Practicing What We Preach: Making Improvements at the Minnesota Council for Quality

ASQ – Minnesota Section
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creating a State of excellence

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Today’s Discussion

• (Re)Introduce the Minnesota Council for Quality
  – Beneath the radar: what happened the last 3-5 years?
  – Setting the context: introduce the Council’s evolving vision

• Discuss the Council’s Core Service: Organizational Assessments (and the Minnesota Quality Award)
  – Summarize the process
  – Outline the changes made the last 1-2 years

• Summarize the other organizational improvement services now offered by the Council
What Happened the Last Few Years?

• We lost state funding in 1998
• As a result, we struggled for 2-3 years
  – Customer demand decreased
  – Volunteer support decreased
  – Member contributions decreased
• So we took a dose of our own medicine and began to identify and respond to customer/market needs
  – The rest of this discussion will outline some of the significant changes we have made as a result
Who We Are

• A non-profit founded in 1987

• Our vision is:
  – To become recognized as a primary resource for organizations seeking to improve their results, effectiveness, and/or competitiveness
  – To advance performance excellence in Minnesota organizations, and thereby foster economic development and job preservation/creation throughout the state

• Our goal is to create a State of excellence.
Our Mission: Advancing Excellence

Assess Performance

We help organizations understand and prioritize their current strengths and improvement opportunities (and recognize excellence through the Minnesota Quality Award).

Improve Performance

We broker resources that can assist organizations in improving their performance and/or competitiveness.

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Where Do You Start?

- Improve employee turnover
- Improve support processes
- Improve complaint management
- Improve leadership
- Improve competitiveness
- Improve ROI
- Improve decision making
- Improve use of data
- Improve cycle time
- Improve employee satisfaction
- Improve core processes
- Improve knowledge management
- Improve core processes
- Improve communication
- Improve compliance
- Improve benchmarking
- Improve measurement
- Improve value creation processes
- Improve productivity
- Improve quality
- Improve accuracy
- Improve morale
- Improve recruiting
- Improve supplier management
- Improve supplier performance
- Improve HR selection
- Improve margins
- Improve employee training and development
- Improve customer satisfaction
- Improve reward & recognition
- Improve planning
- Improve goal-setting
- Improve results
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Focusing Energy & Resources

Mission

Vision

Alignment

Baldrige Assessment

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Our Core Service: An Assessment

• Identifies key strengths and improvement opportunities within an organization, upon which improvement plans can be created and prioritized
• Facilitates the improvement, alignment, and integration of overall organizational effectiveness and capabilities
• Assists in the delivery of ever-improving value to customers/stakeholders
• Facilitates organizational and personal learning
• Monitors progress over time

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First, the Evidence…

Comparison of Award Winning Firms and Control Firms
Average % Change in Performance Measure

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Award Winners</th>
<th>Control Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock Price</td>
<td>140</td>
<td>80</td>
</tr>
<tr>
<td>Operating Income</td>
<td>120</td>
<td>100</td>
</tr>
<tr>
<td>Sales</td>
<td>20</td>
<td>40</td>
</tr>
<tr>
<td>Total Assets</td>
<td>60</td>
<td>40</td>
</tr>
<tr>
<td>Employees</td>
<td>20</td>
<td>20</td>
</tr>
<tr>
<td>Return on Sales</td>
<td>10</td>
<td>20</td>
</tr>
</tbody>
</table>

Source: Kevin B. Hendricks and Vinod R. Singhal, “Don’t Count TQM Out,” Quality Progress, April 1999
...First, the Evidence

Performance comparison of the Q-100, S&P500 as of 9/30/03

<table>
<thead>
<tr>
<th></th>
<th>Q-100</th>
<th>S&amp;P500</th>
</tr>
</thead>
<tbody>
<tr>
<td>YTD</td>
<td>13.85</td>
<td>13.2</td>
</tr>
<tr>
<td>Trailing 12 Months</td>
<td>23.87</td>
<td>22.16</td>
</tr>
<tr>
<td>Inception 9/30/98</td>
<td>14.63</td>
<td>2.03</td>
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</table>

Source: Q100 Index, Robinson Capital Management

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The Assessment Framework

The foundation of the assessment is the Malcolm Baldrige National Quality Award, which outlines validated Criteria that have been shown to produce excellent organizational results. The Criteria are divided into seven Categories which form an organizational system.
3.1 Customer and Market Knowledge (40 points)

Describe how your organization determines short- and longer-term requirements, expectations, and preferences of customers and markets to ensure the relevance of current products/services and to develop new opportunities.

Within your response, include answers to the following questions:

a. Customer and Market Knowledge

(1) How do you determine or target customers, customer groups, and/or market segments? How do you consider customers of competitors and other potential customers and/or markets in this determination?

(2) How do you listen and learn to determine key requirements and drivers of purchase decisions for current, former, and potential customers? If determination methods differ for different customers and/or customer groups, include key differences.

(3) How do you determine and/or project key product/service features and their relative importance/value to customers for purposes of current and future marketing, product planning, and other business developments, as appropriate? How do you use relevant information from current and former customers, including marketing and sales information, customer retention, won/lost analysis, and complaints, in this determination?

(4) How do you keep your listening and learning methods current with business needs and directions?
The Assessment is Flexible

- Is based on a set of validated, leading edge practices
- Is applicable to *any* organizational entity –
  - manufacturing, service, health care, schools, non-profits, public sector
- Is scaleable –
  - can be used for very small or very large, complex organizations (or parts of organizations)
- Encourages communication and knowledge sharing – helps build a common language
category 2 -- strategic planning

2.1 strategy development

Gemini develops strategic plans for improving its health services and business performance results through a three-phase Strategic Planning Process.

The key players involved in the Strategic Planning Process span the entire organization and include representatives from the GBOD as well as front-line staff. Input is also gathered from other staff, suppliers, and strategic partners (University of Lakeland Hospital, Healing Hands) for inclusion in the environmental assessment. This approach provides Gemini with a representative cross-section of all facets of the organization and, when combined with input from customer survey results, mystery shopping or competitive shopping, and market-related analysis of competitors and trends, provides the LT with the initial framework for the strategic planning retreat.

The Strategic Planning Process is an ongoing process with three distinct phases that are all illustrated in Figure 2.1-1. Evaluation and improvement of the Strategic Planning Process begin immediately upon completion of the annual plan. This Phase 1, the pre-planning phase, which begins in January with an evaluation of the previous year’s Strategic Planning Process and suggests/implements recommendations for improving the process. Up until this year, Gemini has only used the percent deviation between actual and budgeted expenses to monitor its progress toward achieving strategic goals. Typical results are within 5% to 10% of plan. A recommended improvement from last year was to include measures that will add value by increasing the accuracy and effectiveness of the planning process or by improving cycle time. Metrics will be incorporated that assess participant contributions, and evaluate adherence to timelines and the level of agreement on the financial projections in the 1998 planning process. Another improvement included the involvement of John Adams, a key physician from the University of Lakeland Hospital’s cardiac program, in Gemini’s planning process to ensure that clinical issues are addressed.

Figure 2.1-1 Strategic Planning Process

<table>
<thead>
<tr>
<th>Phase I -- Pre-Planning</th>
<th>What</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>Evaluate previous year’s process/ID improvements</td>
<td>Gemini, LT/Director of Planning</td>
<td></td>
</tr>
<tr>
<td>Meet customers, network, external mtgs., distrib. Quality/JCAHO info</td>
<td>LT, MCO Consultant, Branch managers</td>
<td></td>
</tr>
<tr>
<td>Perform competitor analysis</td>
<td>Gemini, LT/Director of Planning</td>
<td></td>
</tr>
<tr>
<td>Conduct survey/focus groups</td>
<td>Branch managers, LT/GBOD Planning Teams</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Phase II -- Environmental Analysis</th>
<th>What</th>
<th>Who</th>
</tr>
</thead>
<tbody>
<tr>
<td>Phase II -- Environmental Analysis External</td>
<td>Evaluate results vs plan</td>
<td>Branch managers, LT/GBOD Planning Teams</td>
</tr>
<tr>
<td>Phase II -- Environmental Analysis Internal</td>
<td>SWOT analysis</td>
<td>Branch managers, LT/GBOD Planning Teams</td>
</tr>
</tbody>
</table>

Gemini refers to as Phase II of the Strategic Planning Process. This phase looks at external opportunities and threats as well as internal strengths and weaknesses.

We also offer a “short-cut” approach (the Baldrige Express), which is a behaviorally anchored survey. This tool saves time and resources, but still offers value to smaller organizations or organizations earlier in their journey.

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Item 5.3 Employee Well-Being and Satisfaction

Strengths:
- (a) XYZ conducts a monthly safety and ergonomics audit.
- (b) XYZ participates in various wellness programs.
- (c) XYZ conducts an annual survey to determine employee attitude, morale, well-being, and satisfaction.

Opportunities for Improvement:
- There is no evidence that XYZ has measures and targets in place for factors important to employee well-being.
- XYZ does not know if they are providing the things which actually support employee well-being.
- XYZ does not collect data on factors unimportant to employees.
- XYZ may be missing some key information related to employee satisfaction.

XYZ Company Assessment Scoring Summary

<table>
<thead>
<tr>
<th>Item</th>
<th>Category</th>
<th>Description</th>
<th>Score</th>
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<tr>
<td>1</td>
<td>Leadership</td>
<td>Organizational Leadership</td>
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<tr>
<td>1.1</td>
<td></td>
<td>Social Responsibility</td>
<td>24</td>
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<tr>
<td>2</td>
<td>Strategic Planning</td>
<td>Strategy Development</td>
<td>12</td>
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<td>2.1</td>
<td></td>
<td>Strategy Deployment</td>
<td>14</td>
</tr>
<tr>
<td>3</td>
<td>Customer and Market Focus</td>
<td>Customer and Market Knowledge</td>
<td>20</td>
</tr>
<tr>
<td>3.1</td>
<td></td>
<td>Customer Satisfaction and Relationships</td>
<td>27</td>
</tr>
<tr>
<td>4</td>
<td>Measurement, Analysis, and Knowledge Management</td>
<td>Measurement and Analysis of Organizational Performance</td>
<td>24</td>
</tr>
<tr>
<td>4.1</td>
<td></td>
<td>Information and Knowledge Management</td>
<td>25</td>
</tr>
<tr>
<td>5</td>
<td>Human Resource Focus</td>
<td>Work Systems</td>
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<tr>
<td>5.1</td>
<td></td>
<td>Employee Learning and Motivation</td>
<td>13</td>
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<td>5.2</td>
<td></td>
<td>Employee Well-Being and Satisfaction</td>
<td>18</td>
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<tr>
<td>6</td>
<td>Process Management</td>
<td>Value Creation Processes</td>
<td>39</td>
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<td>Support Processes</td>
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<tr>
<td>7</td>
<td>Results</td>
<td>Customer Focused Results</td>
<td>38</td>
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<tr>
<td>7.1</td>
<td></td>
<td>Product and Service Results</td>
<td>32</td>
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<tr>
<td>7.2</td>
<td></td>
<td>Financial and Market Results</td>
<td>25</td>
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<td>7.3</td>
<td></td>
<td>Human Resource Results</td>
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<td>7.4</td>
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<td>Organizational Effectiveness Results</td>
<td>45</td>
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<tr>
<td>7.5</td>
<td></td>
<td>Governance and Social Responsibility Results</td>
<td>30</td>
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</table>
Minnesota Quality Award

• Although the primary goal is learning and improvement, we also recognize levels of performance excellence through the Minnesota Quality Award.

• Four Award levels given for organizations that complete a site visit:
  – Commitment
  – Advancement
  – Achievement
  – Excellence
So What Has Changed?

• The Criteria have changed considerably
• We are making the process more flexible
  – Our schedule is now “rolling,” benefiting both customers and volunteer Evaluators
  – We now offer a “menu” of tools
  – We can customize assessments to fit customers’ needs
• We changed the Evaluator training pricing structure
• We have focused on improving the process itself – another example of “practicing what we preach”
• We are now changing the way the service is marketed and delivered
  – Sector and community “cohorts”
Finding Improvement Resources

- Your organization has gone through the process of identifying and prioritizing improvement opportunities – now what??
- The Minnesota Council for Quality has developed four services to broker resources, knowledge, best practices, and information on organizational improvement
Improvement Clearinghouse

- Part of the Council’s website; intended to provide information, knowledge, and best practices on organizational improvement
- A resource center filled with information such as:
  - Whitepapers and articles
  - Links to other improvement-related sites/organizations
  - Announcements of upcoming improvement events/training
  - Benchmarking resources
  - A resource center
- Some content/functional is member-only
Vendor Referral Service

- An on-line, dynamic search engine to locate consultants, trainers, coaches, and facilitators specializing in some aspect of improvement
- Intended to match expert external resources with member organizations desiring to hire them
- More efficient, less costly, more effective, and less risky
- Member-only
Vendor Referral Service

SAMPLE VENDOR SEARCH

1) My organization needs help with:
   - Baldrige
   - Six Sigma
   - ISO
   - Balanced Scorecard
   - Lean Manufacturing
   - Customer Satisfaction
   - Etc., etc.

2) I prefer a vendor based in:
   - Twin Cities
   - NW/West MN
   - SW/SE MN
   - NE MN
   - Out of state
   - No preference

3) I prefer a vendor with:
   - 1-3 years’ experience/in business.
   - 3-5 years’
   - 5-10 years’
   - 10+ years’
   - It doesn’t matter

4) Prefer a(n):
   - independent (1-2 person)
   - small (3-20 person)
   - medium (20-50 person)
   - large (50+ person)
   - doesn’t matter
Performance Improvement Network

• A forum for sharing information and best practices
  – Monthly breakfasts; 50-60 managers/professionals.
  – Recent topics include Six Sigma, Balanced Scorecard, ethics, innovation, ISO, Baldrige, Lean thinking
  – Speakers are typically practitioners who have first-hand experience with improvement.

• Also a forum for networking

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Networks in Greater Minnesota

- Building, rebuilding, and forming alliances with regional quality councils:
  - Rochester Area Quality Council
  - Crow River Quality Council
  - Mankato Area Quality Council
  - Others (Winona, Willmar)
Partnerships/Alliances

• Forming relationships with other organizations that specialize in some aspect of organization improvement

• We have established agreements with several organizations:
  – University of Minnesota’s CCE
  – Century College
  – MN Strategic Leadership Forum
  – Minnesota Academic Excellence Foundtn.
  – University of St. Thomas, The Management Center
  – Inver Hills Community College
  – Rochester Area Quality Council (RAQC)
Partnerships/Alliances

• Building a “network of networks” to broker information and knowledge between constituents
• Some clusters of alliances are functionally-focused, while others are sector-focused
Building Value for Our Members

• Recognition
  – Listing on the website
  – Listing in the newsletter
  – Press release
  – Certificate/letter

• Access to our services
  – Clearinghouse
  – Vendor Referral Service
  – Member benchmarking

• Discounts to our services
  – Complimentary PIN meetings
  – Evaluator discount
  – Organizational assessment discount

• Discounts to our partners’ services
  – Currently seven alliances and growing
So What (Else) Has Changed?

- Not only have we changed/improved our core assessment services, but...
- We have built several mechanisms to broker improvement-related resources, information, and knowledge
- We have focused on building value for our membership
- We continue to build/improve our support processes (such as customer contact, customer relationship management, volunteer support, etc.)
About the Speaker

Brian Lassiter was elected president of the Minnesota Council for Quality in the summer of 2001. Before his election, Brian held positions with the following organizations: Ian Alliott Consulting (Managing Director), Norstan Consulting (Principal Consultant), The St. Paul Companies (Corporate Quality Consultant), Price Waterhouse (Consultant), and Boatmen's National Bank (Quality Manager). In these roles, Brian has worked with dozens of organizations in a variety of industries to help them improve their performance and competitiveness. Brian has served six years on the Board of Examiners for the Malcolm Baldrige National Quality Award (1998-2003), the last three as a Senior Examiner. He has also served as a Senior Evaluator for the Minnesota Quality Award (two years) and served on the Board of Directors for Goodwill/Easter Seals of Minnesota between 1995-2003. He can be reached at lassiter_brian@hotmail.com or 612-868-3519 (cell).

Founded in 1987, the Minnesota Council for Quality is a 501 (c)(3) non-profit that helps organizations improve performance, results, and/or competitiveness. For more information, please visit www.councilforquality.org or contact the Council at mc4quality@aol.com.