Using the Baldrige Criteria to Achieve Performance Excellence

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Baldrige National Quality Program
Quality Colloquium
August 25, 2004
Outline of Talk

Baldrige National Quality Program
Process for Selecting Recipients
Performance Excellence Criteria
  - Seven Categories
  - Processes and Results
Why Use the Baldrige Criteria?
  - Self-Assessment
  - Feedback Reports
  - The Bottom Line is Results
What Is the Baldrige National Quality Program?

Operates as a public-private partnership
Manages the Malcolm Baldrige National Quality Award
Provides global leadership in promoting performance excellence
Disseminates information
What Is the History of the Program?

The Malcolm Baldrige National Quality Improvement Act of 1987, Public Law 100-107

Created Award program to

- identify/recognize role model businesses
- establish criteria for evaluating improvement efforts
- disseminate/share best practices

Expanded to health care and education in 1998
Who Can Apply for the Baldrige Award?

Manufacturing
Service
Small business (manufacturing or service)
Education
Health care
Health Care Award Recipients

- Baptist Hospital, Inc. (2003)
- SSM Health Care (2002)
Selection Process

Receive applications

Stage 1
Independent Review

Judges select

Stage 2
Consensus Review

Judges select

Stage 3
Site Visit Review

Judges review and recommend Award recipients

Feedback report to applicant

Feedback report to applicant
What Should I Know About the Baldrige Criteria?

Used as an assessment tool
Used to identify Award recipients
Basis for giving feedback to applicants
Three versions: health care, education, and business
Organizational Profile and Seven Categories compose an integrated framework
Updated regularly
What Is Performance Excellence?

An integrated approach to organizational performance management that results in:

- delivery of ever-improving value to patients and other customers, contributing to improved health care quality
- improvement of overall organizational effectiveness and capabilities as a health care provider
- organizational and personal learning
World Class Quality

“The most comprehensive list of actions to achieve world-class quality is contained in the Malcolm Baldrige Criteria.”

Joseph Juran
Quality Progress
August, 1994
Seven Categories of the Health Care Criteria

- Leadership
- Strategic Planning
- Focus on Patients, Other Customers, and Markets
- Measurement, Analysis, and Knowledge Management
- Staff Focus
- Process Management
- Organizational Performance Results
Baldrige Health Care
Criteria Framework: A Systems Perspective
Know thyself.

Plato
Process Items

Seek information on “how” your organization does its work

- Defined and repeatable methods
- Use of data and information (measures)
- Deployment
- Evaluation, improvement/learning
Sample Process Item Questions

Item 3.1 a (2) How do you listen and learn to determine key patient/customer requirements and expectations ... and their relative importance ...?
How do you do it (listen and learn)?
How do methods vary for different patient/customer groups?
How do you use information from current and former patients/customers, including ...?
Sample Process Item Questions

Item 6.1(a)1-4

How does your organization determine its key health care processes ... process requirements ... and design these processes to meet all the key requirements ...?

How do these processes contribute to improved health care service outcomes?

How are health care service delivery processes and likely outcomes explained to set realistic patient expectations?
Results Items

Link to important processes and action plans

Cover health care delivery and outcomes, patient and other customers satisfaction, financial and marketplace performance, staff and work systems, operational performance, and governance and social responsibility

Ask for current performance level, trends, comparative data, and benchmarks.
Sample Results Item Questions

Item 7.1a(1) What are your current levels and trends in key measures or health care outcomes, health care delivery results, patient safety, and patients’ functional status that are important to your patients and other customers?

How do these compare to the performance of your competitors and other organizations providing similar health care services?
Organizational Profile
(no point value)

P.1 Organizational Description

P.2 Organizational Challenges
Organizational Profile

Self-assessment and application starting point

Basis for early action planning
1. Leadership (120 pts.)

Addresses Senior Leaders’ Roles, Governance, and Citizenship

1.1 Organizational Leadership (70 pts.)

1.2 Social Responsibility (50 pts.)
SSM: Leadership

Executive Leadership

- Seven expectations for executive leaders ...

Based on five system values: Compassion, Respect, Excellence Stewardship, Community
2. **Strategic Planning (85 pts.)**

Addresses Strategic and Action Planning and Deployment of Plans

2.1 Strategy Development (40 pts.)

2.2 Strategy Deployment (45 pts.)
# Pearl River: Strategic Planning

## Strategic Objectives

<table>
<thead>
<tr>
<th>Goal 1: Improve Academic Performance</th>
<th>Goal 2: Improve Perception</th>
<th>Goal 3: Maintain Fiscal Stability</th>
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<tbody>
<tr>
<td><strong>Strategic Objectives</strong></td>
<td><strong>Lag Indicators</strong></td>
<td><strong>Lead Indicators</strong></td>
</tr>
<tr>
<td>Academic Achievement</td>
<td>Regents Diploma Rate</td>
<td>Achievement on 4th and 8th grade NYS exams, CTPIII Reading and Math Achievement, Gender Equity, Special Education Opportunity</td>
</tr>
<tr>
<td>College Admissions</td>
<td>Advanced Placement Rate</td>
<td>Passing level on Regents Exams (Mastery)</td>
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<tr>
<td></td>
<td>AP Performance Rate</td>
<td>SAT I &amp; II Participation Rate, Scholar Athlete Teams</td>
</tr>
<tr>
<td><strong>Goal 2: Improve Perception</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parent/Community Satisfaction</td>
<td>Maintain 2:1 Plurality on Budget Votes</td>
<td>Stakeholder Satisfaction Surveys, Adult Education Enrollment</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Student Satisfaction Surveys, Prospective Homeowner Requests, New Resident Survey</td>
</tr>
<tr>
<td><strong>Goal 3: Maintain Fiscal Stability</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost-effective Fiscal Management</td>
<td>Contain Per-Pupil-Expenditure Below CPI and At/Below County Average</td>
<td>Reduce Costs in Non-Instructional Areas</td>
</tr>
<tr>
<td></td>
<td>Maintain Fund Balance</td>
<td>Reduce Costs in Non-Instructional Areas</td>
</tr>
</tbody>
</table>
3. Focus on Patients, Other Customers, and Markets (85 pts.)

Addresses how an Organization Determines Requirements, Expectations, and Preferences of Patients, Other Customers, and Markets

3.1 Patient, Other Customer, and Health Care Market Knowledge (40 pts.)

3.2 Patient and Other Customer Relationships and Satisfaction (45 pts.)
SSM: Customer and Market Focus

Listening and Learning Tools

- Former & current patients & families
  - Satisfaction surveys
  - Primary-secondary market research
  - Comment cards
  - Selected patient follow-up calls
  - Complaint Management System
  - Internet web pages response system
Listening and Learning Tools

- Potential patients & future markets
  - Primary-secondary market research
  - Survey research
  - Community contact telephone lines
  - Internet web pages response system
  - Professional associations, journals, abstracts, publications and courses

SSM: Customer and Market Focus
4. Measurement, Analysis, and Knowledge Management (90 pts.)

Addresses Analysis and Management of Data, Information, and Knowledge Assets

4.1 Measurement and Analysis of Organizational Performance (45 pts.)

4.2 Information and Knowledge Management (45 pts.)
SSM: Measurement, Analysis, & Knowledge Management

Performance Management Process

Alignment of Indicators

Through our exceptional health care services, we reveal the healing presence of God.

Exceptional clinical outcomes

Exceptional patient, employee & physician satisfaction

Exceptional financial performance

Unplanned re-admission rate within 31 days of discharge

Inpatient loyalty

Overall employee satisfaction

Operating margin %

Inpatient loyalty indicators

Employee satisfaction indicators

Physician satisfaction indicators

Growth indicators

Reimbursement indicators

Productivity/expense indicators

Liquidity indicators

Profitability indicators

Service & quality indicators

Employee satisfaction indicators

Profitability indicators

Through our exceptional health care services, we reveal the healing presence of God.
# Performance Analysis – System-Level Indicators

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Indicators</th>
<th>Year to Date</th>
<th>Performance To Plan</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated Operations</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Operating Margin %</td>
<td>1.5%</td>
<td>2.4%</td>
</tr>
<tr>
<td>Liquidity</td>
<td>Unrestricted Days Cash on Hand</td>
<td>182</td>
<td>209</td>
</tr>
<tr>
<td><strong>Hospital Operations</strong></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Growth</td>
<td>Acute Admissions</td>
<td>137,656</td>
<td>136,884</td>
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<tr>
<td>Reimbursement</td>
<td>Patient Revenue Per APD</td>
<td>$1,410</td>
<td>$1,336</td>
</tr>
<tr>
<td>Productivity/Cost</td>
<td>Operating Expense Per APD</td>
<td>$1,402</td>
<td>$1,321</td>
</tr>
<tr>
<td>Profitability</td>
<td>Operating Margin %</td>
<td>3.7%</td>
<td>4.4%</td>
</tr>
<tr>
<td>Clinical</td>
<td>31 Day Acute Readmission Rate</td>
<td>4.5%</td>
<td>4.2%</td>
</tr>
<tr>
<td>Service &amp; Quality</td>
<td>Inpatient Loyalty Index</td>
<td>49.5%</td>
<td>52.9%</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Employee Satisfaction Indicator</td>
<td>74.1%</td>
<td>71.8%</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Physician Satisfaction Indicator</td>
<td>77.6%</td>
<td>73.6%</td>
</tr>
<tr>
<td><strong>Skilled Nursing Home</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Operating Margin %</td>
<td>1.4%</td>
<td>-1.9%</td>
</tr>
<tr>
<td>Service &amp; Quality</td>
<td>Daily Physical Restraints Prevalence</td>
<td>3.9%</td>
<td>5.1%</td>
</tr>
<tr>
<td><strong>Home Health</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Operating Margin %</td>
<td>12.0%</td>
<td>8.4%</td>
</tr>
<tr>
<td>Service &amp; Quality</td>
<td>Homecare Patient Loyalty Index</td>
<td>56.9%</td>
<td>64.0%</td>
</tr>
<tr>
<td><strong>Physician</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Profitability</td>
<td>Net Revenue Per Physician</td>
<td>$35,074</td>
<td>$33,739</td>
</tr>
<tr>
<td>Productivity</td>
<td>Practice Direct Operating Cost %</td>
<td>66.6%</td>
<td>68.4%</td>
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</tbody>
</table>

- **> 5% favorable**
- **Within 5% of plan**
- **> 5% unfavorable**
5. **Staff Focus (85 pts.)**

Addresses Key Human Resource Practices

5.1 Work Systems (35 pts.)

5.2 Staff Learning and Motivation (25 pts.)

5.3 Staff Well-Being and Satisfaction (25 pts.)
Pearl River: Human Resource Focus

Aligning Employee Goals

- National Goals 2000 and Subject Standards
  - NYS Standards
  - PRSD District Goals
  - Grade Level Curriculum Maps
  - Individual Performance Goals
  - Professional Development Plan
Pearl River: Human Resource Focus

Key Factors for Teachers, Guidance, Nurses and Teaching Assistants

- Appropriate Work Space
- Adequate Supplies/Technology
- Communication from Principal
- Professional Development
- Opportunities to Collaborate
6. **Process Management (85 pts.)**

Addresses Key Processes and Process Management

6.1 Health Care Processes (50 pts.)

6.2 Support Processes (35 pts.)
Clinical Collaboratives

Start of Collaborative

- Learning session #1
- Project work and completion
- Learning session #2

Prework Phase

- Design Collaborative
- Send out invitation
- Team formation and data collection

Active phase

- Data collection every 3 months
- Conference calls every 2 months

Continuous Improvement Phase
SSM: Process Management

CQI Model – Process Design Approach

**Plan**
- Identify Opportunity
- Conceptual Design
- Analysis

**Do**
- Implement New Process
- Results

**Check**
- Standardization

**Act**
- Methods to be used to make new process permanent?
- How can team's work be shared with others across the system?

**Plan**
- Future Plans

**Questions:***
- Team members?
- Process to design?
- Why process chosen?
- How links to SFP?
- Identify benchmarking opportunities
- Customers' expected outcomes?
- "Best way" to meet customer needs?
- Research from other organizations?
- How design to avoid problems?
- How can the impact of problems on customers be reduced?
- Indicators designed into process to measure performance?
- Implement new process
- How to change process if not meeting customer needs?
- Initial results meet or exceed customer needs?
- Results demonstrate new process' ability to meet or exceed customer needs?
- What other changes could improve process?
- How can team improve to work more effectively in the future?
7. Organizational Performance Results (450 pts.)

Addresses Progress on Results—including Levels, Trends, and Comparative Data

7.1 Health Care Results (75 pts.)
7.2 Patient- and Other Customer-Focused Results (75 pts.)
7.3 Financial and Market Results (75 pts.)
7.4 Staff and Work System Results (75 pts.)
7.5 Organizational Effectiveness Results (75 pts.)
The Bottom Line: Results

Improved quality of care and outcomes
Improved patient and other customers satisfaction and loyalty
Increased revenue/ lower costs/ financial stability
Increased market share
Greater staff productivity and satisfaction
Increased governance and social responsibility
SSM: Results

Clinical Collaboratives

- Improving the Secondary Prevention of Ischemic Heart Disease (1/99)
- Improving Prescribing Practices (5/99)
- Using Patient Information to Improve Care (11/99)
- Enhancing Patient Safety Through Safe Systems (3/00)
- Improving the Treatment of Congestive Heart Failure (11/00)
- Achieving Exceptional Safety in Health Care (1/02)
SSM Health Care
2002 Award Recipient in Health Care

Heart Attack (MI) patients treated with Lipid-Lowering Agents

Percentage of MI patients

- SSMHC
- Benchmark 00
- Benchmark 02
Saint Luke’s Hospital of Kansas City
2003 Award Recipient in Health Care

<table>
<thead>
<tr>
<th></th>
<th>SLH</th>
<th>National Average</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medical Mortality</td>
<td>13.1%</td>
<td>15.3%</td>
</tr>
<tr>
<td>Surgical Mortality</td>
<td>1.8%</td>
<td>2.5%</td>
</tr>
<tr>
<td>Physician Rating</td>
<td>86%</td>
<td>33%</td>
</tr>
<tr>
<td>Accreditation Score</td>
<td>92</td>
<td>91</td>
</tr>
<tr>
<td>Overall Score</td>
<td>7669</td>
<td>5418</td>
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</tbody>
</table>

SLH Rank = 35 of 4,500 hospitals in U.S.A.
Chugach School District
2001 Award Recipient in Education

HSQE Spring 2001 Grade 10
Baptist Hospital, Inc.
2003 Award Recipient in Health Care

BH Patient %-tile  BH Employee Morale
SSM: Results

Key Customer Requirements

Staff Did All Possible to Control Pain

- Good

<table>
<thead>
<tr>
<th>Year</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
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<tbody>
<tr>
<td>Percent</td>
<td>40.0%</td>
<td>60.0%</td>
<td>80.0%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

SSMHC - Best in SSMHC
SSM: Results

Physician Satisfaction

![Graph showing physician satisfaction over years]

- SSMHC
- Best in SSMHC
- SSMHC Goal

- 1999: 80.0%
- 2000: 80.0%
- 2001: 80.0%
- 2002: 80.0%
- 2003: 80.0%
- 2004: 80.0%
SSM Health Care
2002 Award Recipient in Health Care

Market Share

<table>
<thead>
<tr>
<th>Year</th>
<th>SSMHC-St. Louis</th>
<th>SSMHC-OK</th>
<th>SSMHC-WI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1999</td>
<td>15.0%</td>
<td>12.0%</td>
<td>13.0%</td>
</tr>
<tr>
<td>2001</td>
<td>17.0%</td>
<td>14.0%</td>
<td>16.0%</td>
</tr>
</tbody>
</table>
Medrad, Inc.
2003 Award Recipient in Manufacturing
Stoner, Inc.
2003 Award Recipient in Small Business

% Of Orders Shipped Same Day

- 1998
- 1999
- 2000
- 2001
- 2002
- 2003
What makes the Baldrige Criteria different?

Key Characteristics

- focus on results
- are non-prescriptive
- are adaptable
- support a systems perspective
- support goal-based diagnosis
Is Your Organization Ready?

It is *never too early* to begin using the Baldrige Criteria for Performance Excellence.
“It amazes me that U.S. businesses spend so much money on ‘how-to’ books and coursework to teach leaders how to build successful organizations. My recommendation: implement the Baldrige-based Criteria in your business. No other single document can help build a long-term successful organization.”

Jerry R. Rose, President
Sunny Fresh Foods
Baldrige Award Recipient, 1999
Benefits of Self-Assessment and Applying for the Award

- Identify successes and opportunities for improvement
- Jump-start a change initiative
- Focus your organization on common goals
- Gain an outside perspective
- Learn from feedback
- Enhance organizational learning
The Feedback Report: Your Greatest Benefit

Written assessment of strengths and opportunities for improvement
Compiled by a team of expert Examiners
The report includes
- Key Themes Summary
- Comments
- Individual Scoring Range
- Scoring Distribution
“To change and to change for the better are two different things.”

German Proverb
How Can I Learn More About the Baldrige Criteria?

e-Baldrige
Getting Started
Why Apply?
Are We Making Progress?
Are We Making Progress as Leaders?
Criteria for Performance Excellence
How Can I Learn More About the Baldrige Program?

Visit our Web site at www.baldrige.nist.gov
Contact your state or local Baldrige-based program
Attend a conference
Become an Examiner
How Can I Contact the Baldrige Program?

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