

# CPEX - Baldrige 101

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## *Organization Diagnosis, Design, & Transformation*

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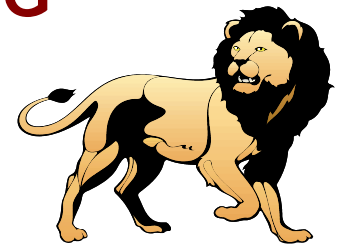
# Zytec

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Every morning in Africa a gazelle wakes up. It knows it must outrun the fastest lion or it will be **KILLED**

Every morning in Africa a lion wakes up. It knows it must run faster than the slowest gazelle or it will **STARVE**

It doesn't matter whether you're a lion or a gazelle--when the sun comes up you'd better be **RUNNING**



# Session Overview

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- Focus
- Strategic Leadership
- Execution Excellence
- Organizational Learning
- The Journey

# Focus

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Key Factors

Core Values and Concepts

The Organization System

Maturity Model





# Organization Description (P.1)

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- Organizational Environment (P.1a)
  - Products and Services
  - Culture
  - Employees
  - Technology, Facilities, Equipment
  - Regulatory Environment
- Organizational Relationships (P.1b)
  - Structure and Governance
  - Customers
  - Suppliers and Partners

# Organizational Challenges (P.2)

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- Competitive Environment (P.2a)
  - Competitive Position
  - Key Success Factors
  - Comparative Data
- Strategic Challenges (P.2b)
  - Business
  - Operational
  - Human Resource
- Performance Improvement System (P.2c)
  - Performance Improvement
  - Organizational Learning & Sharing

# The Vision

*"Good is the enemy of Great"* Jim Collins

**Good Company**

**Great Company**

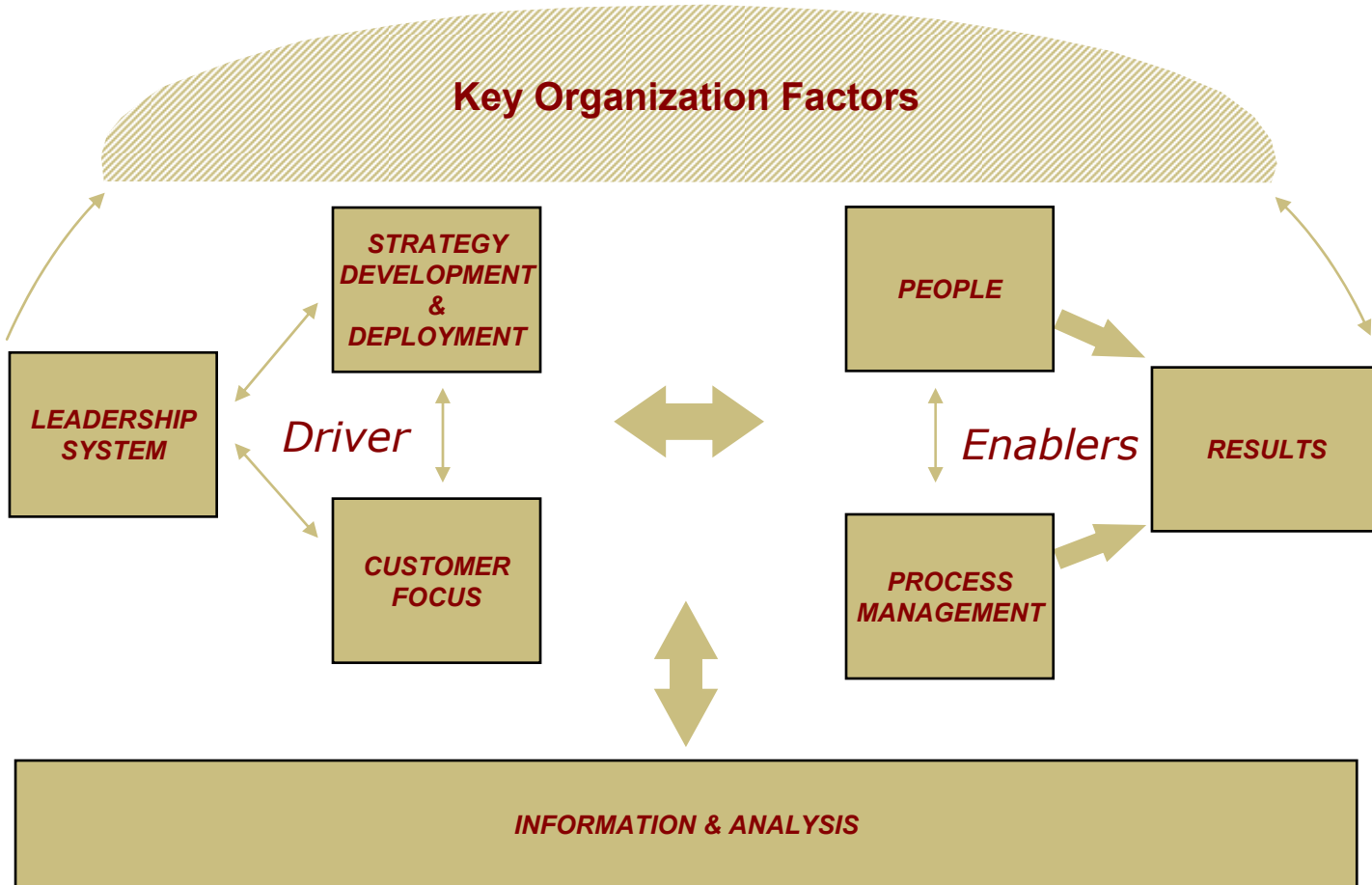
- Directive Leadership
- Product/Service-Driven
- Meet Standards or *"status quo"*
- Suppliers and Unions as Adversaries
- Respond in Time Allotted
- Focus on Next Quarter's Results
- Employees Follow Procedures
- Management by Intuition
- Compliance with Regulation
- Focus on \$ *"bottom-line"* Exclusively
- Functional Perspective

- Visionary Leadership
- Customer-Driven Excellence
- Organizational and Personal Learning
- Valuing Employees & Partners
- Agility
- Focus on the Future
- Managing for Innovation
- Management by Fact
- Social Responsibility
- Focus on Results and Creating Value
- Systems Perspective

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# Traditional Perspective

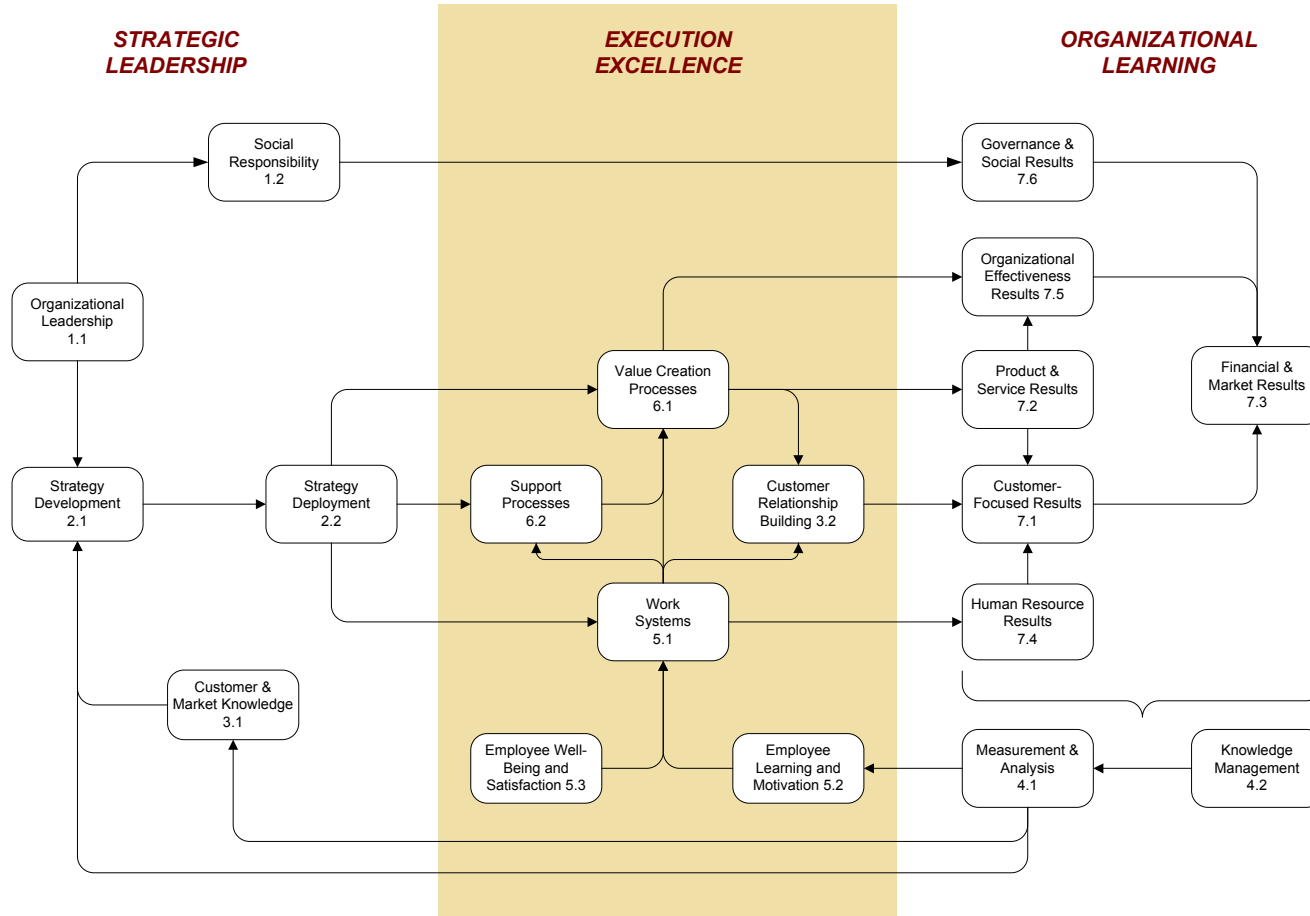


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# Competency Perspective



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# Maturity Models

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## □ Process

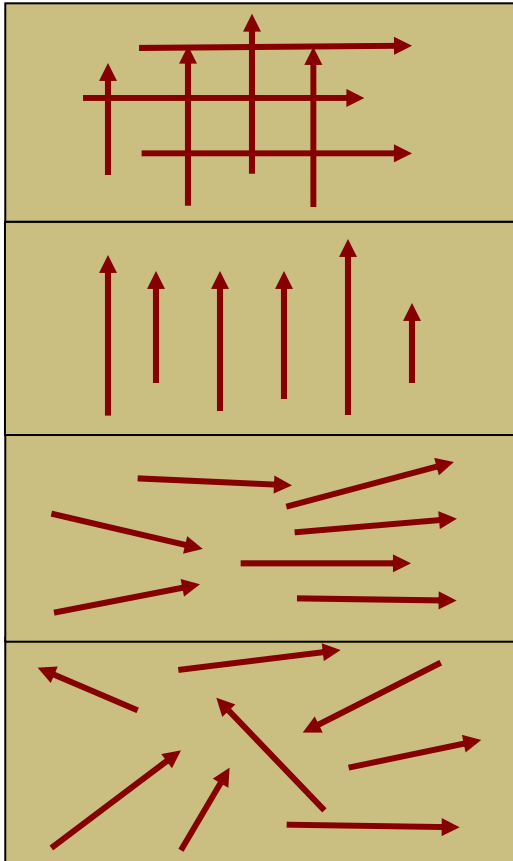
- Approach
- Deployment
- Learning
- Integration

## □ Results

- Importance/  
Completeness
- Levels
- Trends
- Comparisons

# Process Maturity Levels

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## Integrated Approach

Operations are characterized by processes that are repeatable and regularly evaluated for change and improvement in **collaboration with other affected units**. **Efficiencies across units** are sought and achieved.

## Aligned Approach

Operations are characterized by **processes** that are **repeatable** and **regularly evaluated for improvement**, with **learnings shared** and with **coordination** among organizational units.

## Early Systematic Approach

The organization is at the **beginning stages** of conducting operations by processes with **repeatability**, **evaluation**, and **improvement**, and some coordination among organizational units.

## Reacting to Problems

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

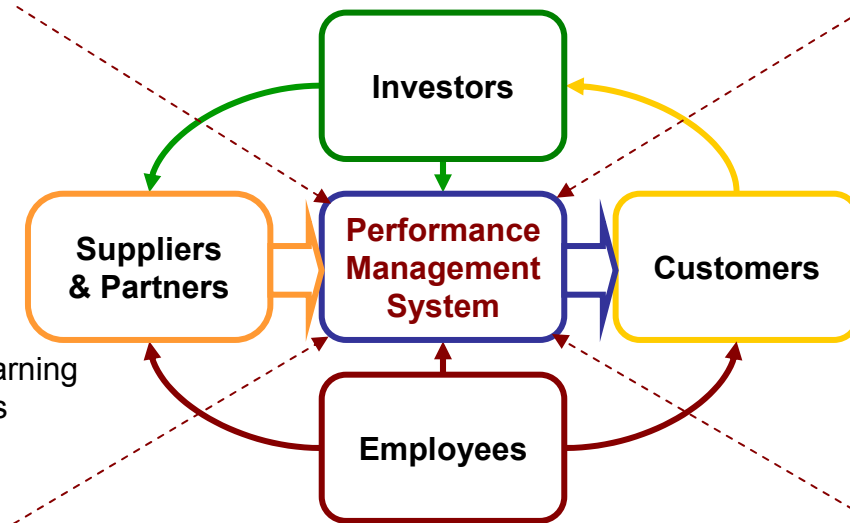
# Four Dimensions - Review

## 1. Key Organization Factors

- Organizational Description
  - a. Org Environment
  - b. Org Relationships
- Organizational Challenges
  - a. Competitive Environment
  - b. Strategic Challenges
  - c. Perf Improvement System

## 2. Design Principles

- Visionary Leadership
- Customer-driven Excellence
- Organizational & Personal Learning
- Valuing Employees & Partners
- Agility
- Focus on the Future
- Managing for Innovation
- Management by Fact
- Social Responsibility
- Focus on Results & Creating Value
- Systems Perspective



## 3. Business Systems

- Leadership
- Strategy
- Customer Focus
- Information and Analysis
- Human Resource Focus
- Process Management
- Results - Scorecard

## 4. Maturity Model

- Reacting to Problems
- Early Systematic Approach
- Aligned Approach
- Integrated Approach

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# Strategic Leadership

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Leadership

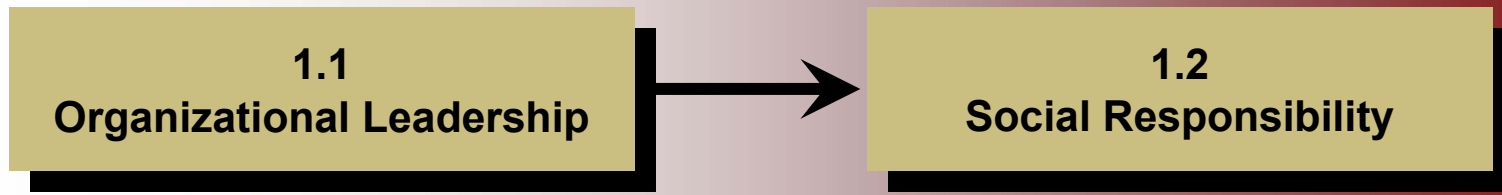
Strategic Planning

Customer and Market Knowledge



# Leadership Criteria

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## □ **Senior Leadership Direction**

- Set and Deploy Values, Directions, and Expectations
- Create an Environment for Empowerment and Innovation

## □ **Governance**

- Management and fiscal accountability
- Protection of stockholder and stakeholder interests

## □ **Review Organizational Performance**

- Translate Findings into Priorities for Improvement
- Improve Leadership

## □ **Responsibilities to the Public**

- Product, Service, Operations Impact on Society
- Anticipate Public Concerns

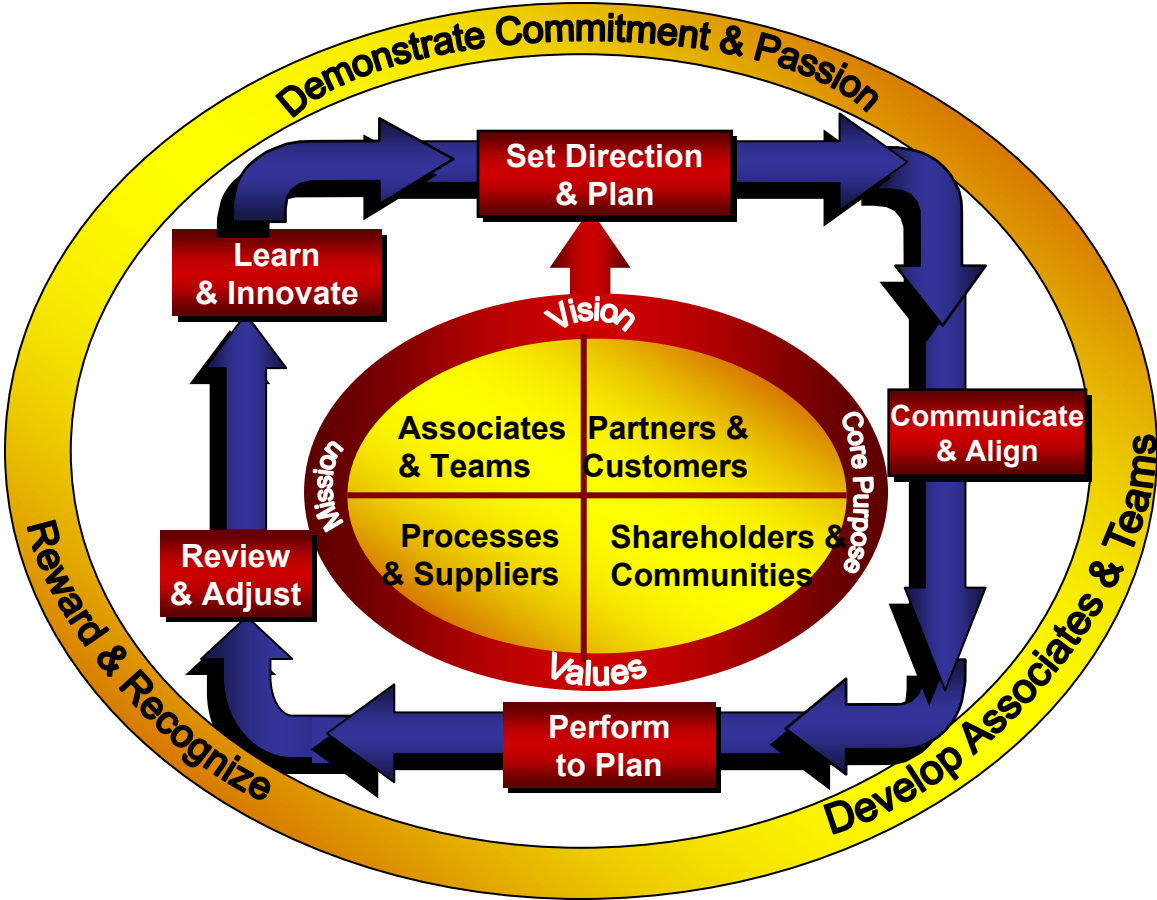
## □ **Ethical Behavior**

- Ensure ethical behavior in all stakeholder transactions and interactions

## □ **Support of Key Communities**

- Identify, support and strengthen key communities
- Senior Leader and Employee Involvement

# Clarke American



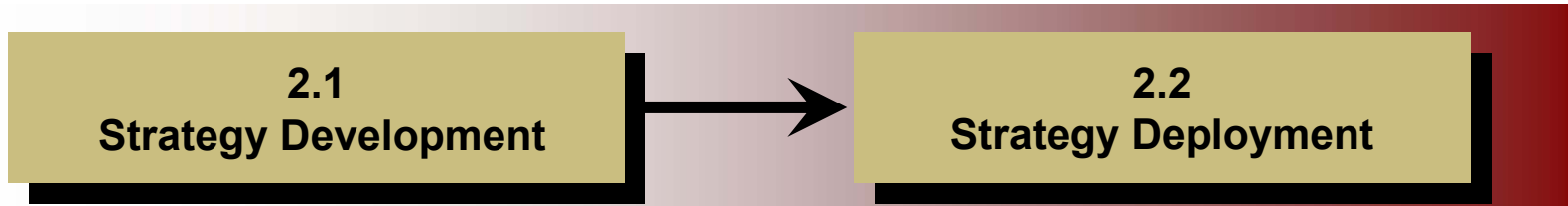
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# Strategy Criteria

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## □ Strategy Development Process

- Key steps, participants, time horizons
- Analysis and consideration of customers, competitors, technology, people, suppliers and partners, economies, and risks

## □ Strategic Objectives and Timetable

- Key Strategic Objectives
- Timetable for Accomplishment
- Challenges
- Balance Needs of all Key Stakeholders

## □ Action Plans – Develop & Deploy

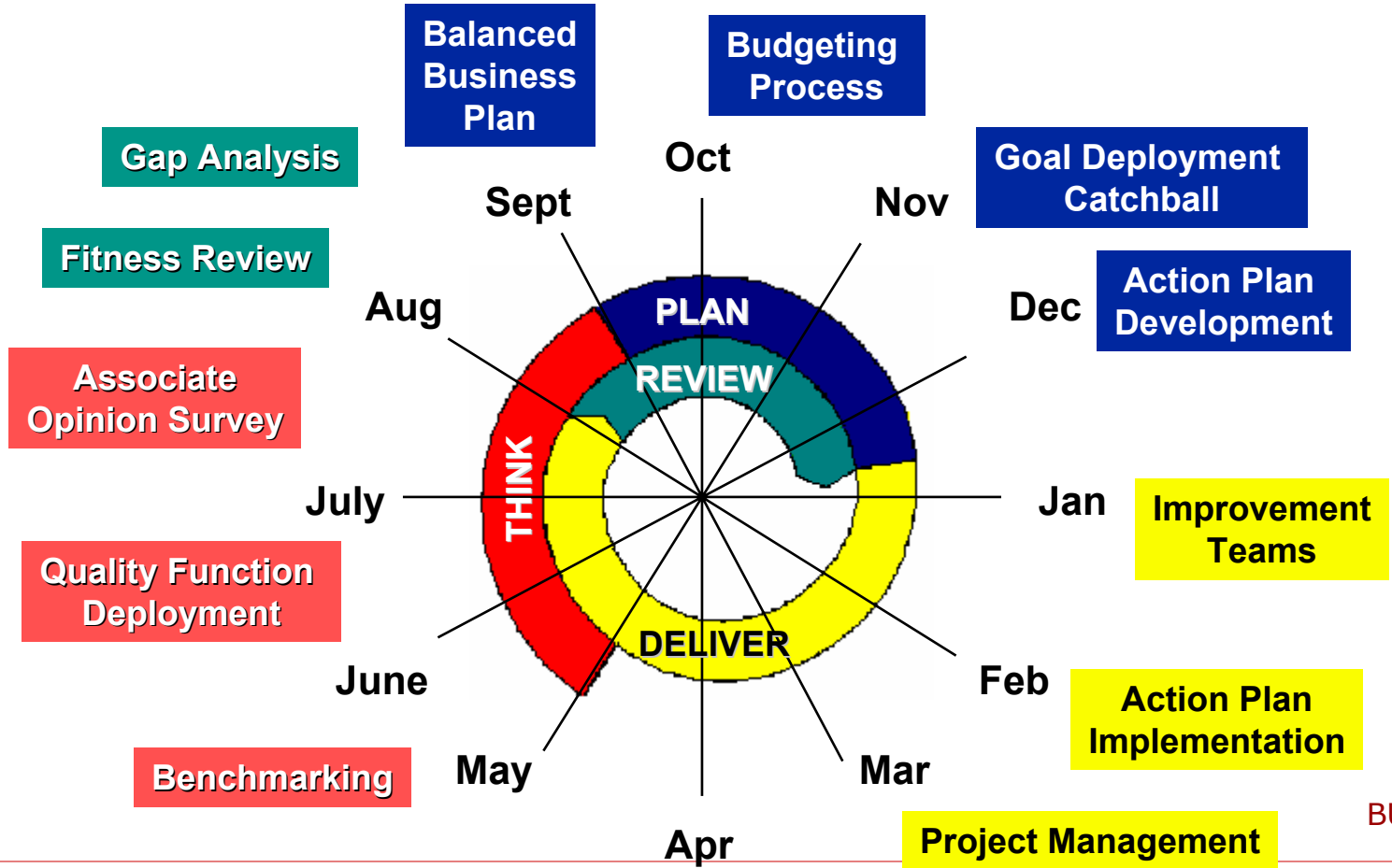
- Resource Allocation
- Short- & Long-Term Action Plans
- Human Resource Plans
- Measures to Track Progress

## □ Performance Projection

- Projections for Key Measures
- Short- & Long-term Planning Horizons
- Comparison to Competitors....

# Clarke American

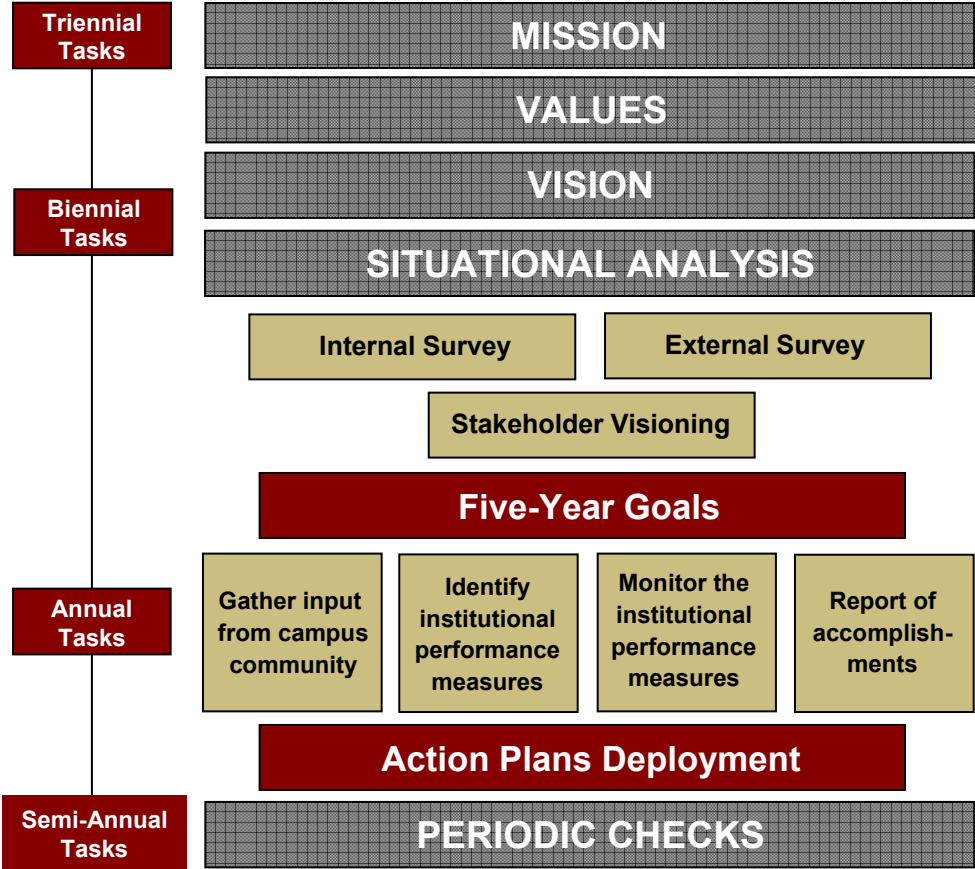
*Disciplined Execution of Strategy  
Leads to GREAT Results*



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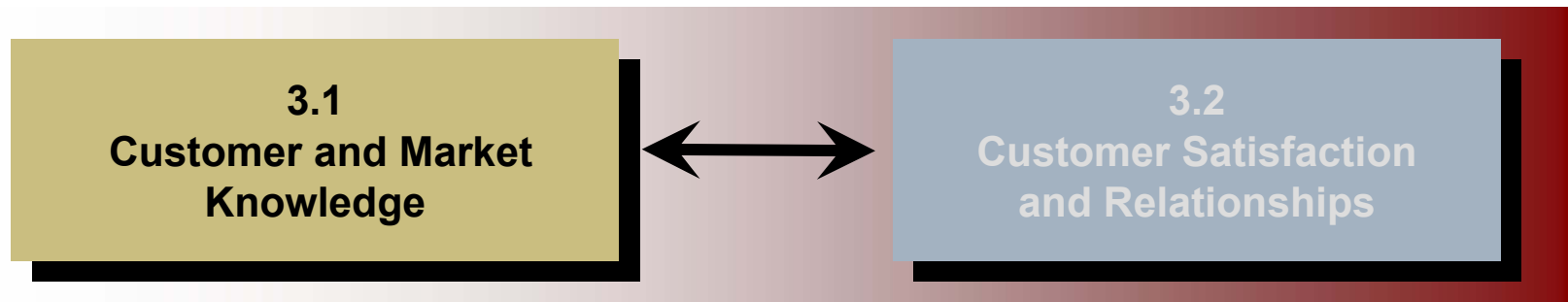
# UW Stout



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# Customer and Market Knowledge

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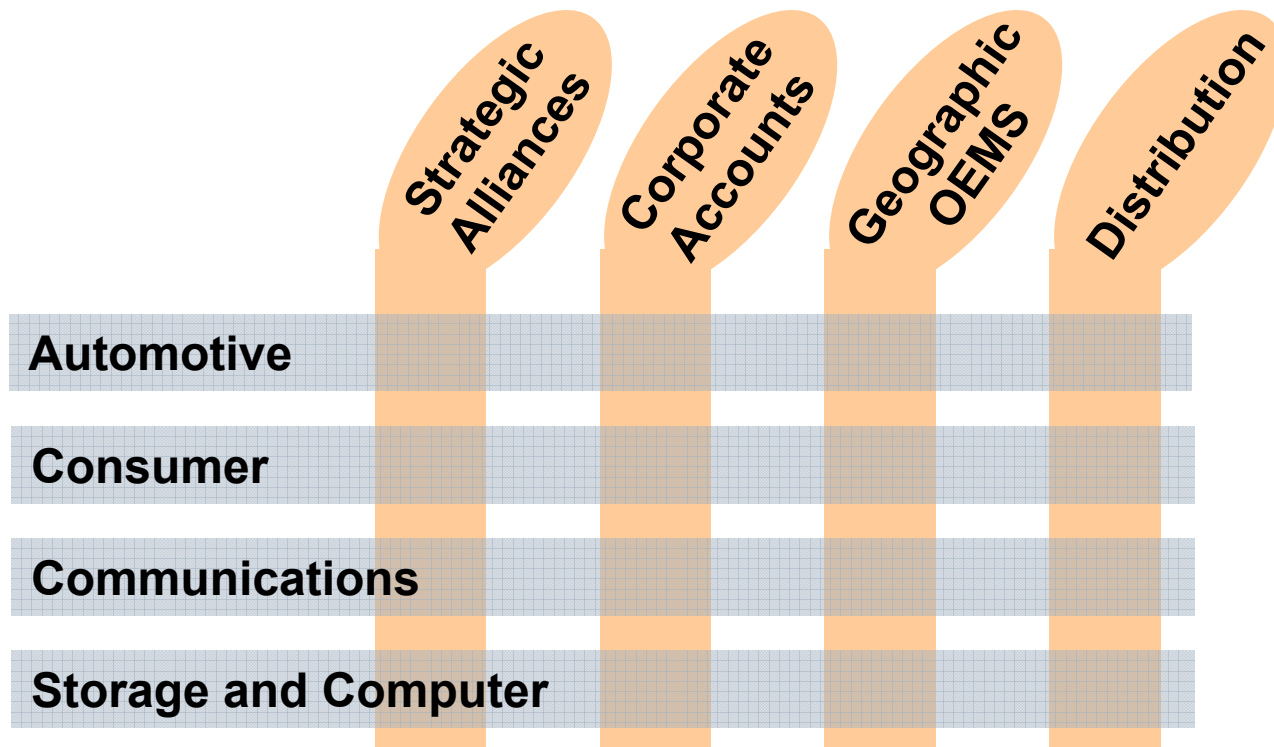
## □ Customer and Market Knowledge

- Determine Target Customers, Customer Groups and Market Segments
- Listening and Learning Strategies
- Determine Most Important Product & Service Features
- Keep Current with Business Needs and Directions

# ST Microelectronics

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## **Customer Tier-Segment Matrix**



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# Execution Excellence

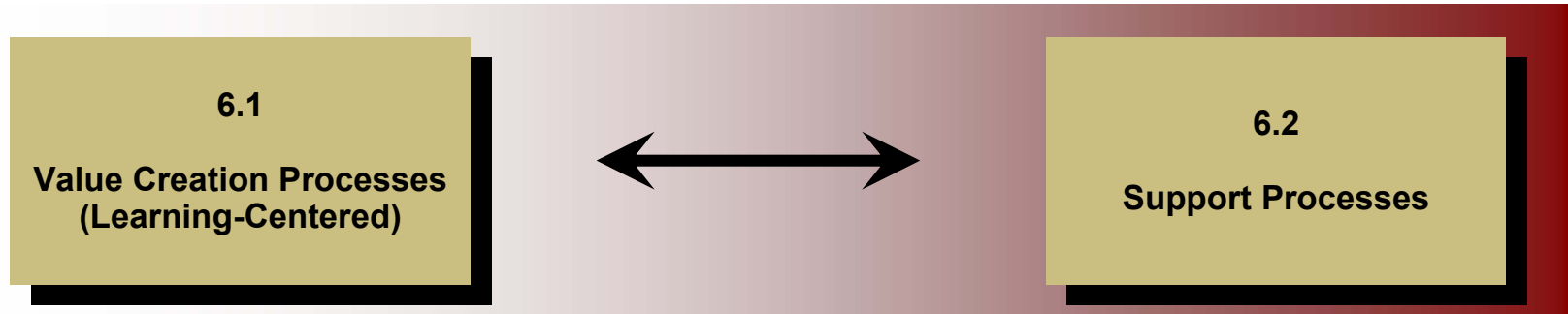
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Process Management  
Human Resource Focus



# Process Management Criteria

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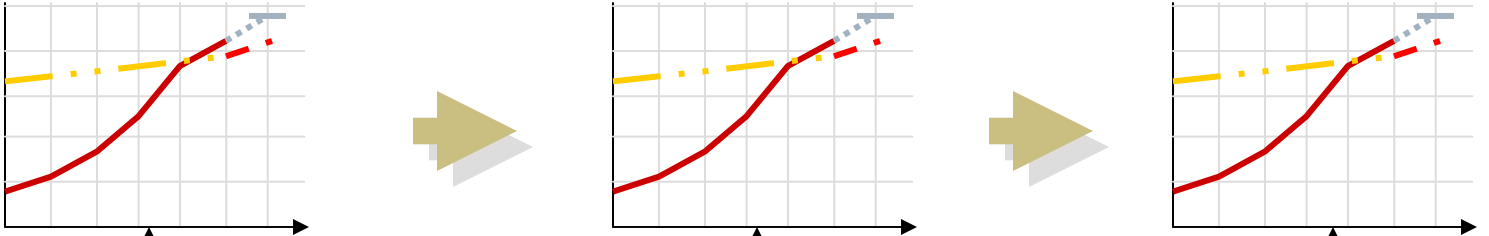
- Identify Value Creation (Learning-Centered) Processes
- Determine Requirements
- Design Processes
- Control and Improvement – Including Measures
- Cost Reduction – Prevent Rework
- Evaluation, Improvement, and Sharing

# Looking Below the Surface

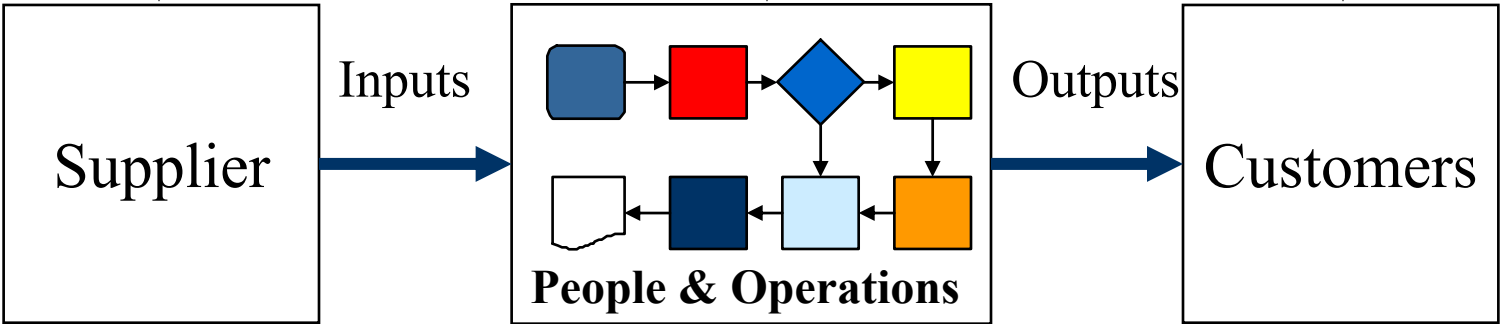


**Events**

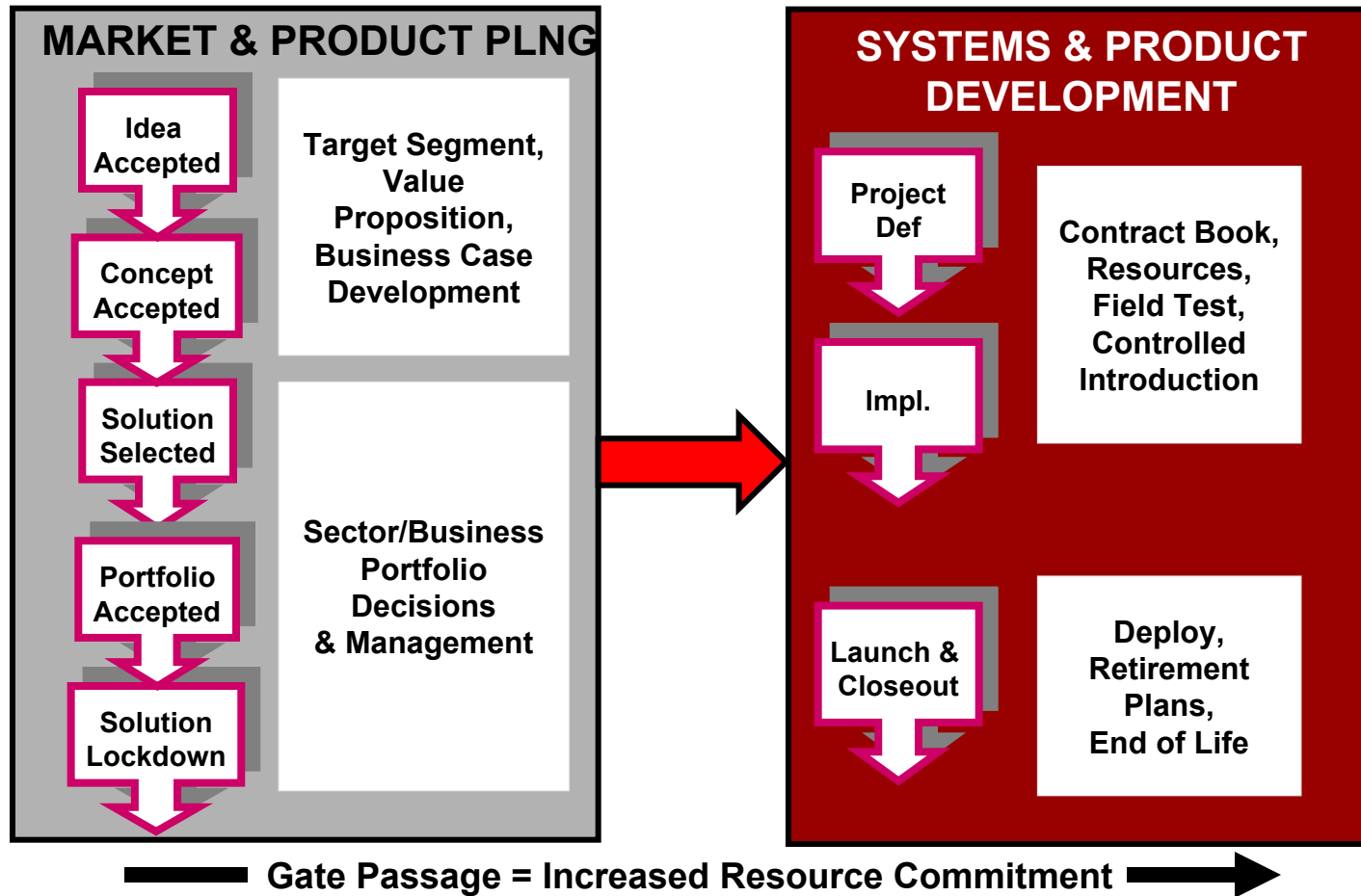
**Performance  
Patterns**



**Structure  
& Systems**



# CGISS - Customer Needs Drive Product Development



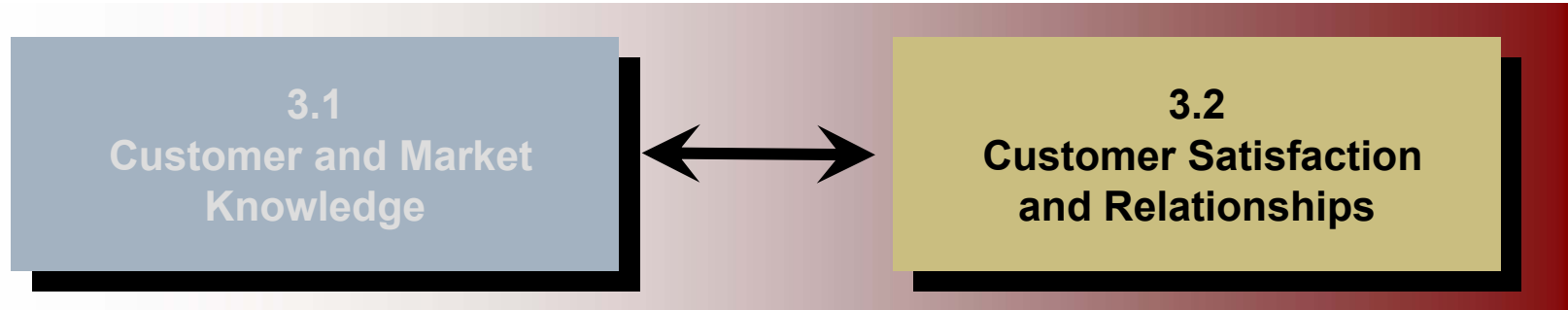
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# Customer Focus Criteria

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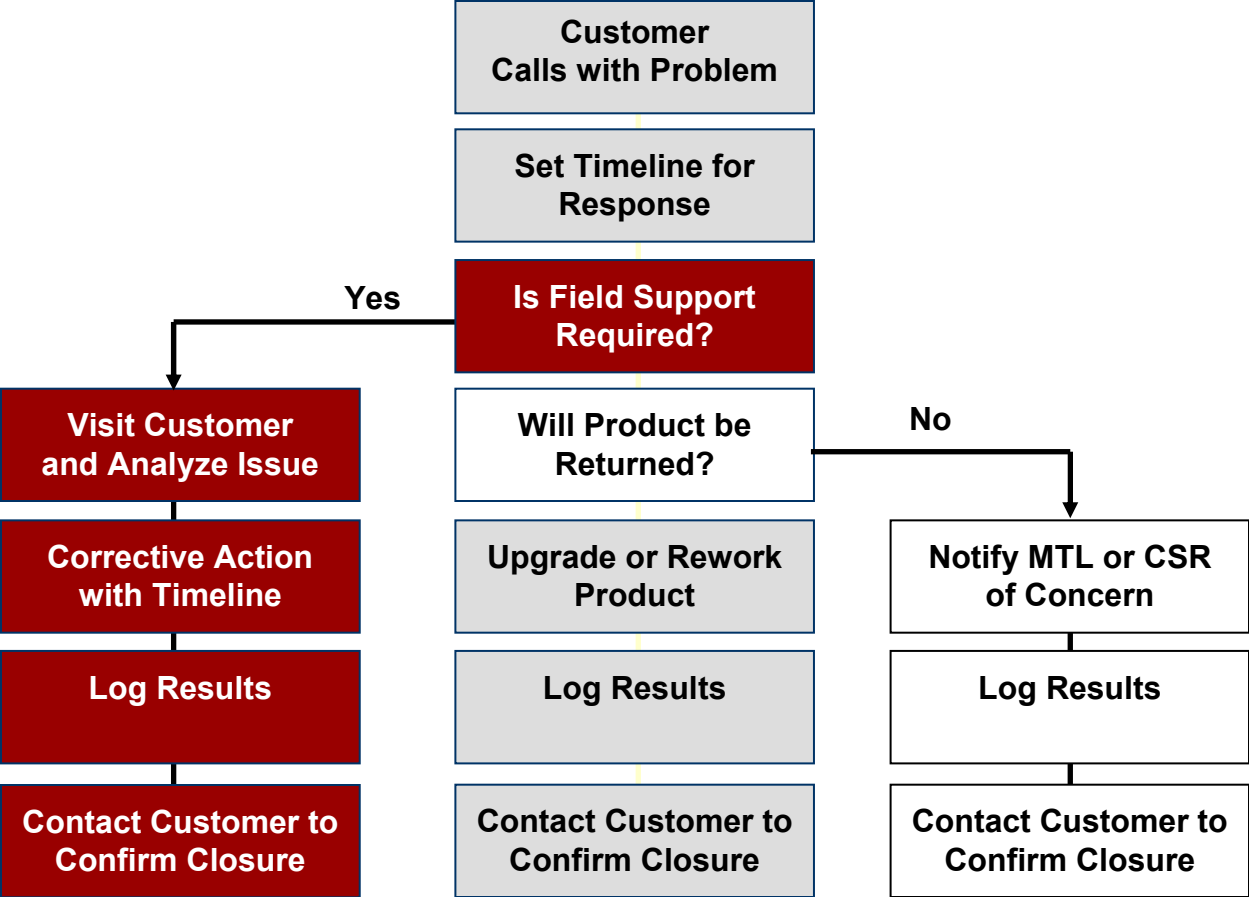
## □ **Build Customer Relationships**

- Accessibility - Mechanisms
- Customer Contact Requirements
- Complaint Management Process

## □ **Customer Satisfaction Determination**

- Methods to Determine Satisfaction
- Post Transaction Follow-up
- Competitive Performance

# KARLEE – Problem Resolution

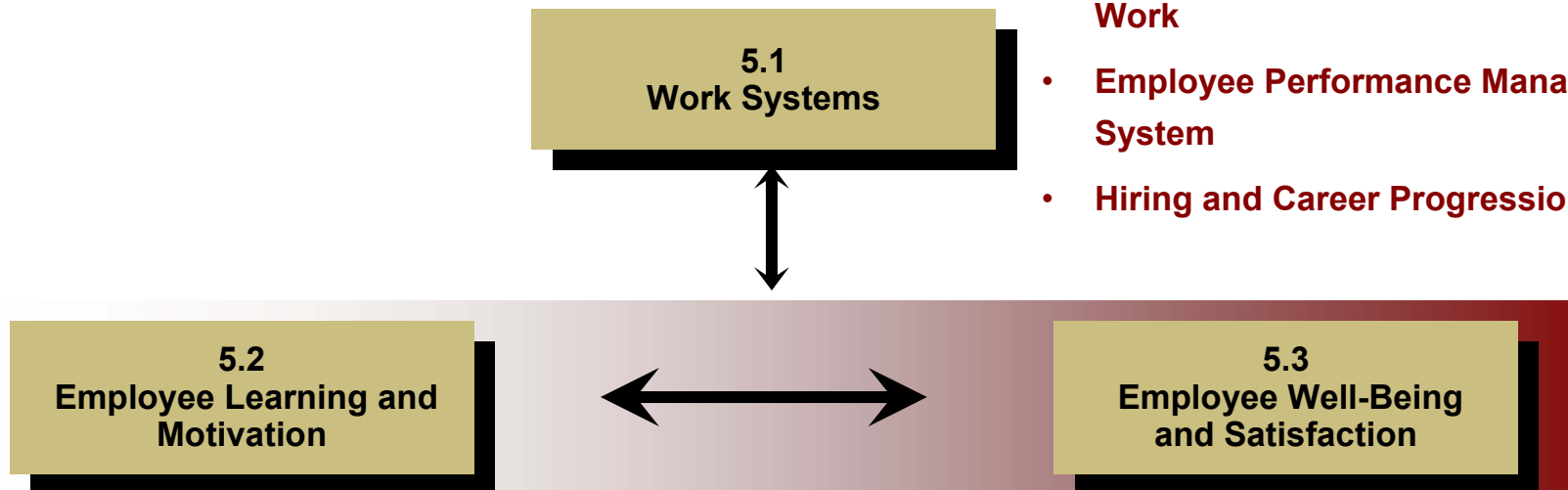


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# Human Resource Focus - Criteria

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- Organization and Management of Work
- Employee Performance Management System
- Hiring and Career Progression

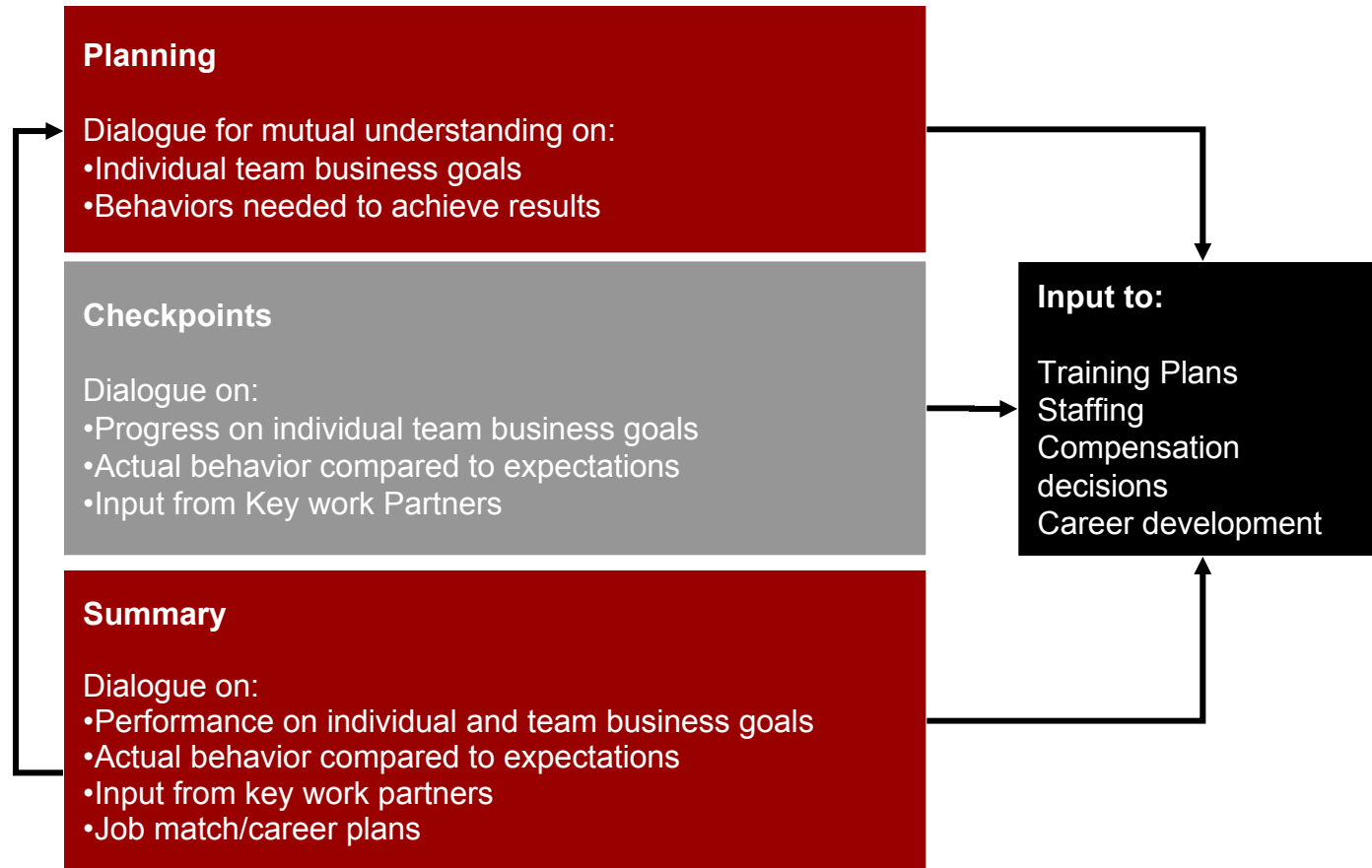


- Employee Education, Training, and Development
- Motivation and Career Development

- Work Environment
- Employee Support and Satisfaction

# CGISS – Personal Commitment

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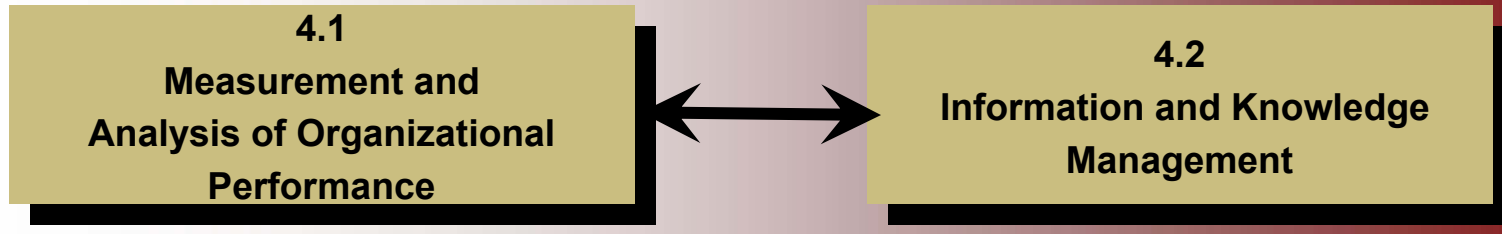
# Organizational Learning

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## Information and Analysis Results -Scorecard



# Information and Analysis - Criteria



## □ Performance Measurement

- Select, Collect, Align, and Integrate Measures/Indicators for Daily Operations and Overall Performance
- Comparative Data and Information for Strategic Decision Making
- Keep Current with Changing Needs

## □ Performance Analysis

- Analysis to Support Senior Leader Reviews & Planning
- Analysis to Support Strategic Planning
- Functional-level Decisions

## □ Data & Information Availability

- Accessible to Multiple Stakeholders
- Hardware and Software - Reliable, Secure, and User Friendly
- Keep Hardware and Software Current with Changing Needs

## □ Organizational Knowledge

- Manage Organization Knowledge – Transfer Knowledge and Best Practices Among Multiple Stakeholders
- Ensure Data, Information, and Knowledge: Integrity, Timeliness, Reliability, Security, Accuracy, and Confidentiality

# Clarke American – Leading & Lagging Indicators

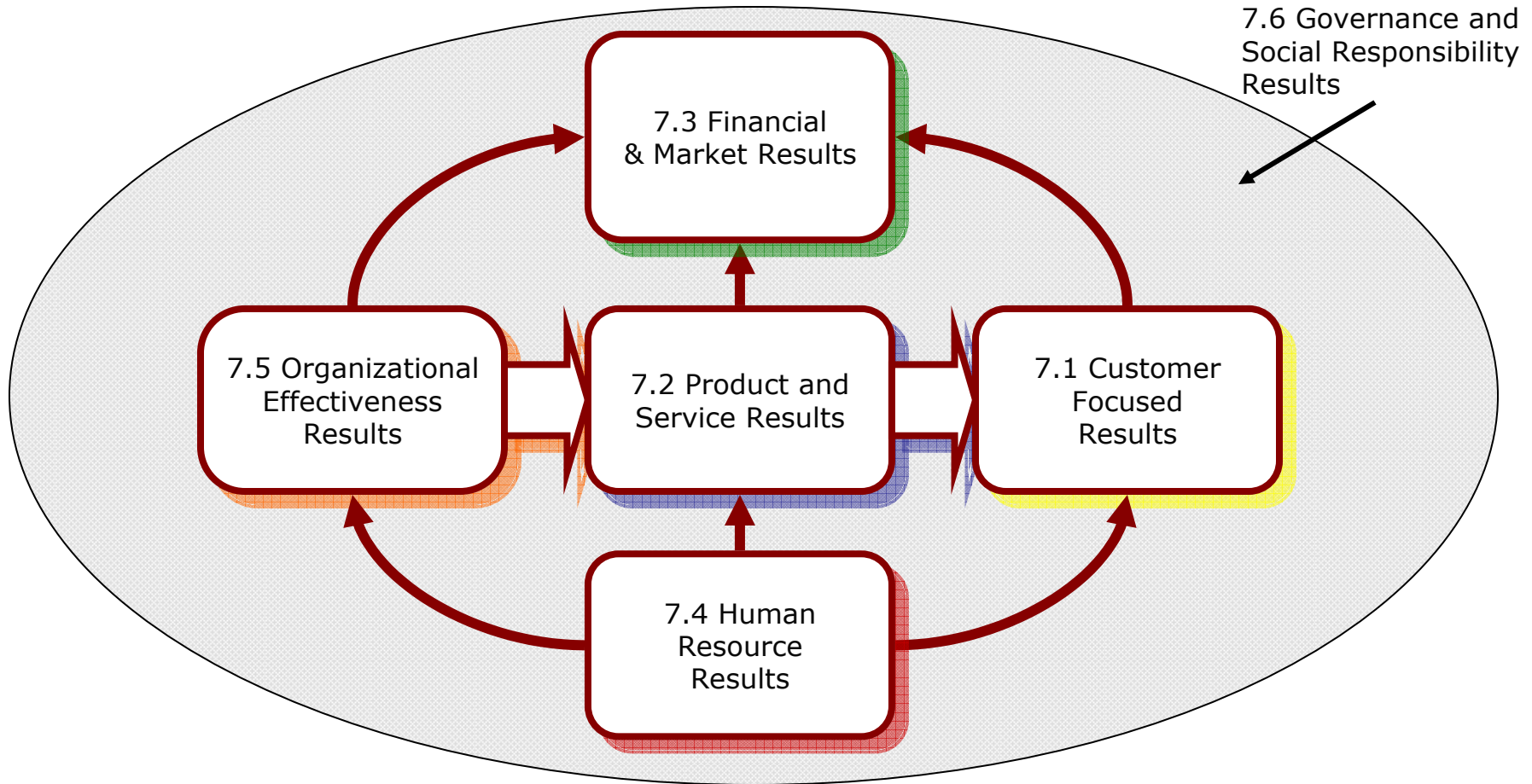
<i>Change the Business</i>	<i>Run the Business</i>
<i>Predictive Indicators (Leading)</i>	
Customer satisfaction Branch loyalty Value management workshops/ symposiums Implemented S.T.A.R. ideas Total order cycle time	Plant cycle time 24-hour service Utilization of Avenue Partner reporting satisfaction/ on-time Associates hired in 60 days 401(K) participation % APS units % spend co-sourced
<i>Diagnostic Indicators (Lagging)</i>	
Revenue growth Customer contact center total revenue Total Contact center revenue Revenue per call e-Commerce revenue Retention of 2-year associates Operating profit growth	Branch Telephone Survey Waste ( <i>voids and spoilage</i> ) Total errors Credits/reprints PSPs integrated ROIC Cash flow Revenue per associate Total profit improvement and contribution

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# Results - Criteria



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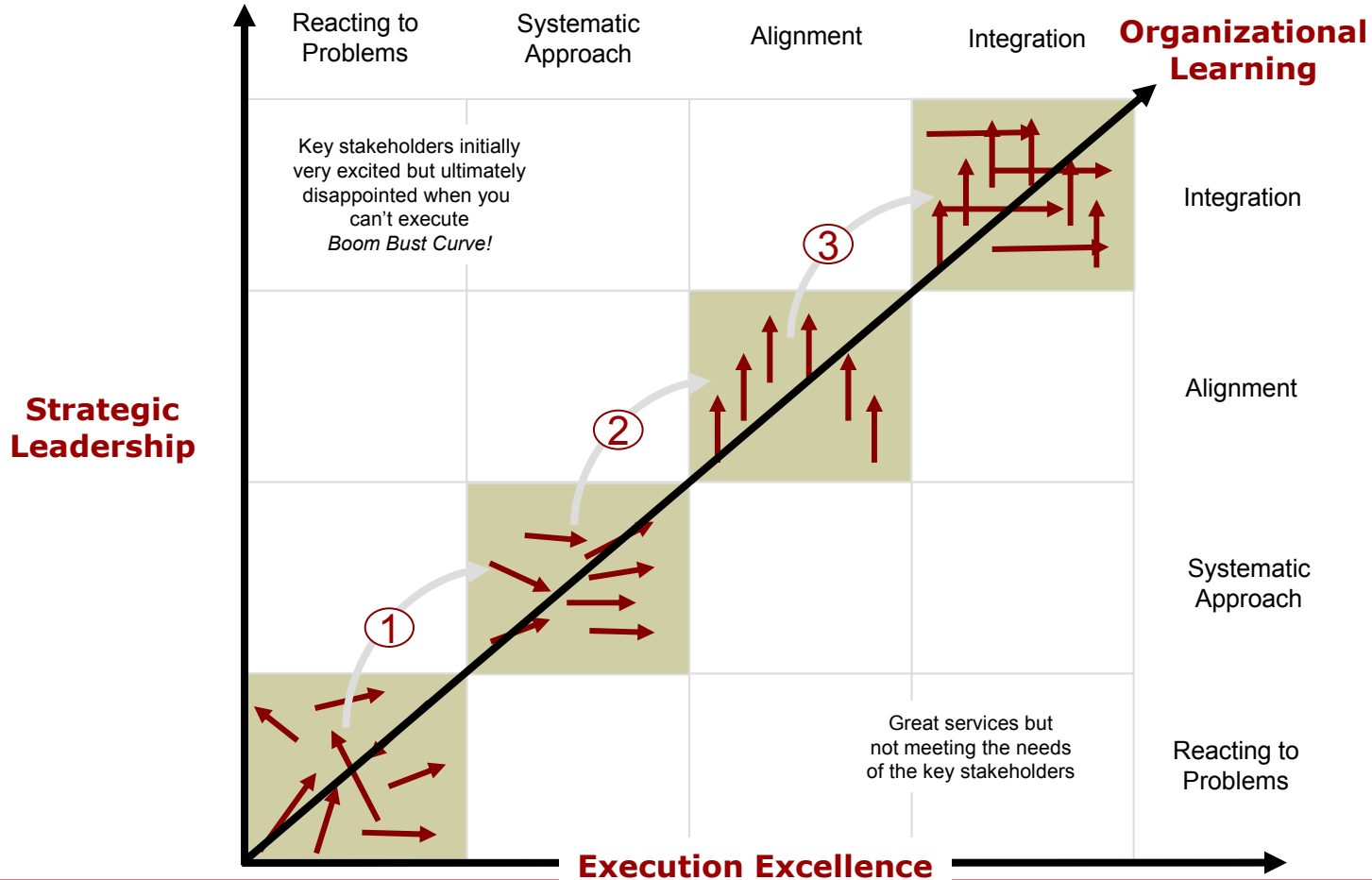
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# The Journey

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# Path to Performance Excellence



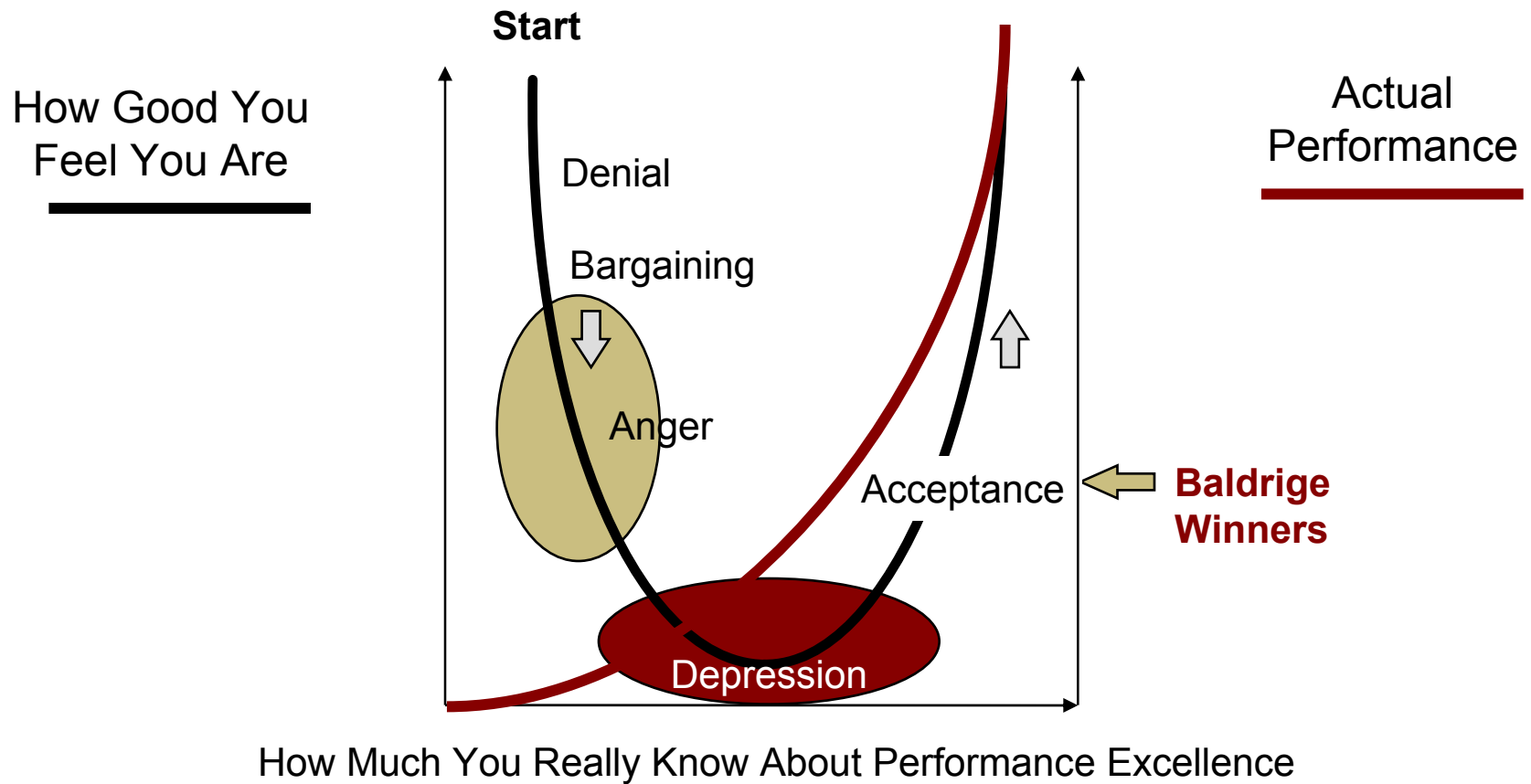
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Adapted from: Tang, V. & Bauer, R. (1995).  
*Competitive Dominance*

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# Learning Curve – An Emotional Perspective



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# Next Steps

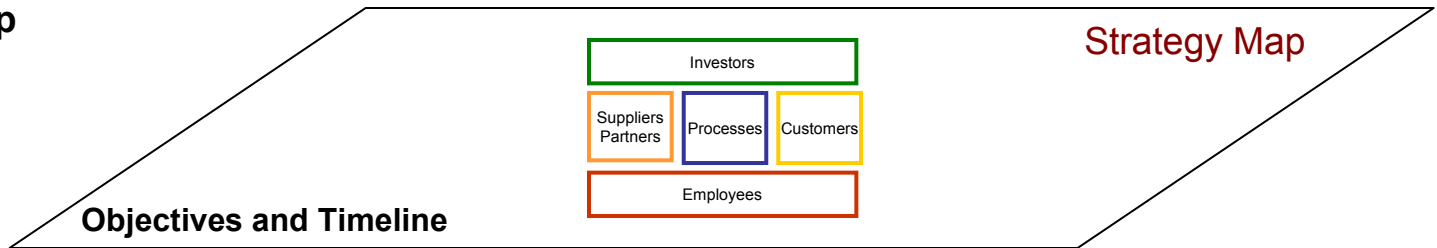
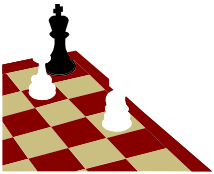
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- Strategic Alignment Table
- SIPOC

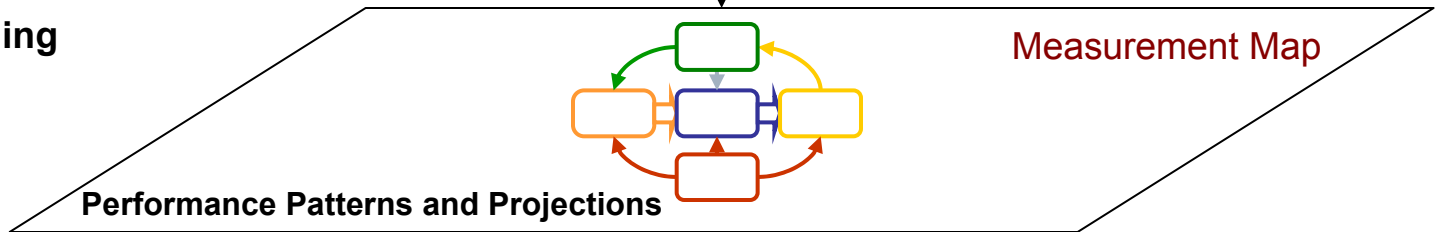
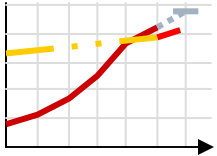


# Alignment

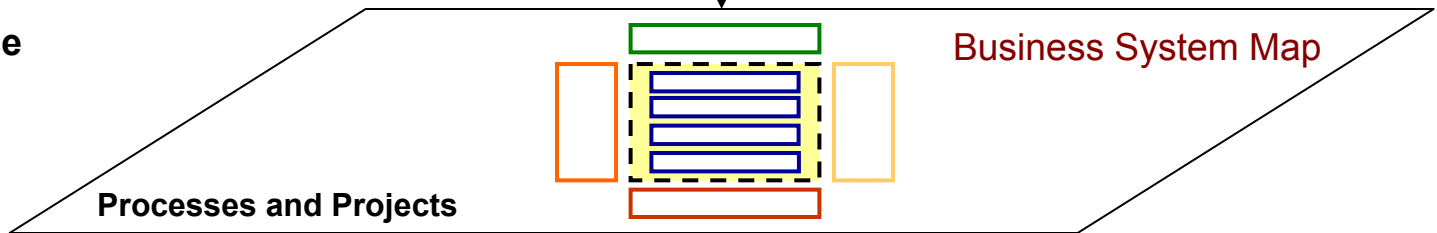
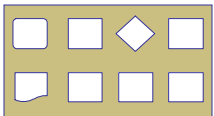
## Strategic Leadership



## Organizational Learning



## Execution Excellence



# Strategic Alignment Table

Stakeholders	Strategy	Measures	Actions
Wants and Needs	Decision Level	Results Level	Action Level
Who are your key Stakeholders?	Where do you want to be - Vision?	How will you know when you get there?	How will you get there?
What do they want?	What are the desired outcomes in qualitative terms?	How can you measure the outcome(s)	What are the key Processes?
What do they need to be successful?	When do you plan to achieve the objectives?	How does this compare with others?	What improvement projects will make it happen?
<i>Needs, Wants, Desires</i>	<i>Strategic Objectives and Timetable</i>	<i>Performance Targets Projections with Comparisons</i>	<i>Short- and Long-term Action Plans/Initiatives</i>



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# Strategic Alignment Table Worksheet

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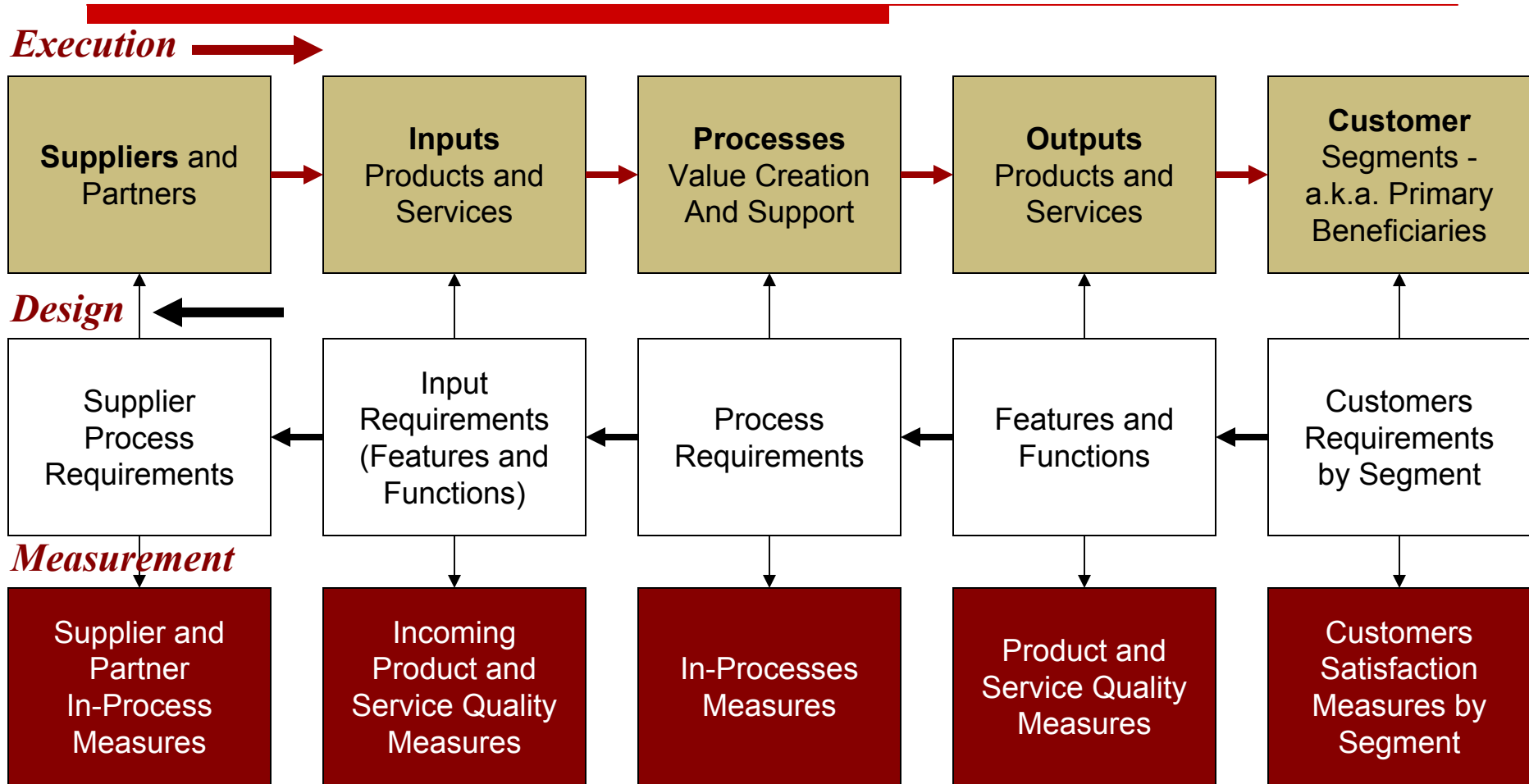
	<b>Stakeholders</b>	<b>Strategy</b>	<b>Measures</b>	<b>Actions</b>
<b>Customers</b>				
<b>Operations</b>				
<b>Suppliers</b>				
<b>Employees</b>				
<b>Investors</b>				

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# Value Chain Approach - SIPOC



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# SIPOC Table

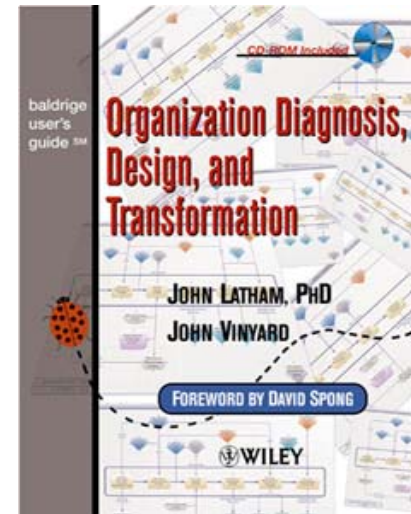
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Suppliers & Partners	Inputs	Processes	Products & Services	Customers by Segment
Process Requirements	Input Requirements	Process Requirements	Features & Functions	Customer Requirements
Process Measures	Incoming Product & Service Measures	In-Process Measures	Product & Service Quality Measures	Customer Satisfaction Measures

# References

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- Latham J. & Vinyard J. (2005) *Baldrige User's Guide: Organizational Diagnosis, Design, and Transformation*. John Wiley & Sons. [www.baldrigeusersguide.com](http://www.baldrigeusersguide.com)



- Tang, V & Bauer R. (1995) *Competitive Dominance: Beyond Strategic Advantage and Total Quality Management*. Van Nostrand Reinhold