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PERFORMANCE
EXCELLENCE

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LEADERSHIP
AND
MANAGEMENT



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The Baldrige Foundation's Institute for Performance Excellence is a thought leader on performance excellence, leadership, and management. It carries out this mission in a number of ways, including undertaking research projects, hosting conferences and activities, conducting executive-level training, and publishing and distributing a wide variety of educational materials. Its mission

is to improve the practice of leadership and management in pursuit of performance excellence and its impact in an ever-changing world.

Contributors

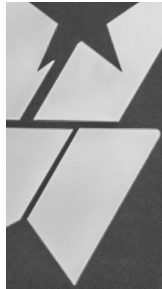
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Malcolm Baldrige
National Quality Award



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FROM THE EDITOR-IN-CHIEF

The goal of the *Chronicle of Leadership and Management* is to facilitate sharing of knowledge by providing insightful and practical perspectives for leading and managing performance excellence in business, health care, education, government, nonprofit organizations, and in communities and cybersecurity applications. The journal consists of Feature Articles intended to provide original and useful information of interest and practical significance to organizational leaders, which are grounded in experience, innovative thought, and appropriate literature research. Executive summaries of feature articles are provided as brief overviews of these articles to assist readers. Leadership and Management Perspectives provide specific points of view designed to support understanding or to provide insights about current issues, emerging issues, Baldrige challenges, implementation strategies, best practices, and similar topics. Please refer to the Guidelines for Authors printed at the end of this volume.

Feedback on the *Chronicle* has been overwhelmingly positive, with readers noting that the *Chronicle* fills a gap in the current literature, melding the theoretical and intellectual development of Baldrige with real world experience implementing the Baldrige framework. As we look to Volume 4 and beyond, I ask our readers to seriously consider contributing to the journal and encouraging colleagues to write articles; this will allow the *Chronicle* to thrive and continue to support the Baldrige philosophy. The newly-reimagined Baldrige Award and the ongoing development of the Baldrige Cybersecurity Excellence Builder provide additional areas for our authors to explore.

We have two Feature Articles and two Leadership and Management Perspectives in this issue, and they all focus on empirical applications of Baldrige from the organizational perspective.

Feature Articles

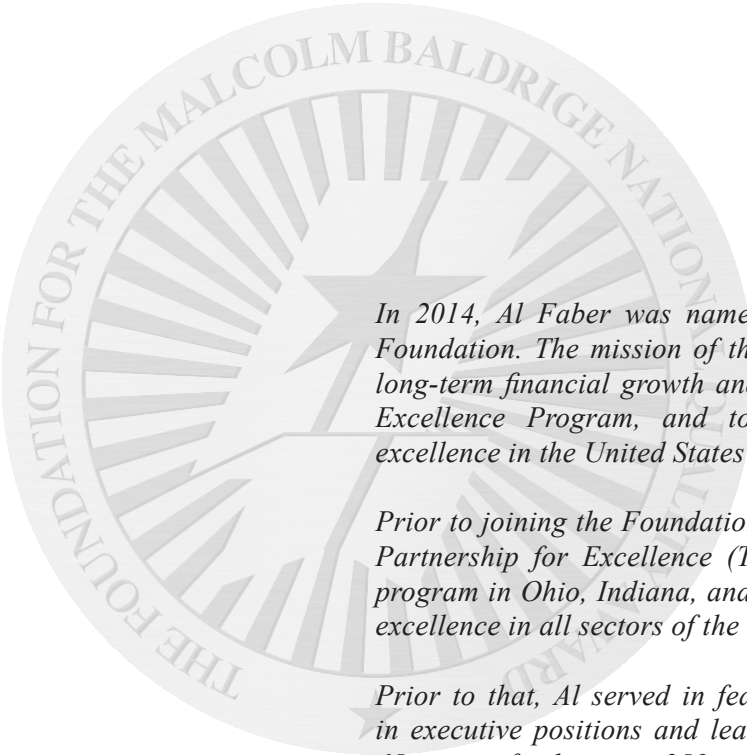
- *Using the Baldrige Excellence Framework to Improve Resilience and Long-Term Success* by Janice K. Garfield and Meridith Wentz. The authors organized a team of researchers that conducted interviews with leaders of successful Baldrige organizations in order to determine what their experiences demonstrated are the more critical approaches to build organizational quality and resilience through the Baldrige framework.
- *The Value of Applications Beyond an Award* by Kay Kendall explores the many ways in which an award application can be leveraged to ensure consensus and alignment around key organizational issues, transform cultures, accelerate continuous improvement and innovation, and deliver excellent results on important indicators supporting key objectives.

Leadership and Management Perspectives

- *Continuous Improvement Through Engagement and Empowerment* by Raymond Floyd discusses how successful implementation of continuous improvement processes depend significantly on managing the engagement and expectations of the workforce and other stakeholders.
- *Excellence - The Tata Steel Way* by Tripti Srivastava, Suresh Chandra Mishra, and Peeyush Gupta tracks the implementation and evolution of continuous quality improvement through one of India's most successful companies over a period of more than 35 years. In some ways, the evolution of continuous quality improvement in Tata Steel is a microcosm of broader development of quality and performance excellence frameworks across cultures and countries around the world, including Baldrige, Deming, and others.

Mark Wayda, Ph.D.

If you have questions or comments about this issue of the *Chronicle of Leadership and Management*, or to submit articles for consideration for Volume 4, please contact Dr. Wayda at mwayda@baldrigefoundation.org.



In 2014, Al Faber was named President and CEO of the Baldrige Foundation. The mission of the Baldrige Foundation is to ensure the long-term financial growth and viability of the Baldrige Performance Excellence Program, and to support organizational performance excellence in the United States and throughout the world.

Prior to joining the Foundation, Al served as President & CEO of The Partnership for Excellence (TPE), the premier Baldrige-based state program in Ohio, Indiana, and West Virginia - promoting performance excellence in all sectors of the economy.

Prior to that, Al served in federal and state government culminating in executive positions and leading more than 11,500 employees, with 65 major facilities, a 250-million-dollar operating budget and real property exceeding 2.1 billion dollars. He has provided executive leadership, establishing policies, priorities and oversight of federal budgets, operations and training, personnel, logistical operations, and infrastructure management. He is driven to create winning organizational results with a deep sense of commitment to public service.

Al graduated Summa Cum Laude with a Bachelor of Arts Degree in Management from Capital University, Columbus, OH; and holds a Master of Arts Degree in International Relations from Salve Regina University, Newport, RI. He was also a National Security Fellow at the J.F.K. School of Government, Harvard University and studied International Leadership & Management at the Fletcher School of Law & Diplomacy, Tufts University, and Leadership Strategies at the College of Continuing Studies, University of Alabama. He is a graduate of the U.S. Army War College Fellowship Program and the U.S. Naval War College Command & Staff Program. During his military career Colonel Faber served as a Senior Army Aviator and Instructor Pilot, flying attack, reconnaissance, and transport helicopters. He commanded units at the company, battalion, and brigade levels.

Al serves on several Boards of Directors including CAHME, the Commission on Accreditation of Healthcare Management Education, and has served on their Standards Council. Al is also a member of the Board of Advisors for the Federal Foresight Advocacy Alliance (FFAA). He is a member of the American Society for Quality (ASQ), American Mensa, numerous conservation organizations, and is active in his church.



PRESIDENT AND CEO FORUM

“Tonight, I have come personally before the Congress to report on the State of our Union and outline how we can meet the goal of renewing the American spirit -- a spirit of excellence. To achieve this, I have asked all Americans to commence a new Quest for Excellence that will produce the third great American century. I said about America: her best days have just begun.”

— Ronald Reagan,
President of the United States
State of the Union Address, 1987

On behalf of the Baldrige Foundation’s Board of Directors, it is a privilege to introduce this year’s issue of the *Chronicle of Leadership and Management* published by the Baldrige Foundation’s Institute for Performance Excellence. The *Chronicle* is the Institute’s flagship publication and central to the Institute’s purpose: helping people and organizations learn and grow in the pursuit of performance excellence.

Over the past three years, the Institute has afforded quality professionals the opportunity to learn, grow, and network online, from any workplace. The numerous training and education programs offered by the Institute are practical, meaningful, and lead to credentials and certifications at the most affordable prices in the marketplace. Institute Partner organizations receive deep discounts on all the Institute’s training, plus many other exclusive benefits and discounts in collaboration with The George Washington University, Walden University, the University of Charleston, and others.

The Institute also affords Partner organizations an extensive collection of webinars, videos, and best practice sharing break-out sessions from conferences held throughout the United States and globally. Busy professionals, from first-line leaders to CEOs can learn at their own convenience from any device including their smartphone. In addition to the *Chronicle*, the Institute continues to develop and publish impactful White Papers covering contemporary issues of interest in the areas of leadership and management.

Our Leader Dialogue® program offers a wide array of podcasts and face-to-face discussions from thought leaders and industry experts in every sector. The topics covered in podcasts serve as focus areas for webinars and CEO Roundtable events, as well as agenda items for our CEO Innovation Council meetings, all hosted by the Institute.

As President Reagan outlined in his 1987 State of the Union Address, “America’s competitiveness in world markets is critical to maintaining and expanding our standard of living and the national security. I have established a national goal of assuring American competitive pre-eminence into the 21st century. Achieving that goal is the responsibility of all Americans.”

President Reagan’s vision for American pre-eminence in the 21st century is supported by the Baldrige Enterprise. With a renewed Baldrige award, and greater emphasis on resilience and sustainability, Baldrige will continue to provide a proven, dependable framework for organizational success that can be replicated across all sectors of our economy.

I would like to thank Dr. Mark Wayda for serving as this year’s editor-in-chief for the Chronicle. We are grateful for his leadership and service, along with all our volunteer editorial board members who reviewed the numerous submissions we received.

As always, I want to sincerely thank the Baldrige family, Midge, Molly, and Megan, as well as the other Institute Trustees which form the Mac Baldrige Society: Adventist Health, Stellar Solutions, MidwayUSA, ABOUT Healthcare, Freese and Nichols, Tata, Mid-America Transplant, the Center for Organ Recovery and Education (CORE), Adani, SANPEC, and Southcentral Foundation. Their generous gifts have made the Institute a reality.

As President Ronald Reagan said of Secretary Baldrige in his eulogy on July 29, 1987, at Washington’s National Cathedral, “What I’m saying about Mac Baldrige adds up to a simple but extraordinary quality that I would call, more than anything else, American. In his directness, in his honesty, in his independence, in his disregard for rank, in his courage, he embodied the best of the American spirit.”

It is that American Spirit, embodied in Mac’s personal leadership style, that serves as his legacy and our inspiration for the future of Baldrige.

Wishing you all the best!

A handwritten signature in black ink, appearing to read 'Al Faber', written in a cursive style.

Al Faber
President and CEO

FEATURE ARTICLES

Executive Summaries

Garfield and Wentz: Using Baldrige for Resilience

Dr. Garfield and Dr. Wentz organized a team of researchers that conducted interviews with leaders of successful Baldrige organizations in order to determine what their experiences demonstrated are the more critical approaches to build organizational quality and resilience through the Baldrige framework.

The article discusses the use of the Baldrige Excellence Framework to improve organizational resilience and long-term success. It highlights studies that demonstrate the value of the framework, including improved financial outcomes and cost savings. The COVID-19 pandemic serves as an inflection point, showcasing the resilience of organizations that use the Baldrige framework.

Key themes emerged from interviews with leaders of Baldrige Award-winning organizations, including the importance of using an integrated framework, strategic planning, and measuring what matters. The research findings emphasize the need for alignment between customer needs and organizational objectives, as well as the value of customer feedback and a culture of excellence. Implementing the Baldrige framework requires ongoing commitment, accountability, and patience. Innovation and a supportive environment that encourages creativity and collaboration are also important.

Overall, leaders should embrace the Baldrige framework, engage stakeholders, and continuously strive for improvement to achieve organizational resilience and long-term success.

Kendall: Value of Application Beyond an Award

The Value of Applications Beyond an Award by Kay Kendall explores the many ways in which an award application can be leveraged to ensure consensus and alignment around key organizational issues, transform cultures, accelerate continuous improvement and innovation, and deliver excellent results on important indicators supporting key objectives.

This article makes the case that preparing a Baldrige-based application provides benefits that extend well beyond earning an award and receiving valuable examiner feedback on strengths and opportunities for improvement (OFIs). Preparing for the award itself supports the development of a common language in the organization, development of leaders and high potential employees, and promotion of pride in the organization.

A concluding self-assessment helps leaders to identify whether they are ready to embark on this cultural transformation and the areas in which they might derive the most benefit.

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USING THE BALDRIGE EXCELLENCE FRAMEWORK TO IMPROVE RESILIENCE AND LONG-TERM SUCCESS

Janice K. Garfield, Ph.D.

Meridith K. Wentz, Ph.D.

Foundation of the Study

Established through the Malcolm Baldrige National Quality Improvement Act of 1987, the Baldrige Performance Excellence Program at the National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce, and its partners have fostered the continuous improvement and success of businesses across all sectors and entire communities.

In 2024, the Baldrige Program is adapting and innovating. Recognizing that organizations in today's world must continually evolve, the Baldrige Program's transformation focuses on organizational resilience and long-term success. Focusing on organizational resilience and long-term success does not overshadow the Baldrige Program's emphasis on quality and excellence. Resilience and long-term success are outcomes of the quest for excellence using the Baldrige framework.

The research described in this article aims to demonstrate that leaders who use the Baldrige framework and criteria to inform and guide operations and improve results have opportunities to improve performance, find and create new opportunities, and achieve organizational resilience and long-term success. Baldrige framework-using leaders use challenges as springboards for innovation and positive change.

Studies of the Value of Baldrige

Within just a few years of the Malcolm Baldrige National Quality Improvement Act being signed by President Ronald Reagan on August 20, 1987, the Malcolm Baldrige National Quality Award (MBNQA) and its guidelines and criteria became a catalyst for transforming business in America (Garvin, 1991). In May 1990, at the request of U.S. Congressman Donald Ritter—referred to by

his peers as the “scientist congressman” (The Morning Call, 1988)—and with the endorsement of 29 other members of Congress, the U.S. General Accounting Office (GAO) studied the impact of formal total quality management practices. The GAO reviewed 20 companies that were the highest-scoring applicants in the 1988 and 1989 MBNQA award cycles (General Accounting Office, 1991). Results of the GAO study showed that companies that adopted quality management practices experienced overall improvement, including better employee relations, higher productivity, greater customer satisfaction, increased market share, and improved profitability; however, none of the companies realized immediate benefits, leading the GAO to conclude that allowing sufficient time for achievement of results was as important as initiating a quality improvement program. On average, the companies in the GAO study improved performance in about 2 ½ years—managers allowed sufficient time for results to be achieved rather than focusing on short-term gains.

The Baldrige Performance Excellence Program remains a consistent force in promoting organizational excellence and transformation into the 21st century. Notable results include:

- **Financial Results:** 86 organizations received the Baldrige Award between 1988 and 2010—each one demonstrated improved financial outcomes. For these organizations, applying the Baldrige framework to business operations led to better financial results, satisfied and loyal customers, enhanced products and services, and improved workforce engagement (Baldrige Performance Excellence Program, 2011).
- **Cost Savings:** A study by Albert Link and John Scott revealed a benefit-to-cost ratio of 820 to 1 for MBNQA applicant organizations. This ratio considers not only cost savings but also gains from consumer satisfaction and increased sales value (Albert N. Link and John T. Scott, “Economic Evaluation of the Baldrige Performance Excellence Program,” NIST Planning Report 11-02, Gaithersburg, MD: National Institute of Standards and Technology; see also American College of Healthcare Executives, 2019).
- **Application Beyond Business Sector:** The success of the Baldrige program extends beyond business sectors. It has been applied to other areas requiring transformation, including health care and education. The Baldrige framework contributes to operational effectiveness, financial improvement, enhanced customer service, and market expansion (Baldrige Performance Excellence Program, 2011).

The global socioeconomic outlook indicates turbulence ahead. McKinsey’s Global Survey results on economic conditions show that political tensions worldwide, inflation, and the economic forecast are primary concerns for business leaders (McKinsey & Company, 2023). At the start of 2024, the International Monetary Fund (IMF) described the global economy as “surprisingly resilient” (International Monetary Fund, 2024; Condon et al., 2024). And yet, as leaders in all sectors know, resilience is more than recovering quickly and restoring the continuity of operations. Resilience requires dealing with—even thriving on—adversity and adapting for growth. McKinsey analysts

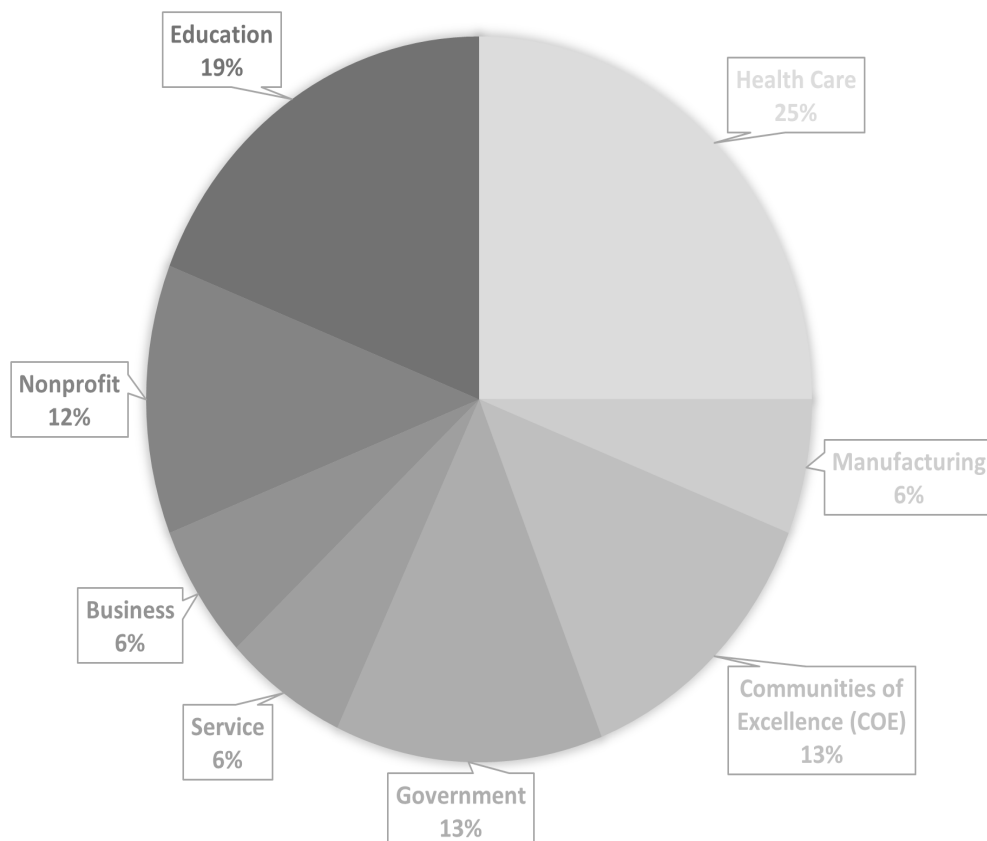
noted the ability of leaders who thrive on adversity to accelerate into a new reality—to bounce forward to long-term success.

COVID-19 Inflection Point

The COVID-19 pandemic created manifold crises as the world responded to the incalculable social, economic, and structural damage wrought by the virus. Whether the COVID-19 exigency continues through a succession of virulent variants or is followed by subsequent crises, individuals and organizations across all sectors have an opportunity to learn from the leaders of Baldrige framework-using organizations who persevered through the adversity of the COVID-19 pandemic. These leaders revealed how using the Baldrige framework can ensure resilience, adumbrate innovation, and produce positive change.

At the request of leaders of the Baldrige Performance Excellence Program and the Alliance for Performance Excellence, a research team (team members are listed in Appendix A) conducted an intensive qualitative study and explored multiple cases to understand how the use of the Baldrige framework across various industries impacted organizational resilience and long-term success. Researchers focused on leaders' experiences in several economic sectors (e.g., health care,

Figure 1. Sectors Represented in the Baldrige Research Study



government, nonprofit, education, business, service, and manufacturing) and included leaders from communities participating in Communities of Excellence 2026 (see Figure 1).

Research Methodology

Sixteen leaders of Baldrige Award recipients and organizations that earned Category Best Practice recognition responded to nine open-ended interview questions (see Appendix B) posed by 11 interviewers. Interviews were conducted virtually using Microsoft Teams interactive video software.

The conceptual framework for this study was general system theory (GST), which originated in the published writings of Ludwig von Bertalanffy in 1968. Researchers used GST to study how different interrelated business perspectives affect other business components that changed the whole system for better performance (Saurin, 2021). Researchers also used GST to understand variables within existing processes to learn how to improve outcomes or reduce costs by enhancing service and product quality and increasing performance speed (Valentinov et al., 2021). The GST approach facilitates the use of a continuous and sequential cycle that involves (a) developing multiple business objectives and disparate logistics; (b) identifying, scrutinizing, measuring, and prioritizing processes to reduce risk; and (c) improving process performance by identifying traditional inadequacies (Valentinov et al., 2021). Researchers can use GST to understand existing processes to explore the criticality of maintaining an open cognitive system, which depends on relationships in the organization's internal and external environment. The critical factor for researchers' selection of GST was the theory's history of enabling open workflow value creation to improve outcomes related to organizational sustainability and resilience.

The leaders were identified by Baldrige Performance Excellence Program, Alliance, and Communities of Excellence leaders; consideration was given to representing the different sectors that had achieved Baldrige Award-related recognition within the last decade. Participants were the executive leaders of their organizations; each participant represented a separate organization, with no overlap among organizations and participants. Demographic characteristics of the participants were not a focus of the selection process, so the diversity of participants was random.

The data analysis process consisted of the research team first developing a summary of each interview, which was shared with the interviewees for member checking to correct inaccuracies and add additional details as needed. Following this, each research team member independently reviewed their summaries to identify potential themes. Next, the team met to discuss individually developed themes and reach consensus on a consolidated list of key themes and theme definitions. As a final step in the thematic analysis process, the team coded the interview summaries into the consolidated list of key themes, and frequencies were identified for each theme.

Key Themes

Researchers’ investigation included a cross section of operational sectors representing the landscape (see Figure 1) to ensure the study’s results would interest a broad audience. As the

Table 1: Themes Emerging from Data Analysis

Emergent Theme	Percentage of Participants Describing this Theme
Embed Baldrige/Culture	94
Strategic Planning	88
Leadership	81
Metrics, Measurement, and Analysis	69
Processes	63
Focus on What is Important in the Criteria	63
Valuing People	56
Sticking with it/Accountability	56
Systems Approach/Integrated Framework	56
Agility	50
Performance-based High Expectations	44
Collaborations/Partnerships/Team Approach	44
Stakeholder Engagement/Feedback	44
Learning/Sharing	38
Innovation	31
Comparative Data/Benchmarking	19

research team derived codes for this study from interview data, 16 themes emerged (see Table 1). Some themes were significant due to their frequency and depth and because they subsumed several other themes.

Results: Key Recommendations for Leaders

Gleaned from the interview data, we offer the following recommendations for organizational leaders seeking strategies and systems to increase resilience and long-term success in their organizations.

Commit to Using an Integrated Framework and Systems Approach

Some organizational executives and senior leaders interviewed by the researchers found implementing the Baldrige framework and criteria daunting. Nonetheless, they found ways to overcome initial hesitancy and resistance.

Researchers concluded that adopting the Baldrige framework to manage an organization's operations is characterized by gradual understanding. The CEO of an Alliance program top-tier award-winning organization observed:

Early on, people were skeptical Over time, they have seen how it works. The Baldrige framework focuses on process and, importantly, understanding the alignment and integration of multiple processes ultimately wins over even the harshest critics.

The city manager of a Baldrige Award recipient organization noted, “That’s the continuous improvement piece. Approaches change over time—we continue to improve.” The CEO of an Alliance top-tier award-winning organization also observed that “the companies behind Baldrige are better, and morale is higher. I always say it’s all about continuous improvement.”

Believe in the North Star

A systems perspective—that is, managing all components of an organization as a unified whole to achieve mission, ongoing success, and performance excellence (Baldrige Performance Excellence Program, 2023)—is a Baldrige core value. Adopting such a perspective is an essential part of using the Baldrige framework. However, bringing the systems theory to practice requires a fundamental trust in the vision of what an organization wants to be in the future—and it may involve risk. The president and CEO of a Baldrige Award recipient organization noted, “The framework became the thing to focus on. . . because it is an organized systems approach. From our perspective, this was a leap-of-faith-concept.” Another leader used the metaphor of the North Star and its companions in orbit, referring to strategic planning as the organization’s North Star. Ellis and Brown (2017) used the term “North Star Ellis metric” to help leaders narrow their focus and refine growth equations to keep teams focused on the productive use of time and resources. The North Star metric is the one metric for the company that matters most and reflects the value a company and its products bring to its customers. Akhrin (2020) observed that companies could use internal standards as a North Star metric. For the leaders of Baldrige framework-using organizations, the framework, and the metrics the organization determines to be evidence of process effectiveness, are the North Star.

Nawaz (2021) explained that what employees sometimes mean when they say that their organization has no North Star is that organizational decisions and behaviors do not appear to align with the commitments described in the organization’s mission, vision, and values. Sometimes, when vision

and strategies reflect a 30,000-foot view, those operating at ground level find it difficult to grasp the connection to their daily responsibilities. The power of the Baldrige framework to rivet focus on making connections between operations and goals was noted by several leaders, including leaders of Baldrige framework-using organizations involved in Communities of Excellence 2026. For example, a director of strategy and innovation for a recognized Community of Excellence noted the following:

The most significant opportunity that we have seen with the framework is tying everything we do to strategy We started using Baldrige in the community in 2016 and can see the positive changes in the strategic planning process—doing it under a new lens and obtaining input to ensure we are current with the needs of the community. Deploying the strategy through workgroups with specific priorities led to great outcomes, great partnerships, and great connections. Strategic planning has become intentional. The framework has driven change around resiliency and sustainability within our strategic planning.

Know Where You’re Going or You’ll End Up Somewhere Else

Many of the leaders interviewed identified strategic and continuity planning as central to achieving organizational resilience and long-term success. A leader whose organization has received multiple Baldrige Awards noted, “The Baldrige process has embedded within it the necessary assessment tools for approaches to sustainability.” Learning is a key concept embedded in the Baldrige framework and is an integral part of the strategic planning process. Several organizational leaders mentioned that learning from previous events, and then adjusting to improve processes required discipline as they tested real-life events, conducted after-action reviews to memorialize lessons learned, communicated new information, and documented and updated systems and protocols. A Baldrige Award recipient from the education sector stressed, “The single most important part of the Baldrige framework for continuity planning was our ability to test and then learn.” The executive director of a Baldrige Award-winning organization stated, “We have a regular strategic planning cycle and continuous process improvement approach.” That leader added, “Strategic planning is the big one, and performance improvement is the smaller one. We are constantly relooking and rethinking everything from the bottom up and asking, ‘Has the world changed?’”

Leaders also revealed that by focusing on a systematic approach to strategic planning, the Baldrige framework helped their organizations ensure business continuity in the face of disasters and emergencies. The leader of a Baldrige Award-winning organization said:

The Baldrige framework causes us to have robust business continuity and recovery plans. [When the COVID-19 pandemic hit], we were ready to go remote with a flip of the switch

because one of the things that Baldrige did for us was make us insane planners . . . not so insane when you get down to it.

Such comments revealed that the Baldrige framework helped the leaders create agile organizations that could make rapid changes as conditions changed; using the framework continuously reinforced systems thinking and the understanding that changes in one part of the organization affect other parts.

According to executives, using the Baldrige framework to ensure that leaders employ a systems perspective can lead to managing the organization as an ecosystem. The enterprise transformation vice president for an organization that has received multiple Baldrige Awards said:

[We] perform as an organism. The organization has a soul. It's a feeling, an entity [that] feels bigger than an organization. [The] organization has an emotional response to things . . . we care for one another. . . your outputs are my inputs . . . your pain points become mine.

When an organization adopts a systems perspective, senior leaders focus on strategic directions and customers (Baldrige Performance Excellence Program, 2023). The city manager of a Baldrige Award winner explained:

The Baldrige framework [is] holistic, from a leadership system perspective, because it hits all categories. We employ a systems-thinking perspective . . . we're very intentional about measuring what's important. We shifted from static to systematic processes through the Baldrige framework . . . across all of our service areas.

You Don't Have to Be Good at Everything—Focus on What's Most Important

The interviewed leaders of organizations that use the Baldrige framework to achieve and sustain high performance agreed that organizations do not need to be equally excellent in all criteria elements. The CEO of an Alliance program top-tier award-winning organization said, “I think the trifecta of [Baldrige categories] Leadership, Workforce, and Customers, and the overlay of Strategy, is what helped us sustain [high performance]. [During the COVID-19 pandemic] we actually thrived.” The president and CEO of a Baldrige Award-winning organization observed “[the] Baldrige framework helped us pick out . . . the most effective elements The Baldrige framework focused on how to improve the things we do best.” The executive director for planning, research, and organizational development for a Baldrige Award-winning organization advised, “If you've done good strategic planning, you know what the ‘gotta have’ list is you've got a priority list.”

Measure What Matters

Tushman et al. (2017) noted that organizations must use data science for change management. Leaders of Baldrige Award-winning organizations found that developing a robust collection of diverse and meaningful measures is not quick, easy, or one and done; instead, the collaborative process of capturing data and building dashboards that reflect the organization's priorities, competitive position, and plans may evolve over several years. The chief operating officer of a Baldrige Award winner noted, "In our dashboard reporting. . .we are looking at major indicators in every aspect of the business on a regular basis Ultimately, the effectiveness of our organization is assessed based on achieving our strategic goals and objectives." A Baldrige Award-winning organizational leader in the education sector explained, "Every department has developed what we call vital signs [that are] trended daily, weekly—whatever is appropriate."

One way to engage a workforce in using data is to demystify what is happening by exploiting, spotting, and using patterns as the basis for action, and then monitoring/analyzing the habits of potential customers to discern their interests and needs (Wheelan, 2018). The chief operating officer of a nonprofit organization that has won the Baldrige Award observed:

The usefulness of the Baldrige framework is demonstrated in what we have been able to achieve I think one of the most important things we have done is use after-action reports. That has done two primary things: It has allowed the staff to understand that it is okay to make mistakes--and you need to learn from it. It is one thing to say it but another thing to put this into practice. As we learn from it, we adjust our policies and procedures. That, to me, when it is all said and done as it relates to resilience and the organization, has been one of the most important things we have gotten out of Baldrige. This is also supported by our dashboard reporting, where we are looking at major indicators in every aspect of the business on a regular basis.

Embed the Framework into the Culture

Leaders of Baldrige Award-winning organizations noted that embedding the Baldrige framework and criteria into the organization's culture is essential to continuous improvement, organizational sustainability, and resilience. Some leaders said they have adopted a grassroots approach to implementing the Baldrige framework. The executive director for organizational development of a Baldrige Award winner explained:

At the beginning, we did it at the department and process level. We said, 'Just do it for your sphere of influence; try to answer those questions.' And then we built out from that so that people could be in their personal space and knowledge. And once they got into the

vocabulary and everything, they could move to cross-functional teams and, eventually, [to using the framework throughout] the entire organization.

The managing principal engineer of a manufacturing company participating in an Alliance program noted that the organization “does not have specific people doing Baldrige or spending additional time on Baldrige separate from running the business.” That organization integrates Baldrige’s core values and criteria into its business model. One of the leaders mentioned that the Baldrige framework is the organization’s operating system; whenever the Baldrige Performance Excellence Program updates the framework and criteria, the organization makes changes, too. An added benefit of embedding the framework into organizational culture, according to that leader, is that everyone in the organization uses the same vocabulary and adopts a common language.

Mastering the Baldrige vocabulary can be a first step in centering an organization’s workforce on the Baldrige framework and criteria, according to the leaders interviewed. Members of the Board of Examiners for the Malcolm Baldrige National Quality Award acknowledge the value and challenges of developing fluency in Baldrige terminology. The nurse manager of an Alliance program top-tier award-winning organization noted:

Staff had to unlearn internal use of terms and relearn them in the context of Baldrige . . . To answer the [criteria] questions, they needed to interpret responses using the Baldrige glossary. To operationalize the framework, we relied on subject matter experts to translate the conversations and provide a level set while filling out the application.

The issue of embedding the Baldrige framework into organizational culture frequently emerged in conversations with leaders of Baldrige Award winners. Organizational leaders attributed their improved sustainability and resilience to integrating Baldrige into their culture, although it was not always easy. Therefore, a challenge associated with using the Baldrige framework is the time it takes to change the organizational culture. The leader of an organization that has received more than one Baldrige Award noted, “Processes were not identified as a ‘Baldrige’ thing, but as a [organization name] thing.” The superintendent of an Alliance program top-tier award-winning organization described it this way:

The board believes that here’s what we’re going to do based on best research practices to drive academic/organizational practices through Baldrige. This is what we ought to be doing. If you want to come to [organization], you’re going to commit to the [organization] way. [Organization] was quite successful; we were not struggling as an organization, so there was a resistance and hesitancy to really adopt and work and engage in the framework early on. As people began to realize the gaps in some of the responses to the questions, buy-in started to occur.

That leader also explained that using the Baldrige framework to assess the organization exposed

the gaps and led to embedding Baldrige into the organization's culture.

One leader noted the importance of stable, consistent leadership in integrating the Baldrige framework into the culture. Therefore, another challenge is that it may be difficult to change the culture if there is significant turnover at the leadership level. One leader noted:

It is important to bring leaders into the process . . . There was initial resistance. This changed over time as we moved to more participatory, inclusive processes . . . Getting other people to be as much of a believer in the Baldrige Framework was critical.

We Are the Change We Seek

The leaders interviewed noted that embedding the Baldrige framework in an organization is transformational. The executive director of a Baldrige Award-winning organization observed:

The Baldrige criteria mobilized everybody; everyone knows the criteria—from the mail center to the executive suite—everybody understands what we do and why we do it—and Baldrige is responsible. People have a sense of ownership and are proud.

The leader of an Alliance program top-tier award-winning organization noted, “Baldrige has helped us to understand. Don't panic because we're asking more. Thoughtfully plan and learn from each other . . . [We] chose a sustainable goal. No one has panicked and fled.”

Focus on the Journey

The leaders of Baldrige Award-winning organizations agreed that applying the Baldrige framework is a journey. Each organization's journey will be different. The director of strategy and innovation for a Community of Excellence stated:

At the beginning, there was fuzziness about the entire process . . . It required a heavy lift, with partners taking notes and providing feedback that was then discussed with the entire leadership team. The iterative nature could be a little off-putting to the stakeholders; keeping them engaged is extremely important.

The president and CEO of a Baldrige Award winner observed, “Listen to what is important. Allow every staff member to ask, ‘How can I participate and make things better?’” Those leaders clarified that stakeholder buy-in is essential when attempting to integrate Baldrige into daily operations and organizational culture.

Bring Everyone to the Table

Customers are essential assets of any organization providing service based on the dependent relationship between value creation for the customer and the organization (Evert de Haan & Verhoef, 2015). Evert de Haan and Verhoef (2015) noted that alignment between customer needs and organizational objectives creates success for the organization. Additionally, there is a strong correlation between customer reviews and organization sales.

According to the leaders interviewed, performance excellence requires constantly building relationships and harnessing outcomes through feedback and engagement. “Feedback is a gift; you cannot miss the feedback and evaluation loop,” commented the chief executive of an Alliance program top-tier award-winning organization, further reinforcing the importance of customers and stakeholders—including members of the workforce—who are the ultimate judges of organizational performance and quality of organization services. A recurring phrase used by Baldrige leaders in their description of organizational resilience and success in the face of challenges is: “Honor the voices of the customer, communication, and culture.” Leaders interviewed also indicated that voice-of-the-customer data allow leaders to gain firsthand knowledge and information regarding customer needs and preferences, leading to improved services and performance. Recovery from accidents, service errors and mistakes, and adapting to disruptions are crucial in retaining and engaging customers in the longer term.

Improvements and learning based on customer-initiated feedback can be challenging based on categorization (Birch-Jensen et al., 2020). Regarding sharing information, the leader of an Alliance award-winning organization commented, “I try to incorporate incredibly valuable feedback, honest feedback.” The importance of customer-focused excellence cannot be overemphasized because customers’ needs and satisfaction are useful for decision-making processes that address the allocation of resources, processes, and future investments (Di Pietro et al., 2013).

As Baldrige leaders demonstrated, senior leaders play a key role in creating value for all stakeholders and in keeping stakeholders engaged. According to the Baldrige framework (Baldrige Performance Excellence Program, 2023), stakeholders include all groups that are or might be affected by an organization’s actions and success, including customers, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policymakers, funders, and local and professional communities. Promoting stakeholder engagement, involving stakeholders in key processes, and eliciting their feedback are essential to integrating Baldrige into an organization’s culture. The leader of an Alliance program, a top-tier award-winning organization in the education sector, observed, “People within the system own the work. You can’t do it alone.” That leader added:

We have to have as many people in the mix as possible You can’t proofread your own work. You can’t address what you can’t see. Get new people in—we try deliberately to

search for new and old. We are constantly aware that the whole process is intended to be a search for intelligent life in the universe.

Such statements indicate that embedding Baldrige into organizational culture involves engagement at all levels of the organization. In doing so, an organization may witness large-scale change.

Get People on the Right Bus

Organizational success depends on an engaged workforce that benefits from meaningful work, clear organizational direction, the opportunity to learn, and accountability for performance (Baldrige Performance Excellence Program, 2023). Collins (2001) noted that executives who effectively lead their organizations from good to great know not only where to drive the bus but also—and more importantly—how to get the right people on board. Leaders interviewed noted the value of having the “right people on the bus.” As the executive director of a Baldrige Award-winning school put it, “[We] have to have the right people doing the right jobs . . . We need the right people in the right places.” Several leaders spoke of workforce support and training as being essential to “taking care of your employees so they can stay with you and handle it all. You’ve got the right people on the bus talking about the root cause of any problem.” Similarly, the president and CEO of a Baldrige Award-winning organization in the health care sector advised, “Unleash the power of asking frontline employees to understand issues and, perhaps, solutions. The workforce has great potential to support the right thing to do.” Another leader of a Baldrige Award-winning organization in the service sector recommended considering the “talents of people in terms of their native intelligence, their analytical ability, their functional and technical skills, and their ability to work with one another [and] build relationships and rapport with clients.” According to those leaders, a commitment to employees is imperative in building a culture of excellence.

Equally important to leaders is the value of a focus on excellence. The city manager of a Baldrige Award-winning organization noted, “We had a good organization with hard-working, competent people. We inherited some amazing stuff, but we didn’t have intentionality.” That leader also stated, “I had very good people around. We agreed to pursue excellence because, if we’re pursuing average, then we are fundamentally disconnected.” Leaders affirmed that sometimes valuing people meant helping them find their place within another organization. The concept of having the right people on the bus meant that the organization had to have processes in place to evaluate talent and performance. Performance-related problems necessitated immediate interventions that corrected performance deficiencies. The leaders supported the idea that at the core of organizational sustainability is individual performance and ensuring that the organization’s greatest assets—people—are functioning at their highest potential. The leaders expressed the importance of accountability in achieving high performance.

Be Patient

The interviews with leaders of high-performing organizations suggested that “Baldrige grows on you.” A Baldrige Award winner’s executive vice president and chief operating officer observed, “At first, people looked at this as theoretical exercises. And then, as soon as you start to apply it to a real-world situation, it became real.” The leader of an organization that has won the Baldrige Award multiple times reflected, “My understanding of the framework grew over time.” According to that leader, an organization’s ability to grow into the framework can be facilitated by familiarity with a variety of tools to improve organizational performance management, such as Lean, Six Sigma, and Total Quality Management, that can be applied while also using the Baldrige framework. That leader further noted, “We were doing things well before Baldrige that aligned with the framework. Baldrige was an extension of what we were already doing. It validated what we were already doing . . . [We] grew into the framework.”

Establish Accountability and Discipline

Leaders of Baldrige Award-winning organizations described their pursuit of excellence as being disciplined and rigorous. The executive director of a Baldrige Award-winning organization observed:

The way approaches have changed over time is that they’ve become more disciplined. We have learned from repeated success that [these approaches] can’t be ‘one and done.’ We believe in the rigor—wash, rinse, repeat. We have found that you keep discovering new things—there IS something new under the sun every year. You can only be resilient and sustainable . . . if you follow the instructions of the framework.

Leaders also implied that to “follow the instructions of the framework,” it is necessary to hold everyone in the organization accountable for their performance. Leaders affirmed the importance of accountability and high expectations in pursuing performance excellence, in one case mentioning that to strengthen their organization’s accountability system, they introduced the concept of cascading evaluations. The superintendent of an Alliance program, a top-tier award-winning organization, observed this is the work of the strategic plan. The evaluation tool begins at the board level; we hold you accountable through monthly report-outs, weekly briefings to the board, and quarterly reports—part of the cascade is knowing when it is time for your report.

Hold Fast

Leaders explained that a steadfast commitment to using the Baldrige framework is essential to sustaining performance improvement. The leader of an organization that has earned multiple

Baldrige Awards said, “We have stayed with the Baldrige framework for a long time. We sometimes struggle with the details, . . . but I am a believer in the framework.” That leader noted that after using the Baldrige framework for a decade:

By 2012, we weren’t as diligent about it as we had been in the past, and the organization had changed—for example, doubled in size. It was time for a basic checkup We [submitted a Baldrige Award] application and got humbled. Our results were not as good [as in previous Baldrige Award applicant feedback].

According to several leaders, to sticking with the use of the framework is key. A Baldrige Award-winning organization’s leader explained, “I have never questioned whether we will continue to use the framework.” Similarly, the leader of a Baldrige Award winner in the nonprofit sector admitted, “Baldrige is hard. It can be expensive. It looks rigid, but in fact it’s actually allowed us during these really rough times to thrive.”

Embed Innovation into Operations

Excellent organizations generate increased value and performance levels through continual improvement and systematic innovation by harnessing the creativity of their stakeholders (Jankalová & Jankal, 2020). Innovation is, therefore, an integrated part of organizational success and an essential function of market adaptation and change. The Baldrige Performance Excellence Program (2023) characterized innovation as a key element of the Baldrige framework’s focus on success and innovation core value. Further, the Baldrige Performance Excellence Program defined innovation as meaningful change to improve services, programs, processes, operations, and service delivery models to create new value for stakeholders.

Building on the systems perspective, market adaptation and its relationship to innovation may be amplified by changes and challenges within and outside the organization. For example, the CEO of an Alliance program award-winning organization described how using the Baldrige criteria drove innovation and facilitated the creation of “a call distribution center that allowed care center folks to take calls from home” during the COVID-19 pandemic. A hallmark of high-performing organizations is the ability to pivot rapidly and change organizational work systems based on environmental challenges. Another Alliance program award-winning organization’s leader described harnessing the opportunity of innovation and leveraging the organization’s bandwidth to implement an:

SOS program, which is a peer support program throughout the hospital We physicians, psychiatrists, counselors, volunteers—any person in the organization who has an issue or problem or is at wit’s end or stressed—can call and be matched with someone confidentially and get help.

The importance of innovation is underscored in the Baldrige framework in several categories, including Leadership; Strategy; Measurement, Analysis, and Knowledge Management; and Operations. Jankalová and Jankal (2020) noted that innovation is a collaborative effort requiring the participation of all stakeholders. Employees need to be passionate about innovation. Senior leaders should be able to guide, inspire, motivate, and encourage the entire workforce to contribute, develop, and learn to be innovative.

The interviews with Baldrige leaders indicated that they recognized the value of innovation as a connective part of their daily work systems and processes and used these opportunities to their advantage. One CEO of an Alliance program award-winning organization described the use of Baldrige as a key advantage for resilience: “The setup of the Baldrige framework positioned us so we could be resilient.” The city manager of a Baldrige Award winner described the framework-driven focus on innovation as “creating a culture of innovation.” The Baldrige Performance Excellence Program (2023) extends and conveys the optimal climate for innovation and success as a supportive environment and a process to identify opportunities.

Conclusion

The primary message of research findings is that leaders who use the Baldrige framework and criteria to inform and guide operations and improve results achieve organizational resilience and long-term success.

The respondents embraced the bold goal of attaining award-winning performance excellence and led their organizations in various approaches to embedding Baldrige in organizational culture. These leaders used systematic strategic planning to drive accountability for high performance based on pervasive and cascading metrics. The respondents were deeply involved in the trending and analysis of those vital signs daily, weekly, annually, and more, depending on performance cycles. Importantly, the respondents indicated that leaders stick with it; notwithstanding the initially time-consuming and heavy-lifting effort of implementing the Baldrige framework and criteria. Over time, using the Baldrige framework mobilizes everyone and reminds them of what they do and why they do it.

Based on multiple successes, the research team concludes the following:

- Implementing the Baldrige framework cannot be “one and done.”
- The gift of feedback, along with approaches to learning and sharing that engage all stakeholders, is critical to success.
- The use of the Baldrige Performance Excellence Program’s framework and criteria demonstrates that, ultimately, achieving organizational resilience and long-term success depends upon not

only the resilience of individuals but also upon the resilience of everyone in the organization and the community.

Key Takeaways

- In 2024, the Baldrige Program is adapting and innovating. The transformation focuses on organizational resilience and long-term success.
- The Baldrige framework can be an organization's North Star.
- The Baldrige framework's systems perspective promotes the integration of strategic planning, learning, and accountability.
- Leaders of organizations that achieve resilience and long-term success continue using the Baldrige framework, notwithstanding the time and effort required.
- Implementing the Baldrige framework is not a one-and-done event but a lasting commitment.
- Leaders of the Baldrige framework-using organizations understand the value of feedback and approaches to learning that engage all stakeholders.

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Appendix B: Interview Questions

1. What strategies do you use to promote sustainability and resilience within your organization?
2. How did you use the Baldrige Framework to impact your organization's sustainability and resilience? How have your approaches to resilience and sustainability changed over time?
3. How did you assess the effectiveness of the Baldrige framework in promoting your organization's sustainability and resilience?
4. What elements of the Baldrige framework would you say were most effective in supporting your organization's stability and resilience?
5. What five elements of the Baldrige framework were least effective in supporting your stability and resilience?
6. What were some barriers that you encountered in the process of pursuing organizational stability and resilience?
7. How do you assess the effectiveness of overcoming the barriers you encountered?
8. What are some examples of how you used the Baldrige framework to promote your organization's sustainability and resilience?
9. What additional information could you share regarding how you used the Baldrige framework in pursuit of your organization's sustainability and resilience?

Kay Kendall, CEO and Principal of Baldrige Coach

Interviews were conducted with the following executives. All are leading their organizations on a performance excellence journey using the Baldrige Excellence Framework as their guiding model.

Steven Louis Brawley, Executive Vice President, ARCHS

Steve Lamb, President and COO, Mizuho OSI

Tom Raffio, MBA, FLMI, President & CEO, Northeast Delta Dental

Kevin Thorne, VP Operations and Service, Mizuho OSI

THE VALUE OF APPLICATIONS BEYOND AN AWARD

Kay Kendall, CPHQ
CEO and Principal of Baldrige Coach

The Value of an Application Before Applying for an Award

Why would an organization prepare an application to Baldrige or other Baldrige-based programs if it is not sufficiently mature to win an award? For many leaders, that illusive award appears to be the primary motivation to submit an application. Our experience has taught us that the award itself is generally not a sustainable source of inspiration for a leader to continue on the performance excellence journey. We believe that it is important for senior leaders to identify and leverage the many other advantages that come with preparing and submitting an application.

We acknowledge that it takes time and effort to put together an application. How do you weigh that investment against other places where those resources could be invested? We think it is important to look at a variety of beneficial uses for an application other than to apply for an award.

Of course, if you do submit an application, you'll also receive valuable feedback from the only objective consultants you'll ever engage – quality award program examiners who sign conflicts of interest statements to ensure that they can have no material benefit from reviewing your application, sometimes for as long as five years. Where else can you get such an unbiased view of your organization?

Performance Excellence Journey

Are you on a performance excellence journey? You may be surprised that one way to accelerate the rate of improvement is by preparing an award application. Even if you don't submit it, you'll identify gaps on your own as you write your responses to some very important questions, beginning with the Organizational Profile. These questions will require you and your senior leaders to have intentional discussions on topics such as your most important products and services – first, by having to agree on the criteria by which you'll decide. Several of our clients have “re-purposed” their Organizational Profiles to serve as recruiting tools for Board members and other senior leaders.

It provides an inspirational snapshot that is useful to capture the essence of an organization in a succinct manner. It can also be used as a keystone of the onboarding process to reinforce culture, purpose, vision, mission, and values. The rest of the criteria questions are also informative about what is required to be a high performing organization when tested against the scoring guidelines for processes and results.

Another benefit to preparing an award application that we have heard repeatedly cited is the development of a common language and common methodology and tools for continuous improvement and innovation. People can more quickly come together to tackle problems and perform process improvements when they speak the same language and approach issues in a systematic, repeatable way. Steve Lamb describes it this way, “We now try to use the Baldrige language in internal business communication. Clear terminology is appearing in more presentations, which helps all involved to a better understanding in interdepartmental communication.” Kevin Thorne reiterated that the “common language gave us a way to talk about how our processes are developed and deployed.” It’s a way to promote teambuilding across the organization.

The holistic nature of the criteria, with its systems perspective, helps to integrate ongoing initiatives and leverage them for better results than they could obtain individually. This common language also reinforces the culture you are trying to create and sustain in your organization and helps to accelerate improvement and innovation. The quality award criteria emphasize establishing your organization’s purpose—your higher calling. Multiple studies have also proven that this is key to workforce engagement and retention. (“The Power of Purpose in the Workplace,” Great Places to Work, 2023)

Getting Started

Two of the senior leaders we spoke with started with a simplified self-assessment to calibrate where they were on the continuum of organizational maturity. The President of a third company already had several external validations of the maturity of the organization, and thus felt confident in diving into the “deep end of the pool” by developing an application for Baldrige. In each case, the senior leaders formed six category teams supported by a small internal core team to coordinate the meetings and project plan. They also invested in experienced coaches to help “decode the Criteria” prior to creating an application.

Steve Lamb said, “If you’re going to do this as an extra ‘on the side,’ it’s going to wither and die. No one has a surplus of resources to take on work that doesn’t accelerate or propel the organization forward.” Steven Brawley echoed this point of view, “The Baldrige framework cannot be an ‘over there’ thing. You have to use the language and concepts every day. As you review and adjust old and new processes, you have to constantly reinforce with staff, ‘This is how we used to do and explain our work, and here is how we are adapting and adjusting to provide better service to our customers’. Using the plan-do-learn-adjust (PDLA) model is now second nature for us.”

Why Baldrige?

Kevin Thorne stated, “Baldrige differentiates itself from other standards such as the various versions of ISO through the Scoring Guidelines. It differentiates itself with the Learning and Integration dimensions. It’s like a process standard on steroids. Baldrige takes it to the next level.” Steve Brawley said, “The Scoring Guidelines are like a recipe for a prize-winning cake – one missed step or the wrong ingredient can ruin it.”

Kevin summed it up with, “The Baldrige Criteria is the single best holistic structure to organize a business around. It is comprehensive and addresses all critical aspects of high-performing companies and those that aspire to be.”

The Value of Only Questions with No Prescriptive Answers

The Baldrige Excellence Framework criteria consist only as a set of questions with no “answer key” in the back of the booklet. Steve Lamb said, “At first, the questions are intimidating. You find yourself thinking, ‘I don’t have any answer for that,’ but the question is a good one, and I ought to have an answer for it as I lead my organization.” As he continued on the performance excellence journey, he appreciated the fact that this approach allowed him to view the questions in the context of his own organization and to share the responses in terms of what they ought to do. The fact that the criteria are not prescriptive is appealing to many leaders who resist cookie-cutter approaches that don’t take into account the unique aspects of their organization.

Highlighting Strengths

Part of preparing an application includes featuring things your organization already does well and high-performing results you’re achieving. Even if you work in an industry that experiences audits, you will never receive recognition for your strengths, only citations for deficiencies. As Steve Lamb said, “Putting together an application exposed many individuals in the company to the value of good processes and highlighted the things we already do well. And we also learned that we needed to celebrate our successes more often!”

Identifying Opportunities for Improvement (OFIs)

As you prepare an application, you will identify some Opportunities for Improvement (OFIs), gaps in your organization’s performance against the requirements of the criteria. Tom Raffio said, “We thought we knew all about ourselves, but when we get into the details, we saw that some people did things one way, and others did it differently. That was eye-opening and caused us to see the value of mapping out and training on key processes.” Consistent use of consistent processes reduces variation and promotes efficiency.

Clarity and Consensus

Steven Brawley pointed out that the development of the Organizational Profile spawns intentional discussion on issues that had not been agreed upon by the senior leaders. This lack of clarity creates ripples of misalignment throughout the organization. Steve explained, “The application process helped us to put to rest a long back-and-forth debate about who our customers really are. We can now clearly articulate who our customers really are and who our stakeholders really are and the value we bring to them.”

Workforce Development Opportunities

Many of our clients have expressed their appreciation that application preparation provides developmental opportunities for leaders and “high potentials” in their organization. Over the course of preparing an application, participants will learn more about your organization than from nearly any other developmental assignment. They will see the organization as a system, realizing that each part doesn’t operate in a vacuum but has relationships with other parts in a holistic view. Preparing an application also enables the participants to evaluate the efficiency and effectiveness of those relationships. The whole process provides almost a mini-MBA with your own organization serving as the “case study.”

Tom Raffio described how this benefited a new VP who had joined the company less than six months before this effort began. “It gave us several benefits. He got an immersion into the criteria and into his own functional area. And it benefited the Board and me because we were able to recognize his potential much faster than we might have with a traditional onboarding process.” He continued, “Some people were unexpected – hidden jewels in the company. Those are the people who have what it takes to take the company to the next level.”

Creating an Alignment of Goals to Move the Needle

An important element of the Baldrige criteria is achieving excellent results, which accounts for 45 percent of the total allowable points. This begins with the Organizational Profile where key requirements and related results are identified. Category 2 is all about the development of strategy, identification of related strategic objectives, and then follows up with the systematic deployment of action plans, assignment of resources, and the desired results. This process ensures that with the performance improvement system described in P.2c the needle gets moved on results that matter and that contribute to the organization’s higher purpose and accomplishment of its mission.

Rallying the Troops on Measurements and Achieve Excellent Results

Steven Brawley said it best when he said, “For ARCHS, preparing the application reinforced our strengths and gave us many OFIs to focus on, but it really ‘rallied our troops,’ and all levels of staff expressed a strong sense of pride to be associated with ARCHS.”

Tom Raffio said, “We discovered some gaps in our information. We learned that we needed to create new metrics and to make them more accessible instead of gathering the folks when we needed to know how we were doing, not just about creating dashboards but systems of real-time data reporting that allows us to take action.” All of the senior leaders we spoke with identified the need to obtain more comparisons and relevant benchmarks. Steve Lamb said, “We learned that we performed well in many areas but that we also needed more metrics.”

In contrast, Steven Brawley said, “We learned how much data we had that we weren’t using. But we also realized that we didn’t have the processes in place to keep track of, and report, the data in a timely manner.”

Conclusion

When is an application more than an application? When senior leaders see the value of the journey to performance excellence and the learning that occurs along the way. Each of the four senior leaders we spoke with were adamant about the value they have received from embarking on the journey and preparing an application and would do it all over again.

In the following self-assessment, you can evaluate your organization across seven areas. Your scores can inform you on areas to focus on as well as the same areas that could benefit from an application, regardless of whether or not you’re applying for an award.

Key Takeaways

- Engaging senior leaders in intentional discussions provides consensus and clarity
- Making the implicit become explicit leads to Baldrige becoming the way you do business and not some effort “on the side”
- Preparing an application helps to identify strengths and opportunities for improvement (OFIs) that lead to measuring what matters and achieving excellent outcomes
- Developing an application isn’t all about earning an award

Usefulness of a Baldrige-based Application						
Key Areas	Not at All	A Little	Somewhat	Mostly	100%	Comments
Our Senior Leaders have discussed and agree on what is most important to the organization						
We have a common language of improvement used throughout our organization						
Everyone in the organization knows the most important top goals and how they contribute to them						
When we self-assess, we identify strengths as well as opportunities for improvement (OFIs)						
We have identified high-potential individuals and created developmental assignments for them						
We have identified measures to track our progress toward achieving our most important goals						

LEADERSHIP AND MANAGEMENT PERSPECTIVES

CONTINUOUS IMPROVEMENT THROUGH ENGAGEMENT AND EMPOWERMENT

Raymond Floyd

Member of the Industry Week

*Manufacturing Hall of Fame, The
Shingo Academy, and the Baldrige
Board of Overseers*

The most critical factor for achieving the best pace of improvement in any organization is establishing an environment where everyone in the organization can - and does - make his or her own best contribution every day. The potential for that best contribution which everyone has includes both doing the normal work and making improvements to the work product, the workplace, or the way the work is done.

In far too many organizations only a few people - generally managers, engineers or other professionals - conceive and execute all the improvements. Everyone else just does the routine, repetitive work in the same way each day. That is not very satisfying for most people, and it is no longer competitively sufficient. In the current competitive environment, everyone needs to participate in improving the organization and they need to do that in a structured way in order to ensure success while avoiding the potential pitfalls of an inappropriate change.

The challenge for leaders is to create an organization where all people can improve their work and their workplace, but with the assurance that everyone is making only those changes that contribute to the organization and making those improvements in a way that is certain not to have any adverse impact. This activity is often called “autonomous improvement,” but that term implies

a lot more freedom of action than is realistically permissible. A more correct term is “empowered improvement” or “continuous improvement” because what is permissible is to establish a closely managed system that engages all people as part of the improvement team and empowers them with freedom to continuously make improvements - but only the right improvements made only in the right way within carefully defined boundaries.

Continuous improvement is a critical factor in organizational resilience which the Baldrige Program defines as “being ready and able to adapt, innovate, and thrive in an ever-changing dynamic environment.” As is often said, change is the only constant, and the organization with the greatest ability to lead change or respond to the changes of others will be the most successful.

The reason that improvement requires structure is that improvement implies change. In order for things to be better they must be different. Positive change requires innovation to try new ways or new things. Although people in different situations undertake innovation in different ways, innovation to try or demonstrate a new practice is a truly critical element of improvement and should be encouraged. But the innovation must be within a structured environment as introduced above to ensure that the outcome of innovation is always positive and safe.

An example of innovation at the front line occurred in a consumer products company making toothpaste. They began to receive complaints that some boxes did not have a tube of toothpaste inside. After some months of design work and purchase of complex devices and controls, the engineers installed a very sensitive scale that would detect an empty box and stop the production line. The cost of that solution was several thousand dollars, and it didn’t solve the problem, but only prevented the problem from getting to the customers. After a short period, the engineers noted that the line was no longer stopping. Upon investigation they found that the production team had gotten tired of restarting the line and installed a small fan near the line that blew empty boxes into a trash can. The small fan cost about twenty dollars. An innovative solution is often the best solution for a small problem.

The competitively important effect of continuous improvement is easy to demonstrate. In a traditional organization where a small group of professionals is responsible for all the improvement, the average performance change over a long period is about 3 percent compounding annual improvement (U.S. Bureau of Labor Statistics, “Productivity in Non-Farm Business Sector) with essentially all that improvement derived from large improvements made by professionals. That average comes with a range from “things got worse” to about 6 percent annual improvement. There are always good years and bad years, but in the life of an organization, the long-term average is the important measure.

A movement described as “self-managed work teams” (High-Performing Self-Managed Work Teams, Dale E. Yeatts, Sage Publications, 2012) arose in the mid-1980s. These organizations remove essentially all managers, engineers, and others typically engaged in improvement and

allow the front-line teams to do the work, administer the work, and improve the work. Having reviewed a great many studies of such organizations, all claim that the employees on the self-managed teams achieve more than those same people achieved before. These organizations report an average of about 3 percent compounding annual improvement achieved through small continuous improvements. But none of those studies claim that in the long run the self-managed organizations are more successful than others or have become leading organizations in their field. The apparent issue is that, over time, in addition to small continuous improvements that improve performance in the current situation, truly competitive organizations also need the big discontinuous changes made by professionals that transform the organization.

It is easy to think about creating a situation where those two results combine for a long-term average of 6 percent annual improvement. That should be achievable because, properly done, the two groups approach different improvements in very different ways. Professionals should practice large discontinuous change while everyone else practices small continuous improvement. For these purposes, discontinuous change requires corporate scale resources: a lot of time, money, and specialized expertise. Discontinuous change normally impacts a large part of the organization such as a new product, a new facility, a process change, an expansion, or a merger. Discontinuous change occurs only periodically and is something only dedicated teams of professionals can do. Continuous improvement generally requires very little time, money, or specialized expertise and in the right environment small improvements can happen continuously and can be realized by everyone in the organization.

Although regularly achieving 6 percent compounding improvement is attractive, the competitively critical opportunity here is to create real synergy where properly combining the big and small initiatives can produce more than the expected result of adding the two together. In a traditional organization, few people are making small improvements, so some professionals are always doing things that others could do. There are small problems that need attention from someone and in a traditional organization that is a professional. Professionals often monitor and administer the work of others, who could do that for themselves. There are often suggestion programs where professionals review many small ideas and do a few of them. The professionals doing all things of this sort have been diverted from the work that only they can do.

By reimagining the organization so that many people are taking care of the routine repetitive work of the business and also making small improvements, more professionals have more time for the big changes only they can make. Further, when a lot of people are making many small improvements, the professional staff can incorporate those improvements directly into new projects, products, or equipment so that future big events are both more frequent and better. In an environment of engagement and empowerment, the professionals have time for more big events, the big events are better than before, and each big event provides a green field of new opportunities for more small improvements.

In such a synergistic environment of more frequent and better big events plus continuous small events - all focused on the strategic goals of the organization - it is possible to regularly achieve a long-term average approaching or exceeding 10 percent compounding annual improvement. I personally have seen many organizations achieve a compounding average pace of improvement greater than 16 percent per year toward the strategic priorities of the organization and receive public recognition for excellence (Butterworth Systems - UK Queen's Award; Gilbarco - Industry Week Americas Best; Exxon Baytown - Americas Best; Exxon Butyl Polymers -Shingo Prize; Japan Butyl Company - JUSE TPM Prize; Suncor Energy - Canadian Institute of Mining; Plasco Energy – New Economy Magazine; Exxon France – L'Usine Nouvelle). No one improves everything at that pace, and nothing can improve at that pace forever. But it is well demonstrated that a few focused strategic objectives can sustain that pace. Strategic goals necessarily evolve over time creating new opportunities for great improvement, and many leading organizations have had double digit improvement against their strategic goals for decades.

The effect of this accelerated improvement rate is exciting. In physical terms we can think of an organization's competitive situation as consisting of position, speed, and acceleration. Position is the organization's current competitive ranking; speed is the organization's current performance; and acceleration is the rate at which current performance is changing. Any physicist or mathematician knows that over time acceleration always controls the outcome. Independent of the starting position and current performance, the organization that is continuously improving at the fastest pace ultimately will occupy first place.

In 1970 GM was unquestionably the largest and most profitable industrial organization in the United States (Fortune 500, 1970). GM alone controlled almost 40 percent of the U.S. domestic new car market (Knoema.com/infographics/floslle/top-vehicle-manufacturers-in-the-us-market). In 2009 their products were of better quality and their operations were more efficient than in 1970, but they entered bankruptcy and needed government intervention to survive. Today they have continued to improve but control less than 20 percent of the U.S. domestic market (Knoema.com/infographics/floslle/top-vehicle-manufacturers-in-the-us-market). During the last fifty years GM has improved a lot, but the competition has consistently improved much faster including both continuous improvement in operations and discontinuous changes to their products. The same thing happened to Motorola which once dominated mobile phones, and Xerox which once dominated document copying.

The pace of improvement - including both large and small strategic changes - is well demonstrated to be the determining factor in long term competitive success. Such improvement always requires that every person in the organization participates to the best of their abilities. The general concept is that, with more people making improvements, more improvement will occur.

Creating Engagement and Empowered People

As mentioned above, the great fear of allowing everyone to participate in improvement is that improvement always implies change. No organization can tolerate or benefit from random changes. Without a shared strategic vision of the future and carefully managed boundaries, many people will have many different ideas of what constitutes an improvement and random change is the result. Many organizations such as chemical operations, food processors, or hospitals cannot risk the possibility of a change that could cause great harm and those organizations necessarily operate very rigorous practices for “management of change.”

Empowered people can only exist and successfully cause real improvement in an environment that is careful to ensure that all changes are additive to and compatible with progress toward the organization’s goals and that all changes occur only within well-known boundaries that are consistent with an organization’s management-of-change requirements. The other side of the same issue is that no one will want to participate in empowered improvement if there is a personal risk that they might make a change that could result in criticism or even discipline.

Everyone benefits when the system for continuous improvement is very well understood. Successful improvement at all levels is always focused and well controlled. The key transformation is to create and manage an environment that enables the synergistic existence of large and small improvement. As a concept, the equation for success in creating empowered improvement is simple.

“You can make improvements toward these goals, using these improvement tools, within these boundaries. We will provide you the resources to make improvements and the time to coordinate with others. The process of improvement must always be visibly apparent.”

The system for managing empowered improvement that seems to work the best and which creates a culture that conforms to the above concept consists of six elements.

- Shared goals
- New common skills for improvement
- Boundaries within which empowered improvement is allowed
- Resources to make changes
- Time to practice improvement and to coordinate with others
- A visible process for improvement

Organizational Culture

The first thing to know about organizational culture is that every organization has one. Unfortunately, most organizational cultures have not been created on purpose to advance the organization. They are the accidental result of many people bringing their personal cultures to work with them, combined with a structure based on fear of unmanaged change and organizational hierarchy. In order to transform your current culture into one that successfully promotes empowered improvement, you will need to purposely construct and deploy a new culture.

Fortunately, although you need to create a new culture with attributes appropriate to continuous improvement, creating a new culture is not an unknowable soft-skill challenge or something likely to create disruption. Situational cultures that people adopt only in certain groups, places, or conditions are very common and most people already have experience living in such a situation. If the new culture of engagement is well done it will be very well received.

Sociologists define a culture using four criteria:

- Values (the aspirations that we share)
- Beliefs (the path to achieving our aspirations)
- Behavior (the way that we live out our aspirations)
- Rituals (the special things we do as part of our group)

For organizational purposes we can translate those social terms to corporate criteria:

- Goals (what we plan to achieve)
- Strategies (our major initiatives)
- Tactics (the way we work)
- Standard Work (the special ways we do certain things)

The new culture exists when essentially everyone knows and practices these four attributes. By establishing these criteria, you will have created a new way for people to engage. Everyone shares a knowable way of working together in a more productive manner. Culture is not a mystical creature; it is simply the definition that gives structure to our interactions.

A convenient model is to think of establishing a corporate culture of engagement as creating a combination of our shared experiences of living with others in big social cultures with our personal experience of working or playing with others on small teams. We have all participated in successful small teams where everyone shared the same objectives, everyone knew their personal contribution, and most importantly, everyone worked together to continuously get better. Creating a culture or environment that enables empowered improvement is formally creating a big version

of the several characteristics naturally shared by a small team.

SMART Goals and Goal Translation

A truly critical first step toward getting everyone to contribute improvements that help to achieve the organization's goals is to clearly define your goals and translate those goals to each person or small team so that everyone knows that they are part of a bigger effort, and everyone knows specifically what they should do to support that effort. Absent such clear communication about what improvement is needed, simply asking people to make improvements often results in a great many different personal versions of improvement: some going forward, some going backward, and some going nowhere. Starting with clear, widely shared, and carefully translated goals is essential.

Communicating the corporate-level goals to everyone is not sufficient. Translating the goals so that each person or small team knows their own part of the bigger goal is essential. Unless a person knows how the corporate goal impacts them and their work, they cannot practice improvement in a way that certainly contributes to organizational success.

The best goal is a SMART goal. That is a goal that is Specific, Measurable, Achievable, Relevant, and Time bounded. Those criteria all seem to be self-evident except perhaps Achievable and Relevant.

The constraint to have achievable goals does not imply that all your goals must be easy to achieve. The critical issue is credibility. Your goals can be as aggressive as you can tolerate so long as everyone believes that reaching the goal is possible. A goal that most people do not believe to be possible has the same impact on engagement as no goal at all. As discussed below, in some situations, you will be developing new capabilities that change what is possible. Communicating that expectation and demonstrating the efficacy of the new capability at the earliest possible moment will be important to making aggressive goals seem possible.

The companion issue with achievability is that your goals must be within your control. For example, if you are in a commodity business where your product is fungible with the same product provided by others, the price of what you sell is determined by the marketplace, not by you. You can have a goal to improve your profits by differentiating your product or you can increase profits by increasing volume or reducing costs. However, with a pure commodity a goal to increase profits by raising prices is not within your control.

The best practice is to set goals to do things that are certainly within your control. Most organizations have aspirations or needs for external outcomes which can be thought of as goals, and it is perfectly appropriate for the impact or outcome of achieving your goal to be either internal or external. But

the things you plan to do to achieve the goal must be things that you control. Targeting external outcomes without defining the internal activities that will result in those outcomes often leads to the disappointment of failing to achieve your goal despite perfectly doing all that you can do.

Relevance is a little more complex. In most organizations there are one or more “overarching” goals, or goals that have primary importance. All other organizational goals should be relevant to the overarching goals, derived from or supporting them. An organization can always decide to do things that are not related to their primary goals, but those will be independent initiatives, not part of the universal goal and goal deployment process impacting all the people.

As goals are translated throughout the organization many people or small teams will decide what their best contribution will be so that their own improvement efforts will be a subset of the organization’s goals. That is where the relevance constraint becomes critical. For real success, all improvement in all places should be additive to and compatible with the organization’s goals. That is the only path to achieving great progress toward strategic outcomes.

As an example of the potential problem, in one organization the overarching goal was to greatly increase production. However, the maintenance team decided that their improvement focus would be reducing the cost of maintenance. Although reducing costs is often a good maintenance goal, that can be a very different goal from conducting maintenance in a way that increases production.

Pursuing the maintenance goal of reducing costs resulted in production equipment sitting idle waiting for service rather than being in operation. The maintenance team was “improving” their own performance in a way that reduced total production. In the same way that everyone on a small team naturally knows their role, the importance of ensuring that you create a big team where everyone formally knows their role as one part of the whole cannot be overstated. In the goal translation and deployment process, careful review to ensure that all goals in all places are relevant to the overarching organizational goals is essential. Some people refer to this as having the system view or the big picture view.

Goal deployment and translation should occur starting from the overarching organizational goals and progressing to the front-line goals and activities in an orderly step-by-step process. During this process, at each level of the organization, there should be a three-level system view. Each team should know what the goals are for the person to whom they report. They should know their own goals, and if there is a further level, they should know the goals at that level as well. The purpose of the three-level view is to maintain relevance as goal translation proceeds. For the organization to achieve the best pace of improvement everyone needs to be making their own best effort to achieve the same objectives.

Good goals have at least a three-year horizon and should be revisited to reflect progress and changing conditions at least once per year.

Shared goals fulfill the first part of the equation for success:

“You can make improvements toward these goals.”

New Common Skills for Improvement

A frequently stated belief is that the people at the front line of a business know more about the problems than anyone else. That is almost true. What is completely true is that the people at the front line know that there are problems. There is, however, no reason to believe that knowing that a problem exists also implies an ability to identify the root cause of the problem and realize an effective resolution of the problem.

The people at the front line are doing the work because someone taught them how to do the work. If we also want them to improve the work, then we need to provide them with the skills appropriate to that as well. Fortunately, there is an abundance of new tools especially appropriate for improvement at the front line.

The leader’s task is to select from among the many available tools the few tools that are most appropriate to the needs of your team. The need to identify a few common new skills is to ensure that the new skills are well understood throughout the organization and that they are taught and used properly. For example, statistical assessment of process capability is a great tool for improvement, but it would be improper to use it as a substitute for product quality protocols which ensure that only good product reaches the customer. Another reason is that there are many new tools especially designed for use in continuous improvement but there is no value in sheep dipping the entire workforce in all the available tools of improvement. That consumes a lot of resources and typically produces almost no useful result.

Teach people the few tools that they need now and will use now. Then plan to have more tools available to deploy as needs and capabilities mature or change. A good approach for this task is to assign a few carefully selected front-line individuals to master some of the new improvement tools and help others at the front line use them well. Learning from a trusted colleague is often far more effective at the front line than learning from an engineer and avoids the potential of engineers becoming the implementation force for small improvements.

A good example of this need for new skills is the maintenance team mentioned above that had decided that they wanted to reduce the cost of maintenance. They were able to do that without any new capabilities. They already knew how to reduce overtime, and other traditional cost reduction steps. When their goal was restated to focus on returning the equipment to service as fast as possible, they did require new capabilities. They were taught the SMED tool to organize their work (SMED is the acronym for Single-Minute Exchange of Die, SMED, A Revolution

in Manufacturing, Shigeo Shingo, CRC Press 1985) and the 5S tool (Sort, Set in Order, Shine, Standardize, and Sustain, 5S For Operators: 5 Pillars of the Visual Workplace, Hiroyuki Hirano, Productivity Press 1966) to organize their workplace. After that, the maintenance team changed the way they did maintenance work and changed the shop where maintenance work was done. They did not change the work itself, but they began to approach equipment maintenance as a racing team approaches a pit stop. Equipment availability increased greatly. Maintenance costs dropped as well. With new capabilities, a different approach to maintenance improvement became possible.

One important caveat is needed here. Many organizations focus only on the tools and attempt to deploy the new tools of improvement with a lot of training but without creating the proper environment to enable everyone to use them. The tools alone are not sufficient and having the tool without more is close to useless. Failure to deploy the new tools of improvement within an environment that enables people to use them is the most common cause for operational excellence initiatives to end in disappointment.

New skills for improvement fulfill the second element in the equation for success:

“You can make improvements toward these goals, using these improvement tools.”

Boundaries Within Which Empowered Improvement Is Allowed

Ensuring that empowered improvement only changes things in a way that is always carefully managed is critical to ensure that these changes never cause a bad outcome. The way to “manage” empowered activity to ensure that it is safe is to set very clear boundaries for action. Empowered improvement is allowed here ... but not there.

The easiest form of boundary is to allow people to change the way that they do the work and to change the workplace where the work is done, but not to change the work itself. That is always a good starting place that can be adopted quickly. A surprising amount of improvement can occur with no risk with this initial boundary condition in place.

Sometimes very specific boundaries are appropriate. For example, in a high temperature, high pressure oil processing unit we decided that no empowered change could ever be made on any part of the pressure boundary of the equipment. In the maintenance shop for the haul trucks in our mine, we set the boundary that no empowered change could ever be made on the brakes, engine, or steering.

Interestingly, these rules did not prevent the teams from having good ideas in those restricted areas. The improvements they were authorized to make often led to recognizing other improvements that required someone else to engage.

For example, mine trucks require that the engines be rebuilt after about 5,000 hours of operation. Working with a continuous improvement mindset the mechanics noticed that when they were putting a big engine into a big truck and mating it with other big parts that were also changed periodically the stack of tolerances often resulted in a condition where the pieces didn't fit perfectly. Specifically, the mechanics noticed the steel pipe of the exhaust manifold often required a lot of pushing and pulling to get it positioned properly before it was welded to the engine. That problem slowed the engine change process and resulted in a high stress installation that, due to vibrations during operation, led to cracks in the pipe with resulting break/fix maintenance later.

The mechanics proposed substituting the steel pipe connection with a high temperature flexible hose. That was a change to the engine, and they could not do that alone. But they proposed it, got a meeting with an engineer who assessed the technical situation and approved it. The mechanics then changed all 143 of our trucks without further intervention from engineering.

Continuous improvement is like most things: imperfect. Good boundaries provide the organization with assurance that an imperfect improvement will not cause harm and boundaries also give the practitioners of empowered improvement confidence that although their effort might not be successful it will never result in criticism or discipline. Start with the generic boundary and develop the specific boundaries appropriate to your operation.

Clear, carefully selected boundaries fulfill the third element of the equation for success:

“You can make improvements toward these goals, using these improvement tools, within these boundaries.”

Resources to Make Changes

Another consideration as an organization moves toward continuous improvement is that many times people are provided with new tools for improvement but not given the opportunity to use them. In the same way that improvements require change, changes normally require resources. Small event improvements do not require a lot of resources, but almost any change requires some resources.

Organizing a maintenance shop to be more effective might require buying tool chests or storage shelves to allow frequently used items to be instantly available and avoid having the mechanics delay the work by standing in line at the tool crib or the parts window. It might be something as simple as painting a square on the floor with the intent that the power lift is always returned to that place so it can be found easily. It could be an hour or two with an engineer as described above.

Whatever the need may be, there must be some ability for the improvement team to access resources. It does not have to be a lot. Small improvement teams can achieve great progress with

just a few resources. The critical issue for success is that with no resources they will achieve very little. Providing each small team with access to some resources is important.

Another interesting thing about assigning some resources to be available to the front-line team is that most teams have many ideas about improving their work and their workplace. When the team has a small budget, they routinely do an excellent job of prioritizing those resources to the very best of the many ideas. In that way they grow as a team and become continuously better as a force for improvement.

Providing the necessary resources fulfills the fourth element in the equation for success:

“You can make improvements toward these goals, using these improvement tools, within these boundaries. We will provide you the resources to make improvements.”

Allocate Time to Practice Improvement and Coordinate with Others

Time is a special resource that needs special attention. When people are at work, management controls their time, often very carefully. But a mechanic who wants to organize the workplace for greater effectiveness cannot do that while working on a truck.

Importantly, changes very often require more than one person or even more than one team to engage. For a change that is entirely within a single team, the team may need to meet once a week to identify which of their many ideas to progress from concept to implementation and how that will occur. Or the day shift team may have an idea that needs to be coordinated with the night shift to ensure that operations are consistent. That coordination requires that multiple people have their improvement time at the same moment which means that someone who is managing their time needs to make that possible.

These small meetings are very often a source of improvement in the ideas that will be implemented. A good idea, after review with several other people who are trying to fix the same problem, normally becomes a much better idea.

A very critical element of the need to coordinate is when one team has an idea that they could execute alone but that idea impacts other teams. For example, a warehouse should not change the way mechanics get parts without talking to the mechanics. Until we recognized this as an issue and incorporated coordination with other teams as a necessary element of the improvement process, the experience of one team improving in a way that made other teams worse was very real and far too frequent. This is another example of the need to share a common understanding of the system or big picture of the work to be done.

Providing people with this time is a job for the local supervision. If one individual needs time to

organize the shop, that time should be provided. If a team needs time to decide a way to organize the shop that they all agree upon, then that coordination time should be organized. When an improvement impacts multiple teams, then the supervisors of all the groups impacted need to arrange a time for appropriate people to meet.

In the same way that little improvement will happen without access to some resources, there is a high probability that improvement will be less than it could be or even disruptive without arranging the time for practicing improvement and for coordinating with others impacted by the changes.

There is no implication that this requirement will consume a lot of time. Planning and coordinating small events only requires a small amount of time. An individual to organize the shop should be quickly self-funding. A short weekly team meeting at the start of a shift should be time bounded. One supervisor bought a few pizzas once a week and the team meetings occurred during the normal lunch period. The critical issue is that time is a necessary and special resource needed to enable the improvement process.

Providing time to plan, execute, and coordinate empowered improvements fulfills the fifth element in the equation for success:

“You can make improvements toward these goals, using these improvement tools, within these boundaries. We will provide you the resources to make improvements and the time to coordinate with others.”

A visible process for improvement

The final element to ensure that the practice of continuous improvement is carefully managed is to have a well-known process for the teams to make decisions, manage their resources, and demonstrate their work. These are often called “Quality Stations.” Each front-line team should have a Quality Station where they show their work. There are four consistent attributes of every Quality Station. The team needs to show:

- what goals they are pursuing
- what they have already achieved
- what they are doing right now
- what ideas they have for the future

Normally there are no specific rules for the appearance of a Quality Station, just that each one must show those four elements. As a result, the appearance of Quality Stations varies widely

depending on the personality of the team. Some teams have very impressive displays, and some have a few sheets of yellow tablet paper stapled to the wall.

Making these four elements visible is an important part of the process. It ensures that the team is pursuing goals that are additive to and consistent with the overarching goals. It ensures that each team is making progress. It ensures that each team is actively developing new ideas and working on the current best idea. A team that is not progressing needs help and should get help. Finally, it ensures that the changes are documented so that they are not in place for a short time then forgotten. Importantly, the visibility of improvement activities often gives other teams a place to get new ideas. Replicating a successful idea in one place to many more places is a fast and easy way to make progress.

A team meeting around the Quality Station is the opportunity for the team to work as a team, proposing new ideas, deciding which idea to promote to action, deciding how to deploy the resources available to them and which team member or members will have the lead on the current project.

Quality Stations also provide an opportunity to engage with executives or other visitors in a different way. Instead of chatting uncomfortably about the weather, sports, or some other random topic, and receiving insincere generic words of encouragement, people can have an intelligent discussion about their work, which is the thing they generally have in common with visitors to their workplace. In that way the visitors to a Quality Station can provide well-informed very genuine support for the team.

A related issue to informed personal recognition of success is that there are other forms of recognition. A lot of people prefer cash, but I have always avoided that. Recalling the days of suggestion programs, cash always seemed to be more problematic than useful and often seemed to create disappointment rather than joy and competition rather than cooperation. If an alternate form of recognition is desired, I prefer food. On hot summer days, I or another manager would often take a pickup truck full of ice and cold drinks around the plant. Sometimes when a team had been quite successful, I or another manager would take the plant's BBQ trailer to their workplace and cook them a steak dinner for their mid-shift meal. These are small, shared celebrations that can be very frequent and which cause joy not competition.

There are lots of ways to provide recognition. The key issue is that recognition is always valuable. It is interesting just how extremely good people feel when they can make their own work or workplace better; when they are actively engaged rather than just repeatedly doing the same work again. But it should not be surprising. Everyone at all levels of the organization wants to go home with a sense of achievement. They want to tell their children how they thought of a way to stop the toothpaste line from shutting down. But receiving something extra in return is always helpful and appreciated. This is an opportunity for management to be innovative.

A visible process for improvement fulfills the final element of the equation for success:

“You can make improvements toward these goals, using these improvement tools, within these boundaries. We will provide you the resources to make improvements and the time to coordinate with others. The process of improvement must always be visibly apparent.”

Conclusion

One interesting lesson from many years of practicing continuous improvement is that, in addition to enabling world class competitive performance, it transforms the workforce. Very few people get up in the morning hoping to do a routine, repetitive activity all day. Most people want to make a special contribution, not simply do a job, and they want genuine appreciation for their contributions. A well-structured environment for empowered improvement transforms the work experience for the people in your organization. People feel more valued, more engaged, and they can experience personal and professional growth.

Very simply, continuous improvement makes things better for your organization and for all the people within your organization. Many consultants in the field of operational excellence focus on the elimination of various forms of waste. Perhaps the greatest waste of all occurs when the human capacity and desire of all people to make things better is not fully enabled.

EXCELLENCE - THE TATA STEEL WAY

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Tata Steel is a flagship company of the Tata Group.

Tata Group, established by Jamsetji Tata in 1868, is a global conglomerate headquartered in India, encompassing approximately 30 companies across ten diverse sectors with operations spread over 100 countries and six continents. The group reports revenues of \$150 billion and employs over 1 million people worldwide.

Within the conglomerate, Tata Steel Group has been in the metal and mining space for over 110 years. With a crude steel capacity of approximately 35 million tons per annum (MnTPA), it is one of the world's most geographically diversified steel producers (India: 21.6 MnTPA, Netherlands 7 MnTPA; UK 5 mnTPA; Thailand 1.7 MnTPA) with an employee base of over 78,000. The group recorded a consolidated income of INR 2,29,171 crore (\$27.7 billion) in the financial year ending March 31, 2024

Founded in 1907, Tata Steel India is Asia's first integrated private steel company. Its operations range from mining to the manufacturing and marketing of finished steel products. The crude steel capacity across Indian operations is 21 MnTPA with an income of \$17.3 billion in FY 2024 and a well-diversified workforce of over 44,000 employees. Tata Steel India serves sectors such as automotive, construction, and general engineering through its offering in the flat and long product steel segments.

Tata Core Values: Bedrock of Excellence at Tata Steel

The five core Tata values underpinning the way we do business are: Integrity, Responsibility, Excellence, Pioneering, and Unity.

The “Spirit of Excellence” has been embedded in Tata Steel since its inception. Exemplified by the industrial city Jamshedpur, which boasts of being India’s first planned industrial city, the model industrial township not only houses the steel plant but also provides for the holistic development of its workforce, including housing, health care, education, and recreational facilities.

Operating in India since its foundation in 1907, organizational excellence is a way of life at Tata Steel.

Since the delicensing of the steel industry in 1991, Tata Steel has grown ten times from about 2 MnTPA in 1991 to over 21 MnTPA in 2024, with an increase in both capacity and product portfolio. This growth has been enabled through organic and inorganic routes, ensuring that Tata Steel remains the leading steel manufacturer. To remain future ready, we have taken up capacity expansion in the steel value chain, diversification into adjacent businesses (Services and Solution - construction and household applications) and foraying into new materials like graphene and composites.

Going forward, Tata Steel India has an aspiration to grow to a production level of 40 MnTPA, and this target is well supported by India’s growing economy which is set to surpass \$8 trillion by 2030 from its 2021 mark of \$2.7 trillion, positioning it as the world’s third-largest economy. Steel production in India is expected to grow from 125 MnT in 2023 to 300 MnT by 2030.

The Need to Adopt an Excellence Framework at Tata Steel

The focus of this paper is on the Indian-based operations of Tata Steel and its journey since 1991, the year of delicensing of the steel industry.

Being part of the Tata Group, the Tata core values provide the basic fabric which weaves excellence in the organizational culture of Tata Steel. The need to drive excellence in a structured way through a standard framework was understood three decades ago and it has now become part of the organizational culture.

In early 1990s, post liberalization of the Indian economy, with the Indian government focusing on economic reforms, Tata Steel faced tremendous pressure to remain cost competitive and remain solvent. While there were programs launched to focus on cost and productivity, an all-encompassing framework, which could weave all facets of excellence and bring culture change, became a necessity.

Influenced by the Malcolm Baldrige National Quality Award (MBNQA), Tata Steel initiated the JN Tata excellence award (JNTEA) in 1993 and adopted this as a best practice to drive excellence through a framework.

Later in 1995, the Tata Group evolved JNTEA into the Tata Business Excellence Model (TBEM) framework. It was implemented at the Tata Group level as the JRDQV (JRD Quality Value) award given to organizations scoring greater than 600 (now 650) in the TBEM assessment.

Tata Steel: Operational Overview and Value Chain Complexities

Integrated steel plant operations begin with mining of iron ore. The mined ore is converted to hot metal in blast furnaces, and this homogenous metal is further refined (primary steel making) and customized to different grades of molten steel through various alloying (secondary steel making) processes. This molten steel (crude steel) is then cast in the form of slabs and billets.

Slabs and billets are rolled at mills and the finished goods are either served directly to markets (B2B/B2C) or customized at our steel processing centers for serving specific needs of our customers.

The integrated value chain of steel making at Tata Steel faces the following challenges:

- Heterogeneous raw material received from captive and non-captive sources to produce homogeneous hot metal and finished steel chemistry control for product delivery within specifications.
- Buffer less operations as hot metal and liquid steel cannot be stored, needing high equipment reliability at each stage.
- Serving customer's just-in-time delivery requirements spread in markets of B2B (Business to Business), B2SME (Business to Small and Medium Enterprises) and B2C (Business to Consumers)
- Multi-geography operations add complexity of workforce capability and adoption of uniform operational practices so that customers may receive location-agnostic, consistent quality steel products, produced to exact specifications.

TQM: The Route to Ensure Quality Across the Value Chain

There was a need to ensure through-process quality controls, reducing variabilities, ensuring equipment reliability at the highest levels, optimizing the supply chain to serve the markets efficiently and reliably. TQM offered solutions to the value chain complexities albeit with customization and democratization of its tools.

Tata Steel developed its own improvement framework to combat these challenges and customized them for deployment using what we called “TQM vehicles.” Our repertoire of TQM-focused methodologies increased as we saw an increased appetite in the organization to move to a standardized approach.

Aligning 44,000 executives and shop-floor employees along with more than 100,000 contract workers spread across the value chain on evolving customer requirements needed structured systems and process interventions.

Seeding the “Tata Steel Way”: Confluence of TBEM and TQM

As we moved from a sellers’ market to a buyers’ market in the aftermath of the liberalization of the Indian economy in 1991, we felt the need for a cultural shift in the organization. We adopted a two-pronged approach to address the situation.

1. Set-up a TQM-based approach to bring internal efficiencies and build workforce capabilities.
2. Bring a holistic business excellence framework which connects the key improvement tenets across an organization.

This was the advent of “Excellence: The Tata Steel Way.”

This adoption of a two-pronged approach significantly improved the company’s performance and the decade-long efforts culminated in Tata Steel transforming itself to the lowest-cost producer globally. In 2000, the company was recognized as the industry leader and won the JRD QV Award and the CII EXIM Award. The CII EXIM Award was jointly established by the Confederation of Indian Industries and the EXIM bank and is based on the European Foundation for Quality Management (EFQM). Tata Steel was also declared the “Best Steel Company” in the world by World Steel Dynamics (WSD) in 2001.

The “Tata Steel Way” of pursuing excellence has been nurtured and developed continuously.

During the period 2000 to 2015, we forayed into automotive markets, and this led to our key work processes and support processes being redesigned. Product mix and branding were identified as the focal points for differentiation.

These focal points, when juxtaposed with the TQM approach, led us to adopt Six Sigma-based process controls for aspirational target setting and process improvements. One of our biggest transformational programs, Aspirational Initiatives to Retain Excellence (ASPIRE), was launched to enhance operational excellence. The company initiated extensive capability-building programs and developed experts in the form of Black Belts and Master Black Belts.

On the market front, to improve our service levels and streamline our supply chain with marketing and sales, in 2005 we adopted the Theory of Constraints (TOC), a set of principles developed by Israeli business professional Eliyahu M. Goldratt. This simplified our distribution processes and created service differentiation.

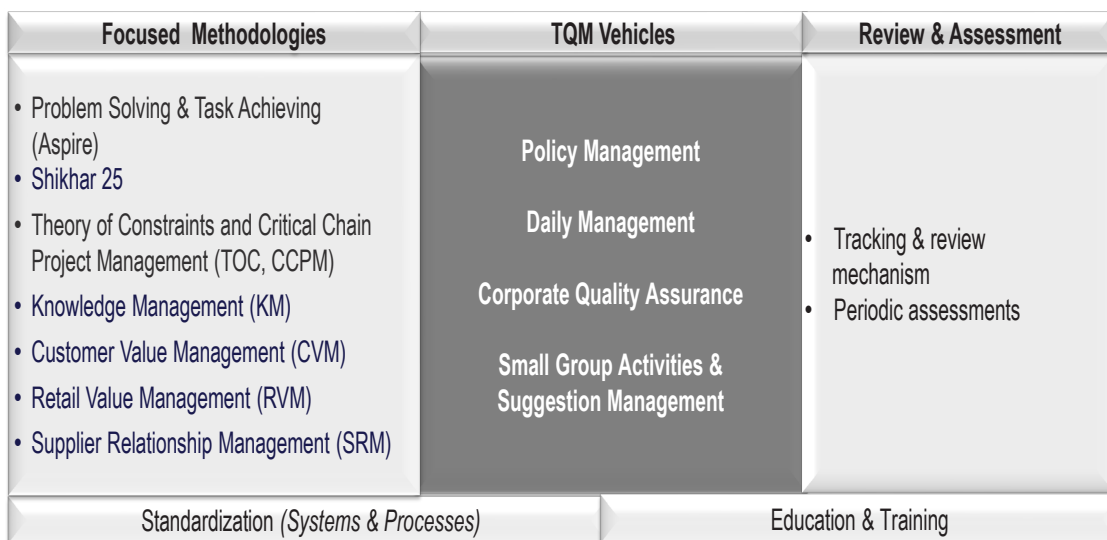
While we continued our TBEM journey and as we achieved a score of greater than 700 in the TBEM Assessment (2004), we continued to seek next-level benchmarks. We chose the approach to quality laid out by W. Edward Deming which had been used so successfully in post-war Japan.

Tata Steel became the first steel company outside Japan to receive the coveted Deming Application Prize (DAP) in 2008 and the Deming Grand Prize (DGP) in 2012.

Tata Steel Improvement Framework: Codifying TQM Practices

The Deming Journey helped us enrich our repertoire of TQM tools and we developed Tata Steel’s Improvement Framework (see Figure 1), comprised of Daily Management and Policy Management. We graduated from a target-based balanced score card approach to an enabler-based policy management approach, and incorporated daily management to focus on consistency of performance. Structural interventions such as Corporate Quality Assurance (CQA) drove the TQM philosophy in the organization.

Figure 1. Tata Steel’s Improvement Framework



This has provided the framework of a systematic approach, a consistent deployment of TQM processes, which has led to desired customer-focused results.

As shown in Figure 1, policy management helps in development of the business plans which are driven by the Senior Leadership Team and cascaded across the organization. A robust foundation of daily management helps sustain business results and Small Group Activities (SGA) are instrumental in ensuring a vibrant workplace; the company has seen employee involvement in improvement activities rise to benchmark levels of over 95 percent.

Several focused methodologies as shown in the integrated framework have been adopted from time to time to not only ensure operational excellence but also to create differentiation in the marketplace through methodologies like Customer Value Management (CVM) for large direct customers, Retail Value Management (RVM) for retail customers, resulting in a win-win for Tata Steel and its supplier partners (SRM).

Adoption of TOC resulted in a paradigm shift in the way the supply chain was managed and has ensured marketplace differentiation for Tata Steel. The Shikhar25 program was introduced in 2015 with the objective of achieving 25 percent EBITDA with bought-out raw material to ensure we sustain our leadership position as one of the lowest cost producers of steel. EBITDA is Earnings Before Interest, Taxes, Depreciation & Amortization, a metric used to measure a company's profitability and financial health, and to assess its ability to generate cash and take on debt.

TQM Vehicles and Methodologies have been contemporized to meet changing business needs. Policy Management has been strengthened with the addition of robust enterprise risk management (ERM) processes. With changes in the business model, Cross Functional Management (CFM) has moved beyond the Tata Steel value chain to ensure quality of products and services rendered by our partners and collaborators.

Vendor capability development through improvement initiatives has strengthened the TQM footprint. The knowledge management system has been further strengthened with an integrated search engine, best practice management system, etc. TQM competency-building has been strengthened through a focused TQM Academy program.

Assistance in strengthening the framework also came from subject matter experts and consultants. The company collaborated with McKinsey for TOP (Total Operational Performance), BCG to drive KVHS (Kar Vijay Har Shikhar – a Hindi phrase), Dr. Goldratt to deploy TOC (Theory of Constraints), DuPont for safety, etc.

We inferred that large and complex organizations need a central and a specially-created group, aka TQM team, to provide energy, thought, and to be an integrator in addition to being a coordinator of various initiatives.

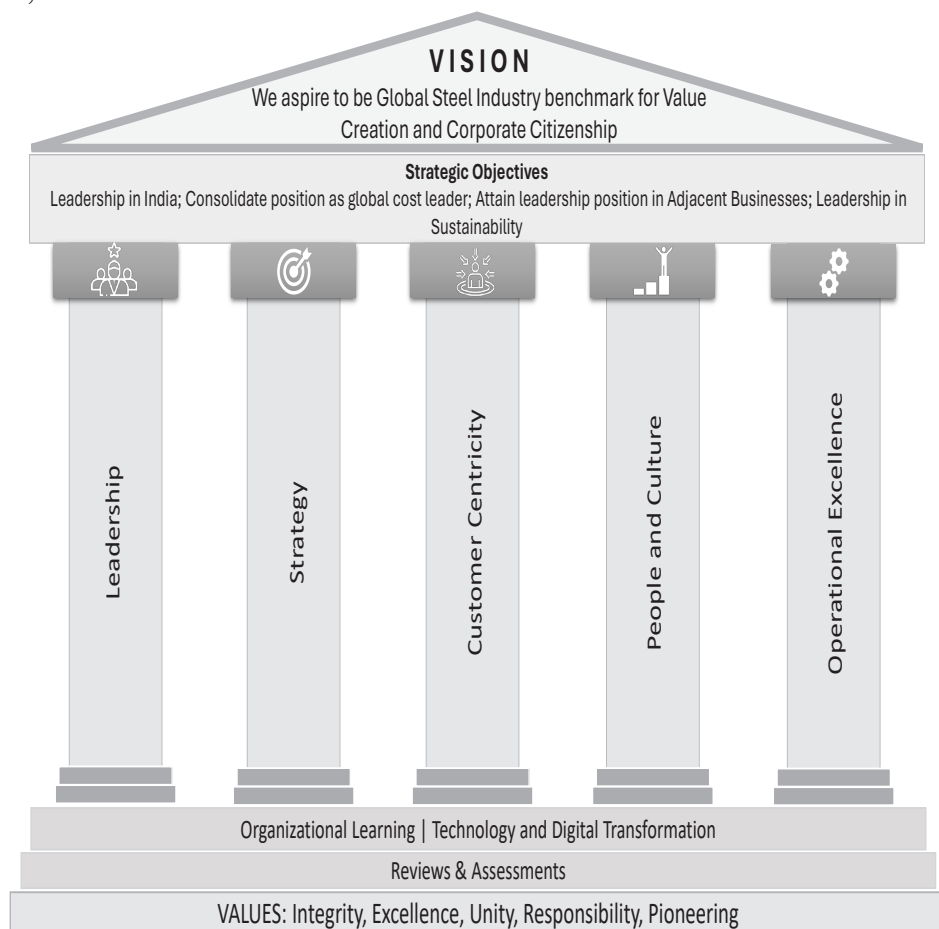
Tata Steel Excellence Framework: Linking TBEM and TQM

Challenging the status quo is a hallmark of leadership at Tata Steel. Our ability to work on stretched targets, often categorized as the will of management, has always helped us spiral up our improvement and innovation efforts. The excellence practices are institutionalized in the organization so as to be person agnostic and the baton has been smoothly passed from one leader to the next several times in the last couple of decades.

As we continue on our growth path, we have captured and codified the three-decade journey as the Tata Steel's Excellence Framework depicted in Figure 2.

The Vision and long-term strategic objectives serve as guiding principles to align the five key pillars. These pillars are supported with our digitalization journey which acts as the foundation for deployment.

Figure 2, Tata Steel's Excellence Framework



Our unique three tier (Apex, Divisional, and Departmental) governance mechanism and knowledge management system keeps the focus on Evaluation and Improvement cycles.

A summary of key TQM tools deployed as a uniform A-D-L-I (Approach-Deployment- Learning-Integration) is depicted in Table 1.

“Excellence: The Tata Steel Way” is an amalgamation of both the frameworks, the Tata Steel Improvement Framework which is TQM driven, and the Tata Steel Excellence Framework which is TBEM-Malcolm Baldrige National Quality Award driven.

Table 1. Summary of Key TQM Tools Deployed by Tata Steel

Pillar	Key Elements of MBNQA Framework	Tata Steel's TQM/Improvement practice dovetailing with "A-D-L-I concept"
Leadership	Creating Future ready organization	Long Term Strategy (LTS) and Long-Term Planning (LTP), Enterprise Risk management
Strategy	Strategy development and deployment	Policy Management, Business objective and strategy cascade, Necessary sufficiency check, Scenario Planning, 4 Student Analysis, Agile Way of Working
Customer Centricity	Understanding Customer's expressed and latent needs, customer relationship and experience	Product Application Group, Quality Function Deployment (QFD), Retail Value Management, Customer Value Management, Root Cause Failure Analysis (RCFA) Framework,
People and Culture	Workforce competency, Learning & Development	4Q Model, Functional Competency Framework, Leadership development framework, TQM Academy
Operational Excellence	New Product Development, Process management & improvement, Supply management, Innovation management	QFD, IATF for Automotives, Quality Management System, Daily Management, Statistical Process Control, Theory of Constraint, Supplier Value Management and Supplier Relationship Management, Vendor Capability Development, Technology leadership areas for innovation

Way Forward

Aligned with India's growth, Tata Steel is poised to charter its growth story and plans to sustain its leadership in the Indian steel industry with a capacity of 40 MnT going forward.

As the new megatrends develop, there will be a shift in customer needs for steel products. In particular, demand is rising for high strength and toughness, high corrosion resistance, and high-performance steels. Under global climate action, the steel industry will continue to develop energy saving and recycling technologies and new eco-friendly steelmaking processes. The 5th Industrial Revolution is fundamentally changing the future of the steel industry. The steel industry will move beyond plant automation towards smarter processes using smart technologies.

Challenges include an uncertain geopolitical environment, continued dominance of China in steel, and volatility of raw material prices. These challenges continue to emphasize the need for TQM and pursuing excellence across all functions. At the same time, Tata's competitors are investing in similar or better technologies to produce an array of new products.

Tata Steel's pursuit of excellence will have an important role to play in harmonizing its rich legacy while becoming future ready to meet growth aspirations amidst these challenges.

We believe that we will be able to carve out strategic opportunities amidst these strategic challenges through our continued focus on excellence. The framework is evolving to align with the changing times. We have now started to work on the latest TBEM guidelines aligned with MBNQA 2.0 and also adding new TQM methodologies with the changing business needs. Three new TQM methodologies that we are working on to codify are:

- Sustainability Tools with the advent of Green and Safe steel
- Framework for Extending TQM Practices to our supplier partners
- Digitization to bring Mobility enabled Apps based TQM Tools

As we move towards building a better tomorrow, the Tata Steel Way will continue to evolve, instituting and developing best-in-class systems and processes across all operating locations and aspiring to become a world class leader.

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All submissions should draw upon the concepts and philosophy of the Baldrige Excellence Framework and must provide useful information of interest to organizational leaders.

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Papers should be of the style of journals such as the *Quality Management Journal*, *Harvard Business Review*, or *Sloan Management Review*, and should include appropriate references. They should not be as informal as those published in magazines such as *Quality Progress*. There are no minimum or maximum length restrictions. Say what is necessary to get your message across fully; however, we may ask you to shorten the paper if necessary. Feature articles must be accompanied by an Executive Summary of about 250 words and a bullet list of 4-6 takeaways that summarize key points. This does not apply to *Leadership and Management Perspectives* submissions.

References

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LaSalle, Peter. 2017. "Conundrum: A Story about Reading." *New England Review* 38 (1): 95–109. Project MUSE.

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