The Malcolm Baldrige Award

The Malcolm Baldrige National Quality Award was created because in the early and mid-1980s, many industry and government leaders saw that renewed emphasis on quality was no longer an option for American companies. It was now a necessity for doing business in an ever expanding, and more demanding, competitive world market. But what standards should a developing organization apply to itself? Should it be content to reach the same level as other competitors or should it go farther? And how will it know if it is doing well or badly on a global scale? This is why the Baldrige Award was envisioned. To set a standard of excellence that would help the U.S. organizations achieve world-class quality (www.nist.gov).

Malcolm Baldrige, born October 4, 1922, was Secretary of Commerce from 1981 until his death in July of 1987. Baldrige was a proponent of quality management as a key to this country’s prosperity and long-term strength. He took personal interest in the quality improvement act that was eventually named after him and helped draft one of the early versions before his untimely death. Congress established the award program in 1987 to recognize U.S. organizations for their achievements in quality and business performance and to raise awareness about the importance of quality and performance excellence as a competitive edge. Three awards may be given annually in each of these categories: manufacturing, service, small business, education and health care (www.quality.nist.gov).

The Malcolm Baldrige National Quality Award was created by Public Law 100-107, which states that:
1. The leadership of the United States in product and process quality has been challenged strongly (and sometimes successfully) by foreign competition, and our Nation's productivity growth has improved less than our competitors' over the last two decades.

2. American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability.

3. Strategic planning for quality and quality improvement programs, through a commitment to excellence in manufacturing and services, are becoming more and more essential to the well-being of our Nation's economy and our ability to compete effectively in the global marketplace.

4. Improved management understanding of the factory floor, worker involvement in quality, and greater emphasis on statistical process control can lead to dramatic improvements in the cost and quality of manufactured products.

5. The concept of quality improvement is directly applicable to small companies as well as large, to service industries as well as manufacturing, and to the public sector as well as private enterprise.

6. In order to be successful, quality improvement programs must be management-led and customer-oriented, and this may require fundamental changes in the way companies and agencies do business.

7. Several major industrial nations have successfully coupled rigorous private-sector quality audits with national awards giving special recognition to those enterprises the audits identify as the very best; and

8. A national quality award program of this kind in the United States would help improve quality and productivity by:
a. Helping to stimulate American companies to improve quality and productivity for the pride of recognition while obtaining a competitive edge through increased profits;

b. Recognizing the achievements of those companies that improve the quality of their goods and services and providing an example to others;

c. Establishing guidelines and criteria that can be used by business, industrial, governmental, and other organizations in evaluating their own quality improvement efforts; and

d. Providing specific guidance for other American organizations that wish to learn how to manage for high quality by making available detailed information on how winning organizations were able to change their cultures and achieve eminence."

(from www.quality.nist.gov/law.html)

Essentially, from this Award companies have the chance of being recognized as a leading company. However, the number of companies that are capable of even passing the screening process is very small. For most companies this “standard” is almost unattainable. To become a recipient of Baldrige Award companies must apply. An independent Board of Examiners composed of primarily private-sector experts in quality and business evaluates applications for the award. These examiners look for achievements and improvements in the criteria of the award, which is broken up into seven categories:

1. **Leadership** – Examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship.

2. **Strategic planning** – Examines how the organization sets strategic directions and how it determines key action plans.
3. **Customer and market focus** – Examines how the organization determines requirements and expectations of customers and markets.

4. **Information and analysis** – Examines the management, effective use, and analysis of data and information to support key organization processes and the organization’s performance management system.

5. **Human resource focus** – Examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization’s objectives.

6. **Process management** – Examines aspects of how key production/delivery and support processes are designed, managed, and improved.

7. **Business results** – Examines the organization’s performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, and operational performance. The category also examines how the organization performs relative to competitors.

Organizations that pass an initial screening are visited by teams of examiners to verify information in the application and to clarify questions that come up during the review. When a company has made substantial improvements it is easier to assess their performance because, by then, they have tackled all the important areas (www.wclass.com).

For most companies it is almost seemingly impossible to achieve and improve in all areas covered by the criteria of the award. These companies don’t apply to win the award; they use the criteria for personal benefits within the company. For many organizations, using the criteria results in better employee relations, higher productivity, greater customer satisfaction, increased market share, and improved profitability (www.nist.gov). If you are wondering how well it really works here are some of the Baldrige program’s highlights: (from www.baldrigeworks.com)
• Called “the single most influential document in modern history of American business,” more than 1.7 million copies of the Baldrige criteria for performance excellence have been distributed.

• Internationally, 42 quality programs, most modeled after the Baldrige programs are in operation.

• Forty-four states currently have Baldrige programs. In 1991, state programs collectively received 111 applications; in 1997 that number was 947.

• In their report, Building on Baldrige: American Quality for the 21st Century, the private-sector Council on Competitiveness, said, “More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the U.S.”

• Studies by NIST, universities, and government and business organizations have found that incorporating the Baldrige performance excellence concept pays off in increased productivity, satisfied employees and customers, and improved profitability—both for the companies and investors.

This prestigious award is so beneficial that a firm has been created to specifically consult businesses on how to win the Baldrige Award (from www.baldrigeworks.com).

References:

http://www.baldrigeworks.com/success.htm


http://www.wclass.com/standards.htm

http://www.quality.nist.gov/foundation.htm

http://www.politicalgraveyard.com