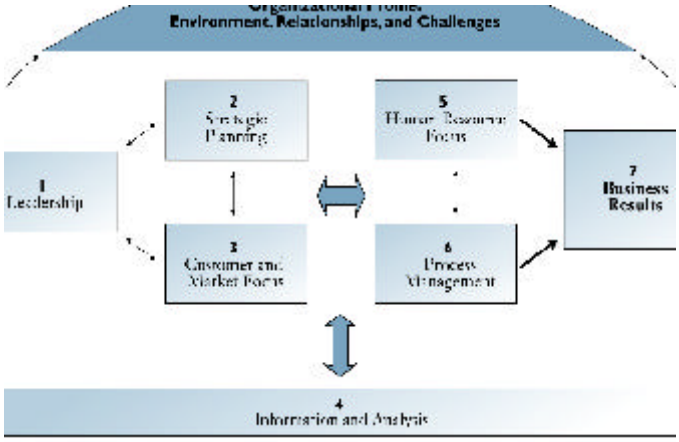
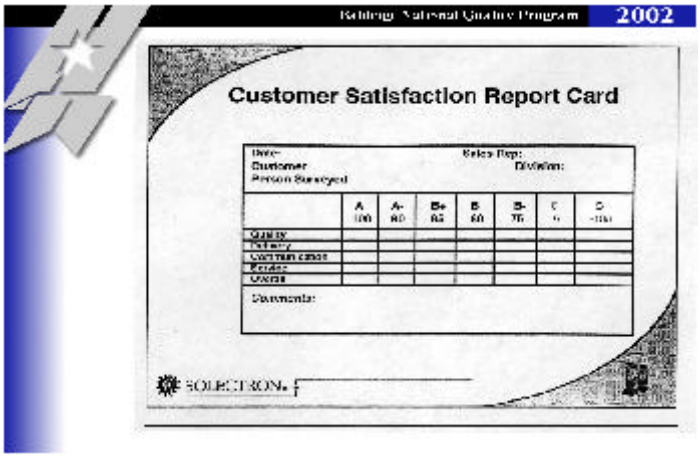
Keynote 1 - Dr. Harry Hertz, The Baldrige Core Values of Customer-Driven Excellence and Valuing Employees and Partners

Today, the Baldrige Program and the Baldrige Award recipients are imitated and admired worldwide. More than 43 states and many countries have programs modeled after Baldrige. The Baldrige criteria for performance excellence are widely used as an assessment and improvement tool. Now considered America's highest honor for performance excellence, Baldrige Awards are presented annually by the President of the United States. The Baldrige Criteria serve as the performance management framework for organizations wanted to improve quality and customer satisfaction.

The Baldrige Award criteria defines performance excellence as an integrated approach to organizational performance management the results in ever-increasing value to customers, marketplace success, organizational effectiveness and increased capabilities. Customer-driven excellence is judged by the customer and can be achieved by understanding the customer's needs today, anticipating future needs, sufficiently and quickly correcting errors, and differentiating service and products from those of competitors. To create customer-driven excellence, management must value employees and partners. This means a true commitment to employee satisfaction, development, and well-being fostered by sharing organizational knowledge and encouraging risk taking. Partners include customers, suppliers, strategic alliances, and the community. Elements of successful partnerships include clear long-term mutual objectives and definition of success and regular communication and evaluation. Dr. Hertz provided the following perspective of the Baldrige Criteria Framework – an organizational profile of quality award candidates.



Dr. Hertz detailed several case studies of Baldrige winners with comparison to organizations in their market segment and explained the elements which contributed to their overall quality and customer satisfaction. The important features of quality organizations are that they are leaders in their customer group and market segment because of their customer and market knowledge (listening and learning strategies) and their customer satisfaction and customer relationships (accessibility, complaint management, emphasis on relationship building and determining satisfaction).



The Key Excellence Indicators for Customer and Market Focus are:

a. In-depth market knowledge (e.g. from channels on chart below)
b. Proactive customer systems
c. Multiple listening posts to identify customer requirements (see chart below)
d. Focus on enhancing customer relationships and loyalty
e. Requirements of market segments in both current and potential customers
f. Prompt, effective resolution of complaints\s
g. High levels of satisfaction and indicators of satisfaction (e.g. customer awards)

Listening Post	Frequency
Executive Customer Visits	Daily
Direct Customer Contact	Daily
Alliances	Monthly
Gas Turbine Users Association	Annually
Turbomachinery Technology Seminar	Tri-annual
Regional Users Groups	2-3 /Yr
Customer Satisfaction Surveys	Annually
Transaction Surveys	Project end
Win/Loss Analysis	All Trans.
Trade Journals	Weekly
Industry Conferences	10-15/Yr
Industry and Professional Organizaton	Ongoing
Research and Consulting	Ongoing

Dr. Hertz discussed the following role model characteristics of organizations applying the Baldrige criteria:

- Focus on customer satisfaction and relationships
- High performance work systems, strategy, and visionary leadership
- Emphasis on employee education and development
- Superior customer and market knowledge
- Strong financial and market results
- Measurement and analysis of performance is key

The following checklist can be used to determine if an organization is focused on customers and is improving that focus:

- We know who our most important customers are
- We keep in touch with our customers
- Our customers tell us what we need and we use that to improve product/services
- We ask customers if they are satisfied with our work and services

- Front-line staff can make decisions to solve customers' problems

The Baldrige Quality Award criteria does not mean business as usual. It means focus on the system (alignment and integration with customer needs), the people (good relationships with customers, employees, and partners), and strategy (anticipate needs and future trends, execute improvements and changes, and measure). Key processes deliver key results.

On Aug. 20, 1987, President Ronald Reagan signed the "Malcolm Baldrige National Quality Improvement Act of 1987" setting into motion a program that many credit with making quality a national priority and helping to revitalize the U.S. economy during the 1990s. In 1999, two additional categories (education and health care) were added to the original three categories: manufacturing, service and small business. Dr. Hertz announced that a new market segment is may be added to the Baldrige Award – the federal sector is now under consideration. If added, federal agencies will become eligible for the Baldrige Award and will quality for this prestigious business award. Federal agencies will be able to more easily compare their business processes and systems to the "best in business" and their customer/citizen service to world class service.

Because the Baldrige Award criteria have been so effective in identifying quality organizations, the Minneapolis Star Tribune in 1995 quoted Harvey Mackay as saying he'd rather see a Baldrige Award on his medical provider's wall than a diploma.