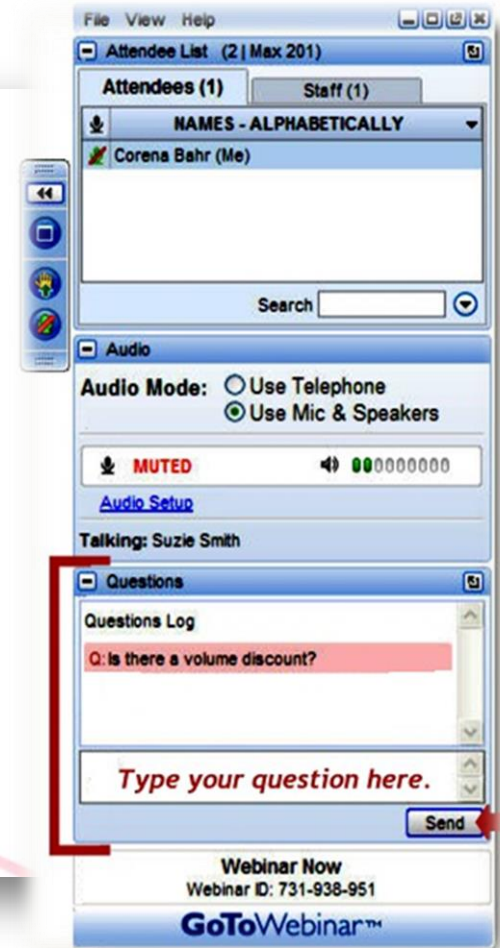
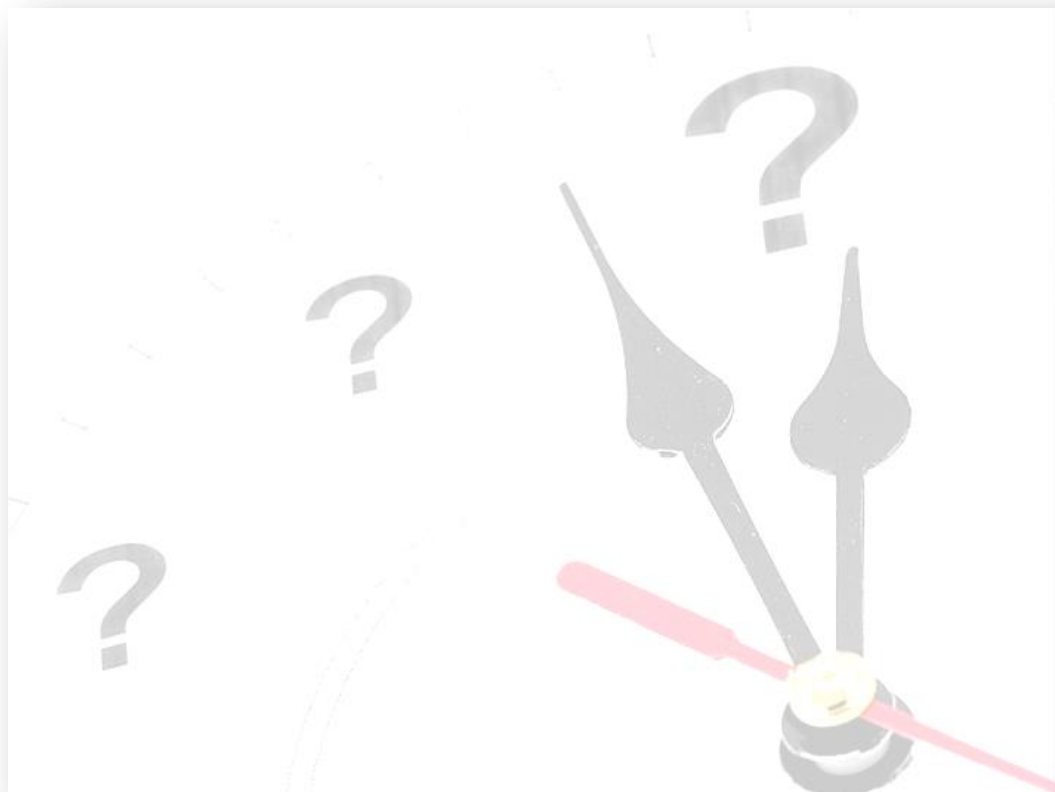


**The American Society for Quality:**

**<http://asq.org/>**



# Questions



# Master Black Belt Program

- Offered in partnership with Fisher College of Business at [The Ohio State University](#)
- Employs a [Blended Learning model](#) with world-class instruction delivered in both the classroom and online
- Covers the [MBB Body of Knowledge](#), topics ranging from advanced *DOE* to *Leading Change* to *Finance for MBBs*



# *Thank you for joining us*

## *Questions? Comments about today's program?*

Al Faber, The Partnership for Excellence  
[al.faber@partnershipohio.org](mailto:al.faber@partnershipohio.org)

Ellen Milnes, MoreSteam.com  
[emilnes@moresteam.com](mailto:emilnes@moresteam.com)

***Archived presentations and other materials:***  
<http://www.moresteam.com/presentations/>