Army Performance Improvement Criteria

(APIC)

2003

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Leading Change

"… there is an understandable temptation to ignore management reforms in favor of new policies and programs. However, what matters most is performance and results. In the long term, there are few items more urgent than ensuring that the federal government is well run and results-oriented. This Administration is dedicated to ensuring that the resources entrusted to the federal government are well managed and wisely used. We owe that to the American people."

President George W. Bush

The President's vision for government reform is guided by three principles. Government should be:

— Citizen-centered, not bureaucracy-centered;
— Results-oriented;
— Market-based, actively promoting rather than stifling innovation through competition.

In October 1999, the Secretary of the Army and the Chief of Staff articulated a vision to enable the Army to meet the challenges of the 21st century. To enable The Army to remain a force that is persuasive in peace and invincible in war requires deliberate change at a level unprecedented in recent times.

In August, 2001, Secretary of the Army Thomas White stated that he is "convinced the criteria [APIC] is a tool that will help us assess how we do business and identify opportunities for improvement. Today, I am encouraging the use of the Army's Performance Improvement Criteria as a major Army leadership strategy to stimulate organizational learning, ensuring stewardship of the public trust." The Chief of Staff of the Army, General Eric K. Shinseki, echoed those comments in a November 2001 speech where he stated, "if you're not able to assess the results, your next decision is only as good or as bad as your last." APIC provides leaders with an excellent tool to gauge organizational performance. Further, it enables leaders to examine all aspects of the organization and facilitates sharing of best practices to promote change and create avenues of excellence for organizational learning.

The 2003 APIC is based on the 2003 Baldrige Criteria for Performance Excellence, and is the strategic framework for leading change and assessing performance recommended by AR 5-1. For 14 years, the Baldrige Criteria have been used by thousands of U.S. organizations to stay abreast of ever-increasing competition and to improve performance. In today's business environment, the Criteria helps organizations respond to the rapid pace of innovation, to focus on core competencies, and to the challenges of outsourcing and supply chain management. It is the basis for the top quality award programs in 44 States and over 60 nations. Whether your organization is small or large; tactical or non-tactical unit; combat, combat support, or combat service support unit; school or garrison command; or an element of a headquarters staff, the APIC provide a valuable framework that can help you plan for continuous performance improvement in an uncertain environment. It is quite simply, "Management by Asking (and answering) 101 Good Questions". It includes actual examples from actual organizational self-assessments to assist in applying the Criteria to your organizations. These "real world" examples should be helpful to relating the criteria to your activity and to enable its use as an assessment tool.

We thank the Assistant Chief of Staff, Installation Management (ACSIM) and the instructors at the Laverne E. Weber Army National Guard Professional Education Center (PEC) for providing valuable assistance in the development of this handbook.

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http://www.hqda.army.mil/leadingchange

Contents

2003 Criteria: Core Values, Concepts, and Framework

Criteria Purposes

The Criteria are the basis for organizational self-assessments, for making Awards, and for giving feedback to applicants. In addition, the Criteria have three important roles in strengthening U.S. competitiveness:

- to help improve organizational performance practices, capabilities, and results
- to facilitate communication and sharing of best practices information among U.S. organizations of all types
- to serve as a working tool for understanding and managing performance and for guiding organizational planning and opportunities for learning

Criteria for Performance Excellence Goals

The Criteria are designed to help organizations use an integrated approach to organizational performance management that results in

- delivery of ever-improving value to customers, contributing to marketplace success
- improvement of overall organizational effectiveness and capabilities
- organizational and personal learning

Core Values and Concepts

The Criteria are built upon the following set of interrelated Core Values and Concepts:

- visionary leadership
- customer-driven excellence
- organizational and personal learning
- valuing employees and partners
- agility
- focus on the future
- managing for innovation
- management by fact
- social responsibility
- focus on results and creating value
- systems perspective

These values and concepts, described below, are embedded beliefs and behaviors found in high-performing organizations. They are the foundation for integrating key business requirements within a results-oriented framework that creates a basis for action and feedback.

Visionary Leadership

An organization's senior leaders should set directions and create a customer focus, clear and visible values, and high expectations. The directions, values, and expectations should balance the needs of all your stakeholders. Your leaders should ensure the creation of strategies, systems, and methods for achieving excellence, stimulating innovation, and building knowledge and capabilities. The values and strategies should help guide all activities and decisions of your organization. Senior leaders should inspire and motivate your entire workforce and should encourage all employees to contribute, to develop and learn, to be innovative, and to be creative. Senior leaders should be responsible to your organization's governance body for their actions and performance. The governance body should be responsible ultimately to all your stakeholders for the ethics, vision, actions, and performance of your organization and its senior leaders.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, communications, coaching, development of future leaders, review of organizational performance, and employee recognition. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.

Customer-Driven Excellence

Quality and performance are judged by an organization's customers. Thus, your organization must take into account all product and service features and characteristics and all modes of customer access that contribute value to your customers. Such behavior leads to customer acquisition, satisfaction, preference, referral, retention and loyalty, and to business expansion. Customer-driven excellence has both current and future components: understanding today's customer desires and anticipating future customer desires and marketplace potential.

Value and satisfaction may be influenced by many factors throughout your customers' overall purchase, ownership, and service experiences. These factors include your organization's relationships with customers, which help to build trust, confidence, and loyalty.

Customer-driven excellence means much more than reducing defects and errors, merely meeting specifications, or reducing complaints. Nevertheless, reducing defects and errors and eliminating causes of dissatisfaction contribute to your customers' view of your organization and thus also are important parts of customer-driven excellence. In addition, your organization's success in recovering from defects and mistakes ("making things right for your customer") is crucial to retaining customers and building customer relationships.

Customer-driven organizations address not only the product and service characteristics that meet basic customer requirements but also those features and characteristics that differentiate products and services from competing offerings. Such differentiation may be based upon new or modified offerings, combinations of product and service offerings, customization of offerings, multiple access mechanisms, rapid response, or special relationships.

Customer-driven excellence is thus a strategic concept. It is directed toward customer retention and loyalty, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer satisfaction and loyalty. It demands anticipating changes in the marketplace. Therefore, customer-driven excellence demands awareness of developments in technology and competitors' offerings, as well as rapid and flexible response to customer and market changes.

Organizational and Personal Learning

Achieving the highest levels of business performance requires a well-executed approach to organizational and personal learning. Organizational learning includes both continuous improvement of existing approaches and adaptation to change, leading to new goals and/or approaches. Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) is practiced at personal, work unit, and organizational levels; (3) results in solving problems at their source ("root cause"); (4) is focused on sharing knowledge throughout your organization; and (5) is driven by opportunities to effect significant change and to do better. Sources for learning include employees' ideas, research and development (R&D), customers' input, best practice sharing, and benchmarking.

Organizational learning can result in (1) enhancing value to customers through new and improved products and services; (2) developing new business opportunities; (3) reducing errors, defects, waste, and related costs; (4) improving responsiveness and cycle time performance; (5) increasing productivity and effectiveness in the use of all resources throughout your organization; and (6) enhancing your organization's performance in fulfilling its societal responsibilities and its service to your community as a good citizen.

Employees' success depends increasingly on having opportunities for personal learning and practicing new skills. Organizations invest in employees' personal learning through education, training, and other opportunities for continuing growth. Such opportunities might include job rotation and increased pay for demonstrated knowledge and skills. On the-job training offers a cost-effective way to train and to better link training to your organizational needs and priorities. Education and training programs may benefit from advanced technologies, such as computer- and Internet based learning and satellite broadcasts.

Personal learning can result in (1) more satisfied and versatile employees who stay with the organization, (2) organizational cross-functional learning, and (3) an improved environment for innovation.

Thus, learning is directed not only toward better products and services but also toward being more responsive, adaptive, and efficient—giving your organization marketplace sustainability and performance advantages.

Valuing Employees and Partners

An organization's success depends increasingly on the knowledge, skills, creativity, and motivation of its employees and partners.

Valuing employees means committing to their satisfaction, development, and well-being. Increasingly, this involves more flexible, high-performance work practices tailored to employees with diverse workplace and home life needs. Major challenges in the area of valuing employees include (1) demonstrating your leaders' commitment to your employees' success, (2) recognition that goes beyond the regular compensation system, (3) development and progression within your organization, (4) sharing your organization's knowledge so your employees can better serve your customers and contribute to achieving your strategic objectives, and (5) creating an environment that encourages risk taking.

Organizations need to build internal and external partnerships to better accomplish overall goals. Internal partnerships might include labor-management cooperation, such as agreements with unions. Partnerships with employees might entail employee development, cross-training, or new work organizations, such as high- performance work teams. Internal partnerships also might involve creating network relationships among your work units to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education organizations. Strategic partnerships or alliances are increasingly important kinds of external partnerships. Such partnerships might offer entry into new markets or a basis for new products or services. Also, partnerships might permit the blending of your organization's core competencies or leadership capabilities with the complementary strengths and capabilities of partners.

Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect. Partners should address the key requirements for success, means for regular communication, approaches to evaluating progress, and means for adapting to changing conditions. In some cases, joint education and training could offer a cost-effective method for employee development.

Agility

Success in globally competitive markets demands agility—a capacity for rapid change and flexibility. All aspects of e-commerce require and enable more rapid, flexible, and customized responses. Businesses face ever-shorter cycles for the introduction of new/improved products and services, as well as for faster and more flexible response to customers. Major improvements in response time often require simplification of work units and processes and/or the ability for rapid changeover from one process to another. Cross-trained and empowered employees are vital assets in such a demanding environment.

A major success factor in meeting competitive challenges is the design-to-introduction (product or service initiation) cycle time. To meet the demands of rapidly changing global markets, organizations need to carry out stage-to-stage integration (such as concurrent engineering) of activities from research or concept to commercialization.

All aspects of time performance now are more critical, and cycle time has become a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements in organization, quality, cost, and productivity.

Focus on the Future

In today's competitive environment, a focus on the future requires understanding the short- and longer-term factors that affect your business and marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, employees, suppliers and partners, stockholders, the public, and your community. Your organization's planning should anticipate many factors, such as customers' expectations, new business and partnering opportunities, the increasingly global marketplace, technological developments, the evolving e-commerce environment, new customer and market segments, evolving regulatory requirements, community and societal expectations, and strategic moves by competitors. Strategic objectives and resource allocations need to accommodate these influences. A focus on the future includes developing employees and suppliers, creating opportunities for innovation, and anticipating public responsibilities.

Managing for Innovation

Innovation means making meaningful change to improve an organization's products, services, and processes and to create new value for the organization's stakeholders. Innovation should lead your organization to new dimensions of performance. Innovation is no longer strictly the purview of research and development departments; innovation is important for all aspects of your business and all processes. Organizations should be led and managed so that innovation becomes part of the culture and is integrated into daily work.

Management by Fact

Organizations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance management. Performance measurement should include customer, product, and service performance; comparisons of operational, market, and competitive performance; and supplier, employee, and cost and financial performance.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision-making, and operational improvement. Analysis entails using data to determine trends, projections, and cause and effect that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, change management, and comparing your performance with competitors' or with "best practices" benchmarks.

A major consideration in performance improvement and change management involves the selection and use of performance measures or indicators. *The measures or indicators you select should best represent the factors that lead to improved customer, operational, and financial performance. A comprehensive set of measures or indicators tied to customer and/or organizational performance requirements represents a clear basis for aligning all processes with your organization's goals.* Through the analysis of data from your tracking processes, your measures or indicators themselves may be evaluated and changed to better support your goals.

Social Responsibility

An organization's leaders should stress responsibilities to the public, ethical behavior, and the need to practice good citizenship. Leaders should be role models for your organization in focusing on business ethics and protection of public health, safety, and the environment. Protection of health, safety, and the environment includes your organization's operations, as well as the life cycles of your products and services. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use, and disposal of your products. Effective planning should prevent problems, provide for a forthright response if problems occur, and make available information and support needed to maintain public awareness, safety, and confidence.

For many organizations, the product design stage is critical from the point of view of public responsibility. Design decisions impact your production processes and often the content of municipal and industrial wastes. Effective design strategies should anticipate growing environmental concerns and responsibilities.

Organizations should not only meet all local, state, and federal laws and regulatory requirements, but they should treat these and related requirements as opportunities for improvement "beyond mere compliance." Organizations should stress ethical behavior in all stakeholder transactions and interactions. Highly ethical conduct should be a requirement of and should be monitored by the organization's governance body.

Practicing good citizenship refers to leadership and support—within the limits of an organization's resources—of publicly important purposes. Such purposes might include improving education and health care in your community, environmental excellence, resource conservation, community service, improving industry and business practices, and sharing nonproprietary information. Leadership as a corporate citizen also entails influencing other organizations, private and public, to partner for these purposes. For example, your organization might lead or participate in efforts to help define the obligations of your industry to its communities. Managing social responsibility requires the use of appropriate measures and leadership responsibility for those measures.

Focus on Results and Creating Value

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for your key stakeholders—customers, employees, suppliers and partners, the public, and the community. By creating value for your key stakeholders, your organization builds loyalty and contributes to growing the economy. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy should explicitly include key stakeholder requirements. This will help ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholders. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Systems Perspective

The Baldrige Criteria provide a systems perspective for managing your organization to achieve performance excellence. The Core Values and the seven Baldrige Categories form the building blocks and the integrating mechanism for the system. However, successful management of overall performance requires organization-specific synthesis, alignment, and integration. Synthesis means looking at your organization as a whole and builds upon key business requirements, including your strategic objectives and action plans. Alignment means using the key linkages among requirements given in the APIC Categories to ensure consistency of plans, processes, measures, and actions. Integration means the individual components of your performance management system operate in a fully interconnected manner.

These concepts are depicted in the APIC framework on page 6. A systems perspective includes your senior leaders' focus on strategic directions and on your customers. It means that your senior leaders monitor, respond to, and manage performance based on your business results. A systems perspective also includes using your measures and indicators to link your key strategies with your key processes and align your resources to improve overall performance and satisfy customers.

Thus, a systems perspective means managing your whole organization, as well as its components, to achieve success.

Criteria for Performance Excellence Framework

The Core Values and Concepts are embodied in seven Categories, as follows:

1 Leadership
2 Strategic Planning
3 Customer and Market Focus
4 Measurement, Analysis, and Knowledge Management
5 Human Resource Focus
6 Process Management
7 Business Results

The figure on page 6 provides the framework connecting and integrating the Categories.

From top to bottom, the framework has the following basic elements.

Organizational Profile

Your Organizational Profile (top of figure) sets the context for the way your organization operates. Your environment, key working relationships, and strategic challenges serve as an overarching guide for your organizational performance management system.

System Operations

The system operations are composed of the six APIC Categories in the center of the figure that define your operations and the results you can achieve.

Leadership (Category 1), Strategic Planning (Category 2), and Customer and Market Focus (Category 3) represent the leadership triad. These Categories are placed together to emphasize the importance of a leadership focus on strategy and customers. Senior leaders set your organizational direction and seek future opportunities for your organization.

Human Resource Focus (Category 5), Process Management (Category 6), and Business Results (Category 7) represent the results triad. Your organization's employees and its key processes accomplish the work of the organization that yields your business results.

All actions point toward Business Results—a composite of customer, product and service, financial, and internal operational performance results, including human resource and social responsibility results.

The horizontal arrow in the center of the framework links the leadership triad to the results triad, a linkage critical to organizational success. Furthermore, the arrow indicates the central relationship between Leadership (Category 1) and Business Results (Category 7). The two-headed arrow indicates the importance of feedback in an effective performance management system.

System Foundation

Measurement, Analysis, and Knowledge Management (Category 4) are critical to the effective management of your organization and to a fact-based system for improving performance and competitiveness. Measurement, analysis, and knowledge serve as a foundation for the performance management system.

Criteria Structure

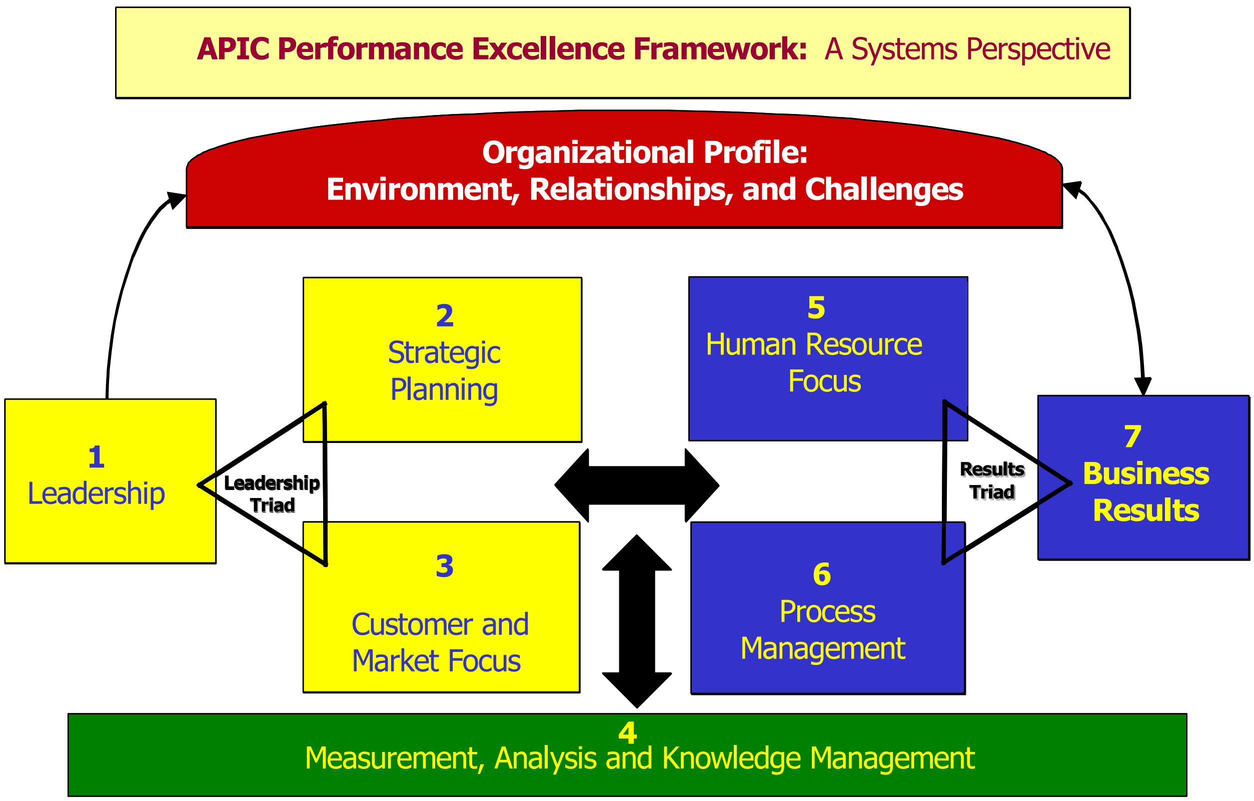
The seven Criteria Categories shown in the figure are subdivided into Items and Areas to Address.

Items

There are 19 Items, each focusing on a major requirement. Item titles and point values are given on page 10. The Item format is shown on page 56.

Areas to Address

Items consist of one or more Areas to Address (Areas). Organizations should address their responses to the specific requirements of these Areas.



Foundation of a Performance Management System

KEY CHARACTERISTICS OF THE CRITERIA

1. The Criteria focus on business results.
The Criteria focus on the key areas of organizational performance given below.

Organizational performance areas:

(1) customer-focused results
(2) product and service results
(3) financial and market results
(4) human resource results
(5) organizational effectiveness results, including key internal operational performance measures
(6) governance and social responsibility results

The use of this composite of indicators is intended to ensure that strategies are balanced—that they do not inappropriately trade off among important stakeholders, objectives, or short- and longer-term goals.

2. The Criteria are non prescriptive and adaptable.
The Criteria are made up of results-oriented requirements. However, the Criteria *do not* prescribe

- that your organization should or should not have departments for quality, planning, or other functions;
- how your organization should be structured; or
- that different units in your organization should be managed in the same way.

These factors differ among organizations, and they are likely to change as needs and strategies evolve.

The Criteria are non prescriptive for the following reasons:

(1) The focus is on results, not on procedures, tools, or organizational structure. Organizations are encouraged to develop and demonstrate creative, adaptive, and flexible approaches for meeting basic requirements. Non-prescriptive requirements are intended to foster incremental and major ("breakthrough") improvements, as well as basic change.

(2) The selection of tools, techniques, systems, and organizational structure usually depends on factors such as business type and size, organizational relationships, your organization's stage of development, and employee capabilities and responsibilities.

(3) A focus on common requirements, rather than on common procedures, fosters better understanding, communication, sharing, and alignment, while supporting innovation and diversity in approaches.

3. The Criteria support a systems perspective to maintaining organization-wide goal alignment.
The systems perspective to goal alignment is embedded in the integrated structure of the Core Values and Concepts, the Organizational Profile, the Criteria, and the results-oriented, cause-effect linkages among the Criteria Items.

Alignment in the Criteria is built around connecting and reinforcing measures derived from your organization's processes and strategy. These measures tie directly to customer value and to overall performance. The use of measures thus channels different activities in consistent directions with less need for detailed procedures, centralized decision-making, or process management. Measures thereby serve both as a communications tool and a basis for deploying consistent overall performance requirements. Such alignment ensures consistency of purpose while also supporting agility, innovation, and decentralized decision-making.

A systems perspective to goal alignment, particularly when strategy and goals change over time, requires dynamic linkages among Criteria Items. In the Criteria, action-oriented cycles of learning take place via feedback between processes and results.

The learning cycles have four, clearly defined stages:

(1) planning, including design of processes, selection of measures, and deployment of requirements
(2) execution of plans
(3) assessment of progress and capturing new knowledge, taking into account internal and external results

(4) revision of plans based upon assessment findings, learning, new inputs, and new requirements

4. The Criteria support goal-based diagnosis.

The Criteria and the Scoring Guidelines make up a two-part diagnostic (assessment) system. The Criteria are a set of 19 performance-oriented requirements. The Scoring Guidelines spell out the assessment dimensions—Approach, Deployment, and Results—and the key factors used to assess each dimension. An assessment thus provides a profile of strengths and opportunities for improvement relative to the 19 basic requirements. In this way, assessment leads to actions that contribute to performance improvement in all areas, as described in 1 above. This diagnostic assessment is a useful management tool that goes beyond most performance reviews and is applicable to a wide range of strategies and management systems.

Changes From the 2002 Criteria

The Criteria for Performance Excellence continue to evolve, to help business address a dynamic environment, to focus on strategy-driven performance, to consider the needs of all stakeholders, and to accommodate important changes in business needs and practices. The increasing importance of a focus on governance and ethics, the need to capitalize on knowledge assets, the need to create value for customers and the business, and the alignment of all aspects of your performance management system with your results measurements receive greater attention in the 2003 Criteria. In addition, the Criteria emphasize the roles of organizational and personal learning and motivation as key differentiators in high-performing organizations. The Criteria continue to emphasize the central role that customers play in defining and achieving performance excellence.

Criteria questions have been better aligned throughout the seven Categories and in the Organizational Profile. These changes have been made to improve APIC self-assessment and external assessment, the determination of organizational gaps and alignment in approach and deployment (Categories 1– 6), and the determination of organizational gaps and strength of performance in results areas (Category 7).

Two underlying concepts framed the overall thought process that led to this year's Criteria changes. The first is the need to have a set of Criteria for "evidence-based management." The Criteria and the linkages among the Organizational Profile, Approach-Deployment Items (Categories 1– 6), and Results Items (Category 7) have been strengthened to better provide that framework. The second is the need to have a set of Criteria that focuses on the dual challenges of "running the business" and "changing the business," to pursue current and future business success, and to focus on opportunities for innovation.

The most significant changes in the Criteria and the Criteria booklet are summarized as follows:

- The number of Criteria Items has been increased from 18 to 19.
- The number of Areas to Address has been increased from 29 to 32.
- All Criteria language has been converted to question format. Questions have been simplified to aid in understanding. Related questions have been grouped under one number (e.g., 1.1a[1]) and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.
- Category 1, **Leadership**, now includes an increased focus on organizational governance and leadership's responsibility for your organization's legal and ethical behavior.
- Category 4, **Measurement, Analysis, and Knowledge Management**, has been given an expanded title and content to reflect the growing importance of capturing, protecting, and disseminating organizational knowledge.
- Category 6, **Process Management**, now addresses all key processes in two Items. These Items cover your organization's value creating processes (product, service, and business processes) and your support processes (supporting value creation and daily operations).
- Category 7, **Business Results**, now includes a separate Results Item on governance and social responsibility to encourage ongoing monitoring of these areas of importance.
- Five terms have been added to the Glossary of Key Terms: customer, governance, key, knowledge assets, and value creation. Whenever a key term appears in either the Criteria or Scoring Guidelines sections of this booklet, it now is presented in SMALL CAPS/SANS SERIF to indicate that more information on the term is available in the glossary.

There have been some changes in all Criteria Items; the most significant changes are highlighted and discussed below.

Preface: Organizational Profile

- Item P.1, **Organizational Description**, now includes a description of your governance system and a description of the role of sup-pliers in your key organizational processes. These additions help set the context for your later Criteria Item responses.
- Item P.2, **Organizational Challenges**, now includes a request for available sources for comparative data to emphasize the need to develop these sources and to provide a context for your later description of how you select your sources of comparative data. A note has been added to Item P.2 that organizational approaches to process improvement might include six sigma and other performance improvement methodology.

Category 1: Leadership

- Item 1.1, **Organizational Leadership**, has been modified to emphasize your senior leaders' and governing body's roles in creating an environment that fosters and requires legal and ethical behavior.
- Item 1.2, now **Social Responsibility**, has been modified to include your key processes and measures for monitoring ethical behavior throughout your organization.

Category 2: Strategic Planning

- Item 2.2, **Strategy Deployment,** has an added focus on continuity. In particular, the Item addresses how you will sustain changes accomplished through your action plans.

Category 3: Customer and Market Focus

- The language in this Category has an enhanced focus on customers, with the addition of specific references to building customer loyalty and exceeding customer expectations, as well as meeting their absolute requirements.

Category 4: Measurement, Analysis, and Knowledge Management

- Item 4.1, **Measurement and Analysis of Organizational Performance**, in recognition of the continuously changing measurement and analysis needs of organ-izations, has an enhanced emphasis on addressing innovation and organizational and industry changes.
- Item 4.2, now **Information and Knowledge Management,** has a new Area to Address on the management of organizational knowledge, in recognition of its growing importance.

Category 5: Human Resource Focus

- Item 5.1, **Work Systems**, now has three Areas to Address to focus attention on its three important aspects: Organization and Management of Work, Employee Performance Management System, and Hiring and Career Progression.
- Item 5.2, now **Employee Learning and Motivation**, has two Areas to Address, with an enhanced emphasis on employee motivation and career development.

Category 6: Process Management

- Item 6.1, **Value Creation Processes,** is a new Item that replaces Items 6.1 (Product and Service Processes) and 6.2 (Business Processes) from the 2002 Criteria. This new Item addresses all the processes your organization considers important for creating value for the organization, your customers, and other key stakeholders. They are the processes most important to "running your business" and achieving a sustainable competitive advantage.
- Item 6.2, now **Support Processes**, was Item 6.3 in 2002. It asks you to identify and describe your key processes that support your value creation processes.

Category 7: Business Results

- Item 7.2, **Product and Service Results**, is a new Results Item that replaces an Area to Address in Item7.1 (Customer-Focused Results) of the 2002 Criteria. This Item was added to reflect the growing need for renewed focus in the areas of product and service quality.
- Item 7.6, **Governance and Social Responsibility Results**, is a new Results Item in 2003. This Item was added to reflect the need to build stakeholder trust in the governance of your organization and to ensure ethical behavior and legal compliance.

2003 ARMY PERFORMANCE IMPROVEMENT CRITERIA – ITEM LISTING

P	**Preface: Organizational Profile**	
	P.1 Organizational Description	
	P.2 Organizational Challenges	
	Categories/Items	**Point Values**
1	**Leadership**	**120**
	1.1 Organizational Leadership	70
	1.2 Social Responsibility	50
2	**Strategic Planning**	**85**
	2.1 Strategy Development	40
	2.2 Strategy Deployment	45
3	**Customer and Market Focus**	**85**
	3.1 Customer and Market Knowledge	40
	3.2 Customer Relationships and Satisfaction	45
4	**Measurement, Analysis, and Knowledge Management**	**90**
	4.1 Measurement and Analysis of Organizational Performance	45
	4.2 Information Management	45
5	**Human Resource Focus**	**85**
	5.1 Work Systems	35
	5.2 Employee Education and Motivation	25
	5.3 Employee Well-Being and Satisfaction	25
6	**Process Management**	**85**
	6.1 Value Creation Process	50
	6.2 Support Processes	35
7	**Business Results**	**450**
	7.1 Customer-Focused Results	75
	7.2 Product and Service Results	75
	7.3 Financial and Market Results	75
	7.4 Human Resource Results	75
	7.5 Organizational Effectiveness Results	75
	7.6 Governance and Social Responsibility Results	75
	TOTAL POINTS	**1000**

Note: The Scoring System and Guidelines used with the Criteria Items in an APIC assessment can be found on pages 60-62.

Importance of Beginning with Your Organizational Profile

Your Organizational Profile is critically important because

- it is the most appropriate starting point for self-assessment and for writing an application;
- it helps you identify potential gaps in KEY information and focus on KEY PERFORMANCE requirements and business RESULTS;
- it is used by the Examiners and Judges in application review, including the site visit, for Army-level award programs such as the Army Communities of Excellence Programs, to understand your organization and what you consider important; and
- it also may be used by itself for an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, it is possible that your assessment need go no further and you can use these topics for action planning.

Preface: Organizational Profile

The ***Organizational Profile*** is a snapshot of your organization, the KEY influences on HOW you operate, and the KEY challenges you face.

P.1 Organizational Description

Describe your organization's business environment and your KEY relationships with customers, suppliers, and other partners.

Within your response, include answers to the following questions:

a. Organizational Environment

(1) What are your organization's main products and services? What are the delivery mechanisms used to provide your products and services to your CUSTOMERS?

(2) What is your organizational culture? What are your stated PURPOSE, VISION, MISSION, and VALUES?

(3) What is your employee profile? What are their educational levels? What are your organization's workforce and job diversity, organized bargaining units, use of contract employees, and special health and safety requirements?.

(4) What are your major technologies, equipment, and facilities?

(5) What is the regulatory environment under which your organization operates? What are the applicable occupational health and safety regulations; accreditation, certification, or registration requirements; and environmental, financial, and product regulations.

b. Organizational Relationships

(1) What is your organizational structure and GOVERNANCE system: What are the reporting relationships among your board of directors, SENIOR LEADERS, and your parent organization, as appropriate?

(2) What are your KEY CUSTOMER groups and market segments, as appropriate? What are their KEY requirements and expectations for your products and services: What are the differences in those requirements and expectations among customer groups and market segments?

(3) What role do suppliers and distributors play in your VALUE CREATION PROCESSES? What are your most important types of suppliers and distributors? What are your most important supply chain requirements?

(4) What are your KEY supplier and CUSTOMER partnering relationships and communication mechanisms?

Notes:

N1. Product and service delivery to your customers (p.1A[1]) might be direct, or through dealers, distributors, or channel partners.

N2. Market segments (P.1b[2]) might be based on product lines or features, geography, distribution channels, business volume, or other factors that allow your organization to define related market characteristics.

N3. Customer group and market segment requirements (P.1b[2]) might include on-time delivery, low defect levels, ongoing price reductions, electronic communication, and after-sales service.

N4. Communication mechanisms (P.1b[4]) should be two-way and might be in person, electronic, by telephone, and/or written. For many organizations, these mechanisms might be changing as marketplace requirements change.

For definitions of key terms presented throughout the Criteria and Scoring Guidelines text in SMALL CAPS, see Glossary of Key Terms on pages 49-55.

Frequently, several questions are grouped under one number (e.g., P.1a[3]). These questions are related and do not require separate responses. These multiple questions serve as a guide in understanding the full meaning of the information being requested.

Item notes serve three purposes: (1) to clarify terms or requirements presented in an Item, (2) to give instructions on responding to the Item requirements, and (3) to indicate key linkages to other Items. In all cases, the intent is to help you respond to the Item requirements.

P.2 Organizational Challenges

Describe your organization's competitive environment, your KEY STRATEGIC CHALLENGES, and your system for PERFORMANCE improvement.

Within your response, include answers to the following questions:

a. Competitive Environment

(1) What is your competitive position? What is your relative size and growth in your industry or markets served? What are the numbers and types of your competitors for your organization?

(2) What are the principal factors that determine your success relative to your competitors? What are any KEY changes taking place that affect your competitive situation.

(3) What are your KEY available sources of comparative and competitive data from within your industry? What are your KEY available sources of comparative data for analogous PROCESSES outside your industry? What limitations, if any, are there in your ability to obtain these data?

b. Strategic Challenges

What are your KEY business, operational, and human resource STRATEGIC CHALLENGES?

c. Performance Improvement System

(1) What is the APPROACH you use to maintain an organizational focus on PERFORMANCE improvement and to guide SYSTEMATIC evaluation and improvement of KEY PROCESSES.

(2) What is your overall APPROACH to organization learning and sharing your KNOWLEDGE ASSETS within the organization?

Notes:

N1. Factors (P.2a [2]) might include differentiators such as price leadership, design services, e-services, geographic proximity, and warranty and product options.

N2. Challenges (P.2b) might include electronic communication with businesses and end-use consumers, reduced cycle times for product introduction, mergers and acquisitions, global marketing and competition, customer retention, staff retention, and value chain integration.

N3. Performance improvement (P.2c) is an assessment dimension used in the Scoring System to
.
evaluate the maturity of organizational approaches and deployment (see pages 60-62). This question is intended to help you and the APIC Examiners set a context for your approach to performance improvement.

N4. Overall approaches to process improvement (P2c[1]) might include implementing a lean enterprise system, six sigma methodology, use of ISO 9000:2000 standards, or other process improvement tools.

Page Limit

For Army-level award applicants, the organizational profile is limited to five pages of text. These pages are not counted in the overall application page limit. Typing and format instructions for the Organizational Profile are the same as for the application. These instructions are given on pages 56-59.

1 Leadership (120 pts.)

The ***Leadership*** Category examines **how** your organization's senior leaders address VALUES, directions, and PERFORMANCE expectations, as well as a focus on CUSTOMERS and other STAKEHOLDERS, EMPOWERMENT, INNOVATION and learning. Also examined are your organization's GOVERNANCE and **how** your organization addresses its public and community responsibilities.

1.1 Organizational Leadership (70 pts.)

Approach – Deployment

Describe how SENIOR LEADERS guide your organization. Describe your organization's GOVERNANCE system. Describe how SENIOR LEADERS review organizational PERFORMANCE.

Within your response, include answers to the following questions:

a. Senior Leadership Direction

(1) **How** do SENIOR LEADERS set and deploy organizational VALUES, short- and longer-term directions, and PERFORMANCE expectations? **How** do SENIOR LEADERS include a focus on creating and balancing VALUE for CUSTOMERS and other STAKEHOLDERS in their PERFORMANCE expectations? **How** do SENIOR LEADERS communicate organizational VALUES, directions, and expectations through your LEADERSHIP SYSTEM, to all employees, and to KEY suppliers and partners. **How** do SENIOR LEADERS ensure two-way communication-on these topics?

(2) **How** do SENIOR LEADERS create an environment for EMPOWERMENT, INNOVATION, and organizational agility? **How** do they create an environment for organizational and employee learning? **How** do they create an environment that fosters and requires legal and ethical behavior?

b. Organizational GOVERNANCE

How does your organization address the following KEY factors in your GOVERNANCE system?

- Management accountability for the organization's actions
- Fiscal accountability
- Independence in internal and external audits
- Protection of stockholder and STAKEHOLDER interests, as appropriate

c. Organizational PERFORMANCE Review

(1) **How** do SENIOR LEADERS review organizational PERFORMANCE and capabilities? **How** do they use these reviews to assess organizational success, competitive PERFORMANCE and progress relative to short- and longer-term GOALS? **How** do they use these reviews to assess your organizational ability to address changing organizational needs?

(2) What are the KEY PERFORMANCE MEASURES regularly reviewed by your SENIOR LEADERS? What are your KEY recent PERFORMANCE review findings?

(3) **How** do SENIOR LEADERS translate organizational PERFORMANCE review findings into priorities for continuous and breakthrough improvement of KEY business RESULTS and into opportunities for INNOVATION? **How** are these priorities and opportunities deployed throughout your organization? When appropriate, **How** are they deployed to your suppliers and partners to ensure organizational ALIGNMENT?

(4) **How** do you evaluate the PERFORMANCE of your SENIOR LEADERS, including your senior commander? **How** do you evaluate the PERFORMANCE of members of the senior leader group, including directors, as appropriate? **How** do SENIOR LEADERS use organizational PERFORMANCE review findings to improve their own leadership effectiveness and that of your board and LEADERSHIP SYSTEM, as appropriate?

Notes:

N1. Organizational directions (1.1a[1]) relate to creating the vision for the organization and to setting the context for strategic objectives and action plans described in Items 2.1 and 2.2.

N2. Senior leaders' organizational performance reviews (1.1c) should be informed by organizational performance analyses described in 4.1b and guided by strategic objectives and action plans described in Items 2.1 and 2.2. Senior leaders' organizational performance reviews also might be informed by internal or external APIC assessments.

N3. Leadership performance evaluation (1.1c[4]) might be supported by peer reviews, formal performance management reviews (5.1b), and formal and/or informal employee and other stakeholder feedback and surveys.

N4. Your organizational performance results should be reported in Items 7.1-7.6.

Item responses are assessed by considering the Criteria Item requirements; your KEY business factors presented in your Organizational Profile; and the maturity of your APPROACHES, breadth of DEPLOYMENT, and strength of your improvement PROCESS and RESULTS relative to the Scoring System. Refer to the Scoring System on pages 60-62.

Leadership (Category 1)

Leadership addresses how your senior leaders guide your organization in setting organizational values, directions and performance expectations. Attention is given to how your senior leaders communicate with employees, review organizational performance, and create the environment that encourages high performance. The Category also includes your organization's governance system, it's responsibilities to the public and how the organization practices good citizenship.

1.1 Organizational Leadership

Purpose

This Item examines the key aspects of your organization's leadership and governance systems. It also examines how leadership and organizational performance are reviewed. It focuses on the actions of your senior leaders to create and sustain a high performance organization.

Requirements

You are asked how your senior leaders:

- Set and deploy values, short- and longer-term directions, and performance expectations and balance the expectations of customers and other stakeholders. This includes how leaders create an environment for empowerment, innovation, organizational agility, learning; and ethical behavior.

- review organizational performance, what key performance measures they regularly review, and how review findings are used to drive improvement and innovation, including improvement in the effectiveness of your commander and senior leaders.

You are asked how your governance system ensures accountability, independence in audits, and protection of stakeholder interests.

Comments

Leadership's central role in setting values and directions, creating and balancing value for all stakeholders, and driving and reviewing performance are the focus of this item. Success requires a strong orientation to the future and a commitment to both improvement and innovation. Increasingly, this requires creating an environment for empowerment and agility, as well as the means for rapid and effective application of knowledge.

The organizational governance requirement is intended to address the need for a responsible, informed, and accountable governance body that can protect the interests of key stakeholders. It should have independence in review and audit functions. It should also have a performance evaluation function that monitors organizational and senior commander's performance.

The organizational review called for in this item is intended to cover all areas of performance. This includes not only how well you currently are performing but also how well you are moving toward the future. It is anticipated that the review findings will provide a reliable means to guide both improvement and opportunities for innovation that are tied to your organization's key objectives, success factors, and measures. Therefore, an important component of your senior leaders' organizational review is the translation of the review findings into an action agenda sufficiently specific for deployment throughout your organization and to your suppliers, partners and key customers.

1.2 Social Responsibility(50 pts.)

Approach - Deployment

Describe how your organization addresses its responsibilities to the public, ensures ethical behavior, and practices good citizenship.

Within your response, include answers to the following questions:

a. Responsibilities to the Public

(1) **How** do you address the impacts on society of your products, services, and operations? What are your KEY compliance PROCESSES, MEASURES, and GOALS for achieving and surpassing regulatory and legal requirements, as appropriate? What are your KEY PROCESSES, MEASURES, and GOALS for addressing risks associated with your products, services, and operations.

(2) **How** do you anticipate public concerns with current and future products, services, and operations? How do you prepare for these concerns in a proactive manner?

b. Ethical Behavior

How do you ENSURE ethical Behavior in all STAKEHOLDER transactions and interactions? What are your KEY PROCESSES and MEASURES or INDICATORS for monitoring ethical behavior throughout your organization, with KEY partners and in your GOVERNANCE structure?

c. Support of Key Communities

How does your organization actively support and strengthen your KEY communities? **How** do you identify KEY communities and determine areas of emphasis for organizational involvement and support? What are your KEY communities? **How** do your SENIOR LEADERS and your employees contribute to improving these Communities?

Notes:

N1. Societal responsibilities in areas critical to your organization also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Key results, such as results of regulatory and legal compliance or environmental improvements through the use of "green" technology or other means should be reported as Governance and Social Responsibility Results (Item 7.6).

N2. Measures or indicators of ethical behavior (1.2b) might include the percentage of independent board members, measures of relationships with stockholder and non-stockholder constituencies, and results of ethics reviews and audits.

N3. Areas of community support appropriate for inclusion in 1.2c might include your efforts to strengthen local community services, education, and health; the environment; and practices of trade, business, or professional associations.

N4. The health and safety of employees are not addressed in Item 1.2; you should address these employee factors in Item 5.3

1.2 Social Responsibility

Purpose

This Item addresses how your organization fulfills its public responsibilities, ensures that you and your partners behave ethically, and encourages, supports, and practices good citizenship.

Requirements

You are asked:

- how your organization addresses its current and future impacts on society in a proactive manner and how you accomplish ethical business practices in all stakeholder interactions. The impacts and practices are expected to cover all relevant and important areas – products, services, and operations;

- for your key measures for monitoring regulatory and legal compliance and ethical behavior; and

- how your organization, your senior leaders, and your employees identify, support, and strengthen key communities as part of good citizenship practices.

Comments

An integral part of performance management and improvement is proactively addressing (1) the need for ethical behavior, (2) legal and regulatory requirements, and (3) risk factors. Addressing these areas requires establishing appropriate measures or indicators that senior leaders track in their overall performance review. Your organization should be sensitive to issues of public concern, whether or not these issues are currently embodied in law. Role model organizations look for opportunities to exceed requirements and to excel in areas of legal and ethical behavior.

Citizenship implies going beyond a compliance orientation. Good citizenship opportunities are available to organizations of all sizes. These opportunities include encouraging and supporting your employees' community service.

Examples of organizational community involvement include partnering with schools and school boards to improve education; partnering with health care providers to improve health in the local community by providing education and volunteer services to address public health issues; and partnering to influence trade, business and professional associations to engage in beneficial, co-operative activities, such as sharing best practices to improve overall U.S. global competitiveness and environment.

2 Strategic Planning (85 pts.)

The **Strategic Planning** Category examines **how** your organization develops STRATEGIC OBJECTIVES and ACTION PLANS. Also examined are **how** your chosen STRATEGIC OBJECTIVES and ACTION PLANS are deployed and **how** progress is measured.

2.1 Strategy Development (40 pts)

Approach – Deployment

Describe how your organization establishes its STRATEGIC OBJECTIVES, including enhancing its competitive position, overall PERFORMANCE, and future success.

Within your response, include answers to the following questions:

a. Strategy Development Process

(1) What is your overall strategic planning PROCESS? Include KEY steps. Who are the KEY participants? What are your short- and longer-term planning time horizons? **How** are these time horizons set? **How** does your strategic planning PROCESS address these time horizons?

(2) How do you ensure that strategic planning addresses the KEY factors listed below? **How** do you collect and analyze relevant data and information to address these factors as they relate to your strategic planning:

- your CUSTOMER and market/mission needs, expectations, and opportunities
- your competitive environment and your capabilities relative to competitors
- technological and other KEY INNOVATIONS that might affect your products and services and **how** you operate
- your strengths and weaknesses, including human and other resources
- your opportunities to redirect resources to higher priority products, services, or areas
- financial, societal and ethical, regulatory, and other potential risks
- changes in the national or global economy
- factors unique to your organization, including partner and supply chain needs, strengths, and weaknesses

b. Strategic Objectives

(1) What are your KEY STRATEGIC OBJECTIVES and your timetable for accomplishing them? What are your most important GOALS for these STRATEGIC OBJECTIVES?

(2) **How** do your STRATEGIC OBJECTIVES address the challenges identified in response to P.2 in your Organizational Profile? **How** do you ensure that your STRATEGIC OBJECTIVES balance the needs of all KEY STAKEHOLDERS?

Notes:

N1. “Strategy development” refers to your organization’s approach (formal or informal) to preparing for the future. Strategy development might utilize various types of forecasts, projections, options, scenarios, and/or other approaches to envisioning the future for purposes of decision-making and resource allocation.

N2. "Strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products, services, and markets; revenue or mission growth via various approaches, including acquisitions, and new partnerships and alliances. Strategy might be directed toward becoming a preferred supplier, a local supplier in each of your major customers’ markets, a low-cost producer, a market innovator, or a high-end or customized product or service provider.

N3. Strategies to address key challenges (2.1b[2]) might include rapid response, customization, lean or virtual manufacturing, rapid innovation, ISO 9000:2000 registration, Web-based supplier and customer relationship management, and product and service quality. Responses to Item 2.1 should focus on your specific challenges—those most important to your business success and to strengthening your organization's overall performance.

N4. Item 2.1 addresses your overall organizational strategy, which might include changes in services, products, and product lines. However, the Item does not address product and service design; you should address these factors in Item 6.1, as appropriate.

N5. For organizations whose strategies are developed by higher levels (e.g., agency headquarters), this item should describe how the organization provides input to the parent organization's strategy development process and how your organization's own strategy is developed consistent with that of higher levels.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and action planning , deployment of plans, and how accomplishments are measured and sustained. The Category stresses that customer-driven quality and operational performance are key strategic issues that need to be integral parts of your organization's overall planning.

Specifically:

- customer-driven quality is a strategic view of quality. The focus is on the drivers of customer satisfaction, customer retention, customer loyalty, new markets, and market share – key factors in competitiveness, profitability, and business and/or mission success.

- operational performance improvement contributes to short- and longer-term productivity growth and cost/price competitiveness. Building operational capability – including speed, responsiveness, and flexibility – represents an investment in strengthening competitive fitness.

The Criteria emphasize that improvement and learning need to be embedded in work processes. The special role of strategic planning is to align work processes with your organization's strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities.

The Strategic Planning Category examines how your organization:

- understands the key customer, market, and operational requirements and risks as input to setting strategic directions. This helps to ensure that ongoing process improvements and change are aligned with your organization's strategic directions.

- optimizes the use of resources, ensures the availability of trained employees, and bridges short- and longer-term requirements that may entail capital expenditures, technology development or acquisition, and supplier development.

- ensures that deployment will be effective – that there are mechanisms to communicate requirements and achieve alignment on three levels: (1) the organization and the executive level; (2) the key process level; and (3) the work-unit and the individual-job level.

The requirements in the Strategic Planning Category encourage strategic thinking and acting – to develop a basis for a distinct competitive position in the marketplace and/or program/mission driven environment. *These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles.* They also do not imply that all your improvements could or should be planned in advance. An effective improvement system combines improvements of many types and degrees of involvement. This requires clear strategic guidance, particularly when improvement alternatives, including major change, compete for limited resources. In most cases, setting priorities depends heavily upon a cost rationale. However, you also might have critical requirements such as public responsibilities, that are not driven by cost considerations alone.

2.1 Strategy Development

Purpose

This Item addresses how your organization sets strategic directions and develops your strategic objectives, guiding and strengthening your overall performance, competitiveness, and future success.

Requirements

You are asked:

- to outline your organization's strategic planning process, including identifying the key participants, key steps, and your planning time horizons;

- how you consider key factors that affect your organization's future. These factors cover external and internal influences on your organization;

- to address each factor and outline how relevant data and information are gathered and analyzed;
- to summarize your key strategic objectives and your timetable for accomplishing them; and
- how these objectives address the challenges outlined in your Organizational Profile.

Comments

This Item calls for basic information on the planning process and for information on all the key influences, risks, challenges, and other requirements that might affect the organization's future opportunities and directions – taking as long-term a view as possible. This approach is intended to provide a thorough and realistic context for the development of a customer- and mission/market-focused strategy to guide ongoing decision making, resource allocation, and overall management.

This Item is intended to cover all types of organizations, competitive situations, strategic issues, planning approaches, and plans. The requirements explicitly call for a future-oriented basis for action, but do not imply formalized planning, planning departments, planning cycles, or a specified way of visualizing the future. Even if your organization is seeking to create an entirely new business situation, it is still necessary to set and to test the objectives that define and guide critical actions and performance.

This item emphasizes competitive leadership, which usually depends upon revenue/mission growth and operational effectiveness. Competitive leadership requires a view of the future that includes not only the markets or segments in which your organization operates, but also how it competes. *How it competes* presents many options and requires that you understand your organization's and competitors' strengths and weaknesses. Although no specific time horizon is included, the thrust of this Item is sustained competitive leadership.

An increasingly important part of strategic planning is projecting the future competitive environment. Such projections help to detect and reduce competitive threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of business, maturity of markets, pace of change, and competitive parameters (such as price or innovation rate), organizations might use a variety of modeling, scenarios, or other techniques and judgments to anticipate the competitive environment.

2.2 Strategy Deployment (45 pts)

Approach – Deployment

Describe how your organization converts its STRATEGIC OBJECTIVES into ACTION PLANS. Summarize your organization's ACTION PLANS and related KEY PERFORMANCE MEASURES or INDICATORS. Project your organization's future PERFORMANCE on these KEY PERFORMANCE MEASURES or INDICATORS.

Within your response, include answers to the following questions:

a. ACTION PLAN Development and DEPLOYMENT

(1) **How** do you develop and deploy ACTION PLANS to achieve your KEY STRATEGIC OBJECTIVES? **How** do you
allocate resources to ensure accomplishment of your ACTION PLANS? **How** do you ensure that the KEY resulting from ACTION PLANS can be sustained?

(2) What are your KEY short- and longer-term ACTION PLANS? What are the KEY changes, if any, in your products and services, your CUSTOMERS and markets, and **how** will you operate?

(3) What are your KEY human resource plans that derive from your short- and longer-term STRATEGIC OBJECTIVES and ACTION PLANS?

(3) What are your KEY PERFORMANCE MEASURES or INDICATORS for tracking progress on your ACTION PLANS?
How do you ensure that your overall ACTION PLAN measurement system reinforces organizational ALIGNMENT? **How** do you ensure that the measurement system covers all KEY DEPLOYMENT areas and STAKEHOLDERS?

b. PERFORMANCE PROJECTION

For the KEY PERFORMANCE MEASURES or INDICATORS identified in 2.2a(4), what are your PERFORMANCE PROJECTIONS for both your short- and longer-term planning time horizons? **How** does your projected PERFORMANCE compare with competitors projected PERFORMANCE? **How** does it compare with KEY BENCHMARKS, GOALS, and past PERFORMANCE, as appropriate?

Notes:

N1. Strategy and action plan development and deployment are closely linked to other Items in the Criteria. Examples of key linkages are:

- Item 1.1 for how senior leaders set and communicate directions;
- Category 3 for gathering customer and market knowledge as input to strategy and action plans, and for deploying action plans;
- Category 4 for information, analysis, and knowledge management to support your key information needs, to support your development of strategy, to provide an effective basis for your performance measurements, and to track progress relative to your strategic objectives and action plans;
- Category 5 for your work system needs; employee education, training, and development needs; and related human resource factors resulting from action plans;
- Category 6 for process requirements resulting from your action plans; and
- Item 7.5 for specific accomplishments relative to organizational strategy and action plans.

N2. Measures and indicators of projected performance (2.2b) might include changes resulting from new business ventures; business acquisitions or mergers, new value creation; market entry and shifts, and significant anticipated innovations in products, services, and/or technology.

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2.2 Strategy Deployment

Purpose

This Item addresses how your organization converts your strategic objectives into action plans to accomplish the objectives and how your organization assesses progress relative to these action plans. The aim is to ensure that your strategies are deployed for goal achievement.

Requirements

You are asked:

- how you develop and deploy action plans that address your organization's key strategic objectives, including the allocation of needed resources and how you ensure that the key changes resulting from action plans can be sustained.

- to summarize your key short- and longer-term action plans. Particular attention is given to changes in product and services, customers and markets/ mission, and how you will operate.

- about your key human resource plans that will enable accomplishment of your strategic objectives and action plans;

- to give your key measures or indicators used in tracking progress relative to the action plans, and how you use these measures to achieve organizational alignment and coverage of all key work units and stakeholders.

- Finally, to provide a projection of key performance measures or indicators. As part of this projection, you are asked how your projected performance compares with competitors' projected performance, key benchmarks, goals, and past performance.

Comments

This Item asks how your action plans are developed and deployed. Accomplishment of action plans requires resources and performance measures, as well as the alignment of work unit and supplier and partner plans. Of central importance is how you achieve alignment and consistency–for example, via key processes and key measurements. Also, alignment and consistency are intended to provide a basis for setting and communicating priorities for ongoing improvement activities–part of the daily work of all work units. In addition, performance measures are critical for tracking performance. Action plans include human resource plans that support your overall strategy.

Key changes in your products and services or customers and markets might include Web-based or e-commerce initiatives, integrated within or separate from your current business.

Examples of possible human resource plan elements are:

- a redesign of your work organization and jobs to increase employee empowerment and decision making;

- initiatives to promote greater labor-management cooperation, such as union partnerships;

- initiatives to foster knowledge sharing and organizational learning;

- modification of your compensation and recognition systems to recognize team, organizational, stock market, customer, or other performance attributes;

- education and training initiatives, such as developmental programs for future leaders, partnerships with universities to help ensure the availability of future employees, and establishment of technology-based training capabilities.

Projections and comparisons in this Item are intended to encourage your organization to improve its ability to understand and track dynamic, competitive performance factors. Through this tracking process, your organization should be better prepared to take into account its rate of improvement and change relative to competitors' and relative to your own targets or stretch goals. Such tracking serves as a key diagnostic management tool.

In addition to improvement relative to past performance and competitors' projected performance, projected performance also might include changes resulting form new business ventures, entry into new markets, e-commerce initiatives, product or service innovations, or other strategic thrusts.

3.0 Customer Focus (85 pts.)

The **CUSTOMER *and Market Focus*** Category examines HOW your organization determines requirements, expectations, and preferences of CUSTOMERS and markets. Also examined is HOW your organization builds relationships with CUSTOMERS and determines the KEY factors that lead to CUSTOMER acquisition, satisfaction, loyalty and retention, and to business expansion.

3.1 Customer and Market Knowledge (40 pts.)

Approach – Deployment

Describe how your organization determines requirements, expectations, and preferences of CUSTOMERS and markets to ensure the continuing relevance of your products and 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 include CUSTOMERS of competitors and other potential CUSTOMERS and markets in this determination?

(2) **How** do you listen and learn to determine KEY CUSTOMER requirements and expectations (including product and service features) and their relative importance to CUSTOMERS' purchasing decisions? **How** do determi nation methods vary for different CUSTOMERS or CUSTOMER groups? **How** do you use relevant information from current and former CUSTOMERS, including marketing and sales information, CUSTOMER loyalty and retention data, won/lost ANALYSIS, and complaints? **How** do you use this information for PURPOSES of product and service planning, marketing, PROCESS improvements, and other business development?

(3) How do you keep your listening and learning methods current with business needs and directions?

Notes:

N1. Your responses to this Item should include the customer groups and market segments identified in P.1b(2).

N2. If your products and services are sold to or delivered to end users via other businesses, such as retail stores or dealers*, private contractors, state and local governments, or non-profit organizations*, customer groups (3.1a[1]) should include both the end users and these intermediate organizations.

N3. "Product and service features" (3.1a[2]) refers to all the important characteristics of products and services and to their performance throughout their full life cycle and the full "consumption chain." This includes all customers' purchase experiences and other interactions with your organization that influence purchase decisions. The focus should be on features that affect customer preference and repeat business–for example, those features that differentiate your products and services from competing offerings. Those features might include price, reliability, value, delivery, requirements for hazardous materials use and disposal, customer or technical support, and the sales relationship. Key product and service features and purchasing decisions (3.1a[2]) might take into account how transactions occur and factors such as confidentiality and security. *Many government agencies must also consider non-competitive factors such as fairness and mandated services to entitled customers.*

N4. Listening/learning (3.1a[2]) might include gathering and integrating surveys, focus group findings, and Web-based and other data and information that bear upon customers' purchasing decisions. Keeping your listening and learning methods current with business needs and directions (3.1a[3]) also might include use of newer technology, such as Web-based data gathering.

N5. This Item addresses external customers only – those outside of the organization. Responses should also take into account the differing requirements of various categories of customers often served by government organizations, such as entitled and mandated customers in addition to the traditional voluntary customers

Customer and Market Focus (Category 3)

Customer and Market Focus addresses how your organization seeks to understand the voices of customers and of the marketplace with a focus on delighting customers, building loyalty, and meeting customers' expectations as well as their requirements. The Category stresses relationships as an important part of an overall listening, learning, and performance excellence strategy. Your customer satisfaction and dissatisfaction results provide vital information for understanding your customers and the marketplace. In many cases, such results and trends provide the most meaningful information, not only on customers' views but also on their marketplace behaviors–repeat business and positive referrals.

3.1 Customer and Market Knowledge

Purpose

This Item examines your organization's key processes for gaining knowledge about your current and future customers and markets, with the aim of offering relevant products and services, understanding emerging customer requirements and expectations, and keeping pace with marketplace changes and changing ways of doing business.

Requirements

You are asked how:

- you determine key customer groups and how you segment your markets;
- you consider potential customers, including your competitors' customers. *Competitors may include similar organizations, both inside and outside government*;
- you determine key customer requirements and expectations and their relative importance to customers' purchasing decisions and how you determine key product and service features.
- these determinations include relevant information from current and former customers.
- you keep your customer listening and learning methods current with your changing business needs and directions.

Comments

In a rapidly changing competitive environment, many factors may affect customer preference and loyalty and your interface with customers in the marketplace. This makes it necessary to listen and learn on a continuous basis. To be effective, listening and learning need to be closely linked with your organization's overall business strategy.

Knowledge of customer groups and market segments allows your organization to tailor listening and learning strategies and marketplace offerings, to support and tailor your marketing strategies, and to develop new business.

A relationship strategy may be possible with some customers but not with others. Differing relationships may require distinctly different listening and learning strategies. *The use of e-commerce is rapidly changing many marketplaces and may affect your listening and learning strategies, as well as your definition of customer groups and market segments.*

Selection of listening and learning strategies depends on your organization's key business factors. Increasingly, companies interact with customers via multiple modes. Some frequently used modes include:

- focus groups with key customers
- close integration with key customers;
- interviews with lost customers about their purchase decisions;
- use of the customer complaint process to understand key product and service attributes;
- win/lost analysis relative to competitors/*similar organizations*; and
- survey/feedback information, including information collected on the Internet.

3.2 Customer Relationships and Satisfaction (45 pts.) **Approach – Deployment**

Describe how your organization builds relationships to acquire, satisfy, and retain CUSTOMERS, to increase CUSTOMER loyalty, and to develop new opportunities. Describe also HOW your organization determines CUSTOMER satisfaction.

Within your response, include answers to the following questions:

a. Customer Relationship Building

(1) **How** do you build relationships to acquire CUSTOMERS, to meet and exceed their expectations, to increase loyalty and repeat business, and to gain positive referrals?

(2) What are your KEY access mechanisms for CUSTOMERS to seek information, conduct business, and make complaints? **How** do you determine KEY CUSTOMER contact requirements for each mode of CUSTOMER access? **How** do you ensure that theses contact requirements are deployed to all people and PROCESSES involved in the CUSTOMER response chain?

(3) What is your complaint management PROCESS? **How** you ensure that complaints are resolved effectively and promptly? **How** are complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners?

(4) **How** do you keep your APPROACHES to building relationships and providing CUSTOMER access current with business needs and directions?

b. Customer Satisfaction Determination

(1) **How** do you determine CUSTOMER satisfaction and dissatisfaction? **How** do these determination methods differ among CUSTOMER groups? **How** do you ensure that your measurements capture actionable information for use in exceeding your CUSTOMERS' expectations, securing their future business, and gaining positive referrals? **How** do you use customer satisfaction and dissatisfaction information for improvement?

(2) **How** do you follow-up with CUSTOMERS on products, services, and transaction quality to receive prompt and actionable feedback?

(3) **How** do you obtain and use information on your CUSTOMERS' satisfaction relative to CUSTOMERS' satisfaction with your competitors and/or BENCHMARKS?

(4) **How** do you keep your APPROACHES to satisfaction determination current with business needs and directions?

Notes:

N1. Customer relationship building (3.2a) might include the development of partnerships or alliances with customers.

N2. Determining customer satisfaction and dissatisfaction (3.2b) might include use of any or all of the following: surveys, formal and informal feedback, customer account histories, complaints, win/loss analysis, and transaction completion rates. Information might be gathered on the Internet, through personal contact or a third party, or by mail.

N3. Customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Actionable customer satisfaction measurements provide useful information about specific products and service features, delivery, relationships, and transactions that bear upon the customers' future actions - repeat business and/or positive referral.

N4. Your customer satisfaction and dissatisfaction results should be reported in Item 7.1.

3.2 Customer Relationships and Satisfaction

Purpose

This Item examines your organization's processes for building customer relationships and determining customer satisfaction, with the aim of acquiring new customers, retaining existing customers, and developing new market opportunities.

Requirements

In this item you are asked:

- how you build relationships to acquire customers, to meet and exceed their expectations, to increase loyalty, and to develop repeat business and positive referrals.
- how you determine key customer contact requirements and how these vary for different modes of access. As part of this response, you are to describe key access mechanisms for customers to seek information, conduct business, and make complaints;
- how customer contact requirements are deployed to all people and processes involved in the customer response chain;
- to describe your complaint management process. This description should include how you ensure prompt and effective problem resolution. The description also should cover how all complaints are aggregated and analyzed for use in improvement throughout your organization and by your partners, as appropriate;
- how you keep your approaches to relationship building and customer access current with your changing business needs and directions;
- how you determine customer satisfaction and dissatisfaction, including how you capture actionable information that reflects customers' future business and positive referral;
- how you follow up with customers regarding products and services and recent transaction quality to receive prompt and actionable feedback;
- how you obtain and use information on customer satisfaction relative to satisfaction with competitors or similar organizations and/or industry benchmarks so you can gauge your performance in the marketplace; and finally
- how you keep your methods for determining customer satisfaction current with your changing business needs and directions.

Comments

This Item emphasizes how you obtain actionable information from customers. Information that is actionable can be tied to key product, service, and business processes and be used to determine cost and revenue implications for setting improvement and change priorities.

Complaint aggregation, analysis, and root cause determination should lead to effective elimination of the causes of complaints and to setting priorities for process, product, and service improvements. Successful outcomes require effective deployment of information throughout the organization.

In determining customers' satisfaction, a key aspect is their comparative satisfaction with competitors and competing or alternative offerings. Such information might be derived from your own comparative studies or from independent studies. The factors that lead to customer preference are of critical importance in understanding factors that drive markets and potentially affect longer-term competitiveness.

Changing business needs and directions might include new modes of customer access, such as the Internet. In such cases, key contact requirements might include on-line security for customers and access to personal assistance.

4 Measurement, Analysis, and Knowledge Management (90 pts.)

The ***Measurement, ANALYSIS, and Knowledge Management*** Category examines **HOW** your organization selects, gathers, analyzes, manages, and improves its data, information and KNOWLEDGE ASSETS.

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

Approach – Deployment

Describe how your organization measures, analyzes, aligns, and improves its PERFORMANCE data and information at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

a. Performance Measurement

(1) **How** do you select, collect, align, and integrate data and information for tracking daily operations and for tracking overall organizational PERFORMANCE? **How** do you use these data and information to support organizational decision-making and INNOVATION?

(2) **How** do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision-making and INNOVATION?

(3) **How** do you keep your PERFORMANCE measurement system current with business needs and directions? **How** do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organizational or external changes?

b. Performance Analysis

(1) What ANALYSES do you perform to support your SENIOR LEADERS' organizational PERFORMANCE review? What ANALYSES do you perform to support your organization's strategic planning?

(2) **How** do you communicate the RESULTS or organizational-level ANALYSIS to work group and functional-level operations to enable EFFECTIVE support for decision-making?

Notes:

N1. Performance measurement is used in fact-based decision making for setting and aligning organizational directions and resource use at the work unit, key process, departmental, and whole organization levels.

N2. Comparative data and information sources (4.1a[2]) are obtained by benchmarking and seeking competitive comparisons. "Benchmarking" refers to identifying processes and results that represent best practices and performance for similar activities, inside or outside your organization's industry. Competitive comparisons relate your organization's performance to that of competitors in your markets.

N3. Analysis includes examining trends; organizational, industry, and technology projections; and comparisons, cause-effect relationships, and correlations intended to support your performance reviews, help determine root causes, and help set priorities for resource use. Accordingly, analysis draws upon all types of data: customer-related, financial and market, operational, and competitive.

N4. The results of organizational performance analysis should contribute to your senior leaders' organizational performance review in 1.1c and organizational strategic planning in Category 2.

N5. Your organizational performance results should be reported in Items 7.1–7.6.

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Measurement, Analysis, and Knowledge Management (Category 4)

The Measurement, Analysis, and Knowledge Management Category is the main point within the Criteria for all key information about effectively measuring and analyzing performance and managing organizational knowledge to drive improvement and organizational competiveness. In the simplest terms, Category 4 is the "brain center" for the alignment of your organization's operations and its strategic objectives. Central to such use of data and information are their quality and availability. Furthermore, since information and analysis might themselves be primary sources of competitive advantage and productivity growth, the Category also includes such strategic considerations.

4.1 Measurement and Analysis of Organizational Performance

Purpose

This Item examines your organization's selection, management, and use of data and information for performance measurement and analysis in support of organizational planning and performance improvement. The Item serves as a central collection and analysis point in an integrated performance measurement and management system that relies on financial and nonfinancial data and information. The aim of measurement and analysis is to guide your organization's process management toward the achievement of key business results and strategic objectives and to anticipate and respond to rapid or unexpected organizational or external changes.

Requirements

You are asked:

- how you gather and integrate data and information for monitoring daily operations and supporting organizational decision-making and how you select and use measures for tracking those operations and overall organizational performance;
- how you select and use comparative data and information to support operational and strategic decision making and innovation. These requirements address the major components of an effective performance measurement system.
- what analyses you perform to support your senior leaders' assessment of overall organizational performance and your strategic planning;
- how the results of organizational-level analysis are communicated to support decision making throughout your organization and are aligned with your business results, strategic objectives, and action plans; and finally,
- how you keep your organization's performance measurement system current with changing business needs and directions and how you ensure your measurement system is sensitive to rapid and unexpected organizational and external changes.

Comments

Alignment and integration are key concepts for successful implementation of your performance measurement system. They are viewed in terms of extent and effectiveness of use to meet your performance assessment needs. Alignment and integration include how measures are aligned throughout your organization, how they are integrated to yield organization-wide data and information, and how performance measurement requirements are deployed by your senior leaders to track work group and process-level performance on key measures targeted for organization-wide significance or improvement.

The use of comparative data and information is important to all organizations. The major premises for use are (1) your organization needs to know where it stands relative to competitors and to best practices, (2) comparative information and information obtained from benchmarking often provides the impetus for significant ("breakthrough") improvement or change, and (3) comparing performance information frequently leads to a better understanding of your processes and their performance. Comparative information also may support business analysis and decisions relating to core competencies, alliances, and outsourcing.

Your effective selection and use of comparative data and information require (1) determination of needs and priorities; (2) criteria for seeking appropriate sources for comparisons—from within and outside of your organization's industry and markets; and (3) use of data and information to set stretch goals and to promote major, non-incremental ("breakthrough") improvements in areas most critical to your organization's competitive strategy.

Individual facts and data do not usually provide an effective basis for setting organizational priorities. This Item emphasizes that close alignment is needed between your analysis and your organizational performance review and between your analysis and your organizational planning. This ensures that analysis is relevant to decision making and that decision making is based on relevant data and information.

Action depends on understanding cause-effect connections among processes and between processes and results or outcomes. Process actions and their results may have many resource implications. Organizations have a critical need to provide an effective analytical basis for decisions because resources for improvement are limited and cause-effect connections are often unclear.

Analyses that your organization conducts to gain an understanding of performance and needed actions may vary widely depending on your type of organization, size, competitive environment, and other factors. Examples of possible analyses include:

- how product and service quality improvement correlates with key customer indicators such as customer satisfaction, customer retention, and market share
- cost and revenue implications of customer-related problems and effective problem resolution
- interpretation of market share changes in terms of customer gains and losses and changes in customer satisfaction
- improvement trends in key operational performance indicators such as productivity, cycle time, waste reduction, new product introduction, and defect levels
- relationships between employee and organizational learning and value added per employee
- financial benefits derived from improvements in employee safety, absenteeism, and turnover
- benefits and costs associated with education and training, including Internet-based, or e-learning, opportunities
- benefits and costs associated with improved organizational knowledge management and sharing
- the value added for the customer and the organization by better knowledge and information management
- the relationship between knowledge management and innovation
- how the ability to identify and meet employee requirements correlates with employee retention, motivation, and productivity
- cost and revenue implications of employee-related problems and effective problem resolution
- individual or aggregate measures of productivity and quality relative to competitors' performance
- cost trends relative to competitors' trends
- relationships among product and service quality, operational performance indicators, and overall financial performance trends as reflected in indicators such as operating costs, revenues, asset utilization, and value added per employee
- allocation of resources among alternative improvement projects based on cost/benefit implications or environmental and community impact
- net earnings derived from quality, operational, and human resource performance improvements
- comparisons among business units showing how quality and operational performance improvement affect financial performance
- contributions of improvement activities to cash flow, working capital use, and shareholder value
- profit *and other* impacts of customer retention
- cost and revenue implications of new market entry, including global market entry or expansion
- cost and revenue, customer, and productivity implications of engaging in or expanding e-commerce or e-business and use of the Internet and intranets
- market share versus profits
- trends in economic, market, and shareholder indicators of value

The availability of electronic data and information of many kinds (e.g., financial, operational, customer-related, accreditation or regulatory) and from many sources (e.g., internal, third party, and public sources; the Internet; Internet tracking software) permits extensive analysis and correlations. Effectively utilizing and prioritizing this wealth of information are significant organizational challenges.

4.2 Information and Knowledge Management (45 pts.) **Approach - Deployment**

Describe how your organization ensures the quality and availability of needed data and information for employees, suppliers and partners, and CUSTOMERS. Describe how your organization builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Data and Information Availability

(1) **How** do you make needed data and information available? **How** do you make them accessible to employees, suppliers and partners, and CUSTOMERS, as appropriate?

(2) **How** do you ensure that hardware and software are reliable, secure, and user friendly?

(3) **How** do you keep your data and information availability mechanisms, including your software and hardware systems, current with business needs and directions?

b. Organizational Knowledge

(1) **How** do you manage organizational knowledge to accomplish:

- the collection and transfer of employee knowledge
- the transfer of relevant knowledge from CUSTOMERS, suppliers, and partners
- the identification and sharing of best practices

(2) **How** do you ensure the following properties of your data, information, and organizational knowledge:

- timeliness
- reliability
- security
- accuracy
- confidentiality

Notes:

N1. Data availability (4.2a) are of growing importance as the Internet, e-business, and e-commerce are used increasingly for business-to-business and business-to-consumer interactions and as intranets become more important as a major source of organization-wide communications.

N2. Data and information access (4.2a[1]) might be via electronic or other means.

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4.2 Information and Knowledge Management

Purpose

This Item examines how your organization ensures the availability of high-quality, timely data and information for all your key users—employees, suppliers and partners, and customers. It also examines how your organization builds and manages its knowledge assets. The aim is to improve organizational efficiency, effectiveness, and innovation.

Requirements

You are asked how you:

- make data and information available and accessible to your user communities;
- ensure that data, information, and organizational knowledge have all the characteristics your users expect: integrity, reliability, accuracy, timeliness, and appropriate levels of security and confidentiality;
- ensure that your hardware systems and software are reliable, secure, and user friendly so that access is facilitated and encouraged;

- keep your data availability mechanisms, software, and hardware current with changing business needs and directions; and
- capture, protect, and disseminate organizational knowledge.

Comments

Managing information can require a significant commitment of resources as the sources of data and information grow dramatically. The expanding use of electronic information within organizations' operations, as part of organizational knowledge networks, from the Internet, and in business-to-business and business-to-consumer communications, challenges organizational abilities to ensure reliability and availability in a user-friendly format.

Data and information are especially important in business networks, alliances, and supply chains. Your responses to this Item should take into account this use of data and information and should recognize the need for rapid data validation and reliability assurance, given the increasing use of electronic data transfer.

The focus of an organization's knowledge management is on the knowledge that people need to do their work; improve processes, products, and services; keep current with changing business needs and directions; and develop innovative solutions that add value for the customer and the organization.

5.0 Human Resource Focus (85 pts.)

The *Human Resource Focus* Category examines **how** your organization's WORK SYSTEMS and employee learning and motivation enable employees to develop and utilize their full potential in ALIGNMENT with your organization's overall objectives and ACTION PLANS. Also examined are your organization's efforts to build and maintain a work environment and employee support climate conducive to PERFORMANCE EXCELLENCE and to personal and organizational growth.

5.1 Work Systems (35 pts.) Approach – Deployment

Describe how your organization's work and jobs enable employees and the organization to achieve HIGH PERFORMANCE. Describe HOW compensation, career progression, and related workforce practices enable employees and the organization to achieve HIGH PERFORMANCE.

Within your response, include answers to the following questions:

a. Organization and Management of Work

(1) **How** do you organize and manage work and jobs to promote cooperation, initiative, EMPOWERMENT, INNOVATION, and your organizational culture? **How** do you organize and manage work and jobs to achieve the agility to keep current with business needs?

(2) **How** do your WORK SYSTEMS capitalize on the diverse ideas, cultures, and thinking of your employees and the communities with which you interact (your employee hiring and your CUSTOMER communities?

(3) **How** do you achieve EFFECTIVE communication and skill sharing across work units, jobs, and locations?

b. Employee Performance Management System

How does your employee PERFORMANCE management system, including feedback to employees support HIGH PERFORMANCE WORK? **How** does employee PERFORMANCE management system support a CUSTOMER and business focus? **How** do your compensation, recognition, and related reward and incentive practices reinforce HIGH-PERFORMANCE WORK and a CUSTOMER and business focus?

c. Hiring and Career Progression

(1) **How** do you identify characteristics and skills needed by potential employees?

(2) **How** do you recruit, hire, and retain new employees? **How** do you ensure the employees represent the diverse ideas, cultures, and thinking of your employee hiring community?

(3) **How** do you accomplish EFFECTIVE succession planning for leadership and management positions, including senior leadership? **How** do you manage EFFECTIVE career progression for all employees throughout the organization?

Notes:

N1. "Employees" refers to your organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by your organization. Employees include team leaders, supervisors, and managers at all levels. Contract employees supervised by a contractor should be addressed in Category 6.

N2. "Your organization's work" refers to how your employees are organized or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, project teams, customer action teams, problem-solving teams, centers of excellence, functional units, remote (e.g., at-home) workers, cross-functional teams, and departments--self-managed or managed by supervisors.

"Jobs" refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team.

N3. Compensation and recognition (5.1b) include promotions and bonuses that might be based upon performance, skills acquired, and other factors. Recognition includes monetary and nonmonetary, formal and informal, and individual and group mechanisms.

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5.0 Human Resource Focus (Category 5)

Human Resource Focus addresses key human resource practices – those directed toward creating and maintaining a high performance workplace and toward developing employees to enable them and your organization to adapt to change. The Category covers human resource development and management requirements in an integrated way, i.e., aligned with the organization's strategic objectives. Your human resource focus includes your work environment and your employee support climate.

To reinforce the basic alignment of human resource management with overall strategy, the Criteria also cover human resource planning as part of overall planning in the Strategic Planning Category.

5.1 Work Systems

Purpose

This Item examines your organization's systems for work and jobs, compensation, career progression, employee performance management, motivation, recognition, communication, and hiring, with the aim of enabling and encouraging all employees to contribute effectively and to the best of their ability. These systems are intended to foster high performance, to result in individual and organizational learning, and to enable adaptation to change.

Requirements

You are asked how:

- you organize and manage work and jobs to promote cooperation, initiative, empowerment, innovation, agility, and your organizational culture;
- you achieve effective communication and knowledge and skill sharing;
- your employee performance management system, including feedback to employees, supports high performance and a customer and business focus. This should include how compensation, recognition, and related practices reinforce these objectives;
- you identify the capabilities needed by potential employees and how you recruit, hire, and retain new employees. Your considerations should include the ability of your work system to benefit from the diverse ideas and cultures of your communities; and
- you accomplish effective succession planning for leadership and management positions including senior leadership and how you manage effective career progression for all employees throughout the organization.

Comments

High-performance work is characterized by flexibility, innovation, knowledge and skill sharing, alignment with organizational objectives, customer focus, and rapid response to changing business needs and requirements of the marketplace. The focus of this Item is on a workforce capable of achieving high performance. In addition to enabled employees and proper work system design, high-performance work requires ongoing education and training, as well as information systems that ensure proper information flow. *To help employees realize their full potential, many organizations use individual development plans prepared with each employee and addressing his/her career and learning objectives.*

Work and job factors for your consideration include simplification of job classifications, cross-training, job rotation, use of teams (including self-directed teams), and changes in work layout and location. Also important is effective communication across functions and work units to ensure a focus on customer requirements and to ensure an environment with trust, knowledge sharing and mutual respect.

Compensation and recognition systems should be matched to your work systems. To be effective, compensation and recognition might be tied to demonstrated skills and to peer evaluations. Compensation and recognition approaches also might include profit sharing, rewarding exemplary team or unit performance, and linkage to customer satisfaction and loyalty measures or other business objectives.

The requirements of high-performance work, coupled with the challenges of labor markets, necessitate attention to succession planning and hiring profiles. This should include and capitalize on diversity factors. Employee hiring and career progression planning should consider both internal and external candidates with a focus on the future success and growth of the organization.

5.2 Employee Learning and Motivation (25 pts.)

Approach – Deployment

Describe how your organization's employee education, training, and career development support the achievement of your overall objectives and contribute to HIGH PERFORMANCE. Describe how your organization's education, training, and career development build employee knowledge, skills, and capabilities.

Within your response, include answers to the following questions:

a. Employee Education, Training, and Development

(1) **How** do employee education and training contribute to the achievement of your ACTION PLANS? **How** do your employee education, training, and development address your key needs associated with organizational PERFORMANCE measurement, PERFORMANCE improvement, and technological change? **How** does your education and training APPROACH balance short- and longer-term organizational objectives with employee needs for development, learning, and career progression?

(2) **How** do employee education, training, and development address your key organizational needs associated with new employee orientation, diversity, ethical business practices, and management and leadership development? **How** do employee education, training, and development address your key organizational needs associated with employee, workplace, and environmental safety.

(3) **How** do you seek and use input from employees and their supervisors and managers on education and training needs? **How** do you incorporate your organizational learning and KNOWLEDGE ASSETS into your education and training?

(4) **How** do you deliver education and training? **How** do you seek and use input from employees and their supervisors and managers on options for the delivery of education and training? **How** do you use both formal and informal delivery APPROACHES, including mentoring and other APPROACHES, as appropriate?

(5) **How** do you reinforce the use of knowledge and skills on the job?

(6) **How** do you evaluate the effectiveness of education and training, taking into account individual and organ izational PERFORMANCE?

b. Motivation and Career Development

How do you motivate employees to develop and utilize their full potential? **How** does your organization use formal and informal mechanisms to help employees attain job- and career-related development and learning objectives? **How** do managers and supervisors help employees attain job- and career-related development and learning objectives?

Notes:

Education and training delivery (5.2a[4]) might occur inside or outside your organization and involve on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

5.2 Employee Learning and Motivation

Purpose

This Item examines the education, training, and on-the-job reinforcement of knowledge and skills of your organization's workforce. It also examines your organization's systems for motivation and employee career development with the aim of meeting ongoing needs of employees and a high performance workplace.

Requirements

You are asked how:

- education and training tie to your action plans, including how education and training balance short- and longer-term individual and organizational objectives;
- you seek and use input on education and training needs and delivery from those most directly benefiting-employees and their supervisors and managers;

- you incorporate organizational learning and knowledge assets into your education and training;
- your employee education, training, and development address key organizational needs associated with technological change, ethical business practices, management and leadership development, orientation of new employees, safety, diversity, and performance measurement and improvement;
- you deliver and evaluate education and training, taking into account individual and organizational performance;
- you reinforce knowledge and skills on the job: and
- your managers and supervisors motivate employees to develop and utilize their full potential, including the mechanisms you use to attain job- and career-related learning objectives.

Comments

Depending on the nature of your organization's work, employees' responsibilities, and the stage of organizational and personal development, education and training needs might vary greatly. These needs might include gaining skills for knowledge sharing, communications, teamwork, and problem solving; interpreting and using data; meeting customer requirements; process analysis and simplification; waste and cycle time reduction; and setting priorities based on strategic alignment or cost/benefit analysis. Education needs also might include basic skills, such as reading, writing, language, arithmetic, and, increasingly, computer skills.

Education and training delivery might occur inside or outside your organization and could involve on-the-job, classroom, computer-based, or distance learning, as well as other types of delivery. Training also might occur through developmental assignments within or outside your organization.

When you evaluate education and training, you should seek effectiveness measures as a critical component of evaluation. Such measures might address the impact on individual, unit, and organizational performance; the impact on customer-related performance; and a cost/benefit analysis of the training.

Although this Item does not specifically ask you about training for customer contact employees, such training is important and common. It frequently includes learning critical knowledge and skills in the following areas: your products, services, and customers; how to listen to customers; recovery from problems or failures; and how to effectively manage customer expectations.

To help employees realize their full potential, many organizations use individual development plans prepared with each employee and addressing her or his career and learning objectives.

Factors inhibiting motivation should be understood and addressed by your organization. Further understanding of these factors could be developed through exit interviews with departing employees.

5.3 Employee Well Being and Satisfaction (25 pts.)

Approach – Deployment

Describe HOW your organization maintains a work environment and an employee support climate that contribute to the well-being, satisfaction, and motivation of all employees.

Within your response, include answers to the following questions:

a. Work Environment

(1) **How** do you improve workplace health, safety, security, and ergonomics? **How** do employees take part in improving them? What are your PERFORMANCE MEASURES or targets for each of these key workplace factors? What are the significant differences in workplace factors and performance measures or targets if different employee groups and work units have different work environment.

(2) **How** do you ensure workplace preparedness for emergencies or disasters? **How** do you seek to ensure business continuity for the benefit of your employees and CUSTOMERS?

b. Employee Support and Satisfaction

(1) **How** do you determine the KEY factors that affect employee well-being, satisfaction, and motivation? **How** are these factors segmented for a diverse workforce and for different categories and types of employees?

(2) **How** do you support your employees via services, benefits, and policies? **How** are these tailored to the needs of a diverse workforce and different categories and types of employees?

(3) What formal and informal assessment methods and MEASURES do you use to determine employee well-being, satisfaction, and motivation? **How** do these methods and MEASURES differ across a diverse work force and different categories and types of employees? **How** do you use other indicators, such as employee retention, absenteeism, grievances, safety, and PRODUCTIVITY, to assess and improve employee well-being, satisfaction, and motivation?

(4) How do you relate assessment findings to KEY business RESULTS to identify priorities for improving the work environment and employee support climate?

Notes:

N1. Specific factors that might affect your employees' well-being, satisfaction, and motivation (5.3b[1]) include effective employee problem or grievance resolution; safety factors; employees' views of management; employee training, development, and career opportunities; employee preparation for changes in technology or the work organization; the work environment and other work conditions; management's empowerment of employees; information sharing by management; workload; cooperation and teamwork; recognition; services and benefits; communications; job security; compensation; and equal opportunity.

N2. Approaches for employee support (5.3b[2]) might include providing counseling, career development and employability services, recreational or cultural activities, nonwork-related education, day care, job rotation or sharing, special leave for family responsibilities or community service, home safety training, flexible work hours and location, outplacement, and retirement benefits (including extended health care).

N3. Measures and indicators of well-being, satisfaction, and motivation (5.3b[3]) might include data on safety and absenteeism, the overall turnover rate, the turnover rate for customer contact employees, employees' charitable contributions, grievances, strikes, other job actions, insurance costs, worker's compensation claims, and results of surveys. Survey indicators of satisfaction might include employee knowledge of job roles, employee knowledge of organizational direction, and employee perception of empowerment and information sharing. Your results relative to such measures/indicators should be reported in Item 7.4.

N4. Setting priorities (5.3b[4]) might draw upon your human resource results presented in Item 7.4 and might involve addressing employee problems based on their impact to your business results.

5.3 Employee Well being and Satisfaction

Purpose

This Item examines your organization's work environment, your employee support climate, and how you determine employee satisfaction, with the aim of fostering the well being, satisfaction, and motivation of all employees while recognizing their diverse needs.

Requirements

You are asked:

- how you ensure a safe and healthful work environment for all employees, taking into account their differing work environments and associated requirements. Special emphasis is placed on how employees contribute to identifying important factors and to improving workplace safety;
- to identify appropriate measures and targets for key workplace factors so that status and progress can be tracked;
- how you ensure workplace preparedness for emergencies or disasters;
- how you ensure business continuity for the benefit of your employees and customers;
- how you determine the key factors that affect employee well being, satisfaction, and motivation. Included are how these factors are segmented for diverse workforce and different categories and types of employees;
- how your services, benefits, and policies support employee well-being, satisfaction, and motivation based upon a holistic view of this key stakeholder group. Special emphasis is placed on the variety of approaches you use to satisfy a diverse work force with differing needs and expectations;
- to describe formal and informal assessments methods and measures you use to determine employee well-being, satisfaction, and motivation. This description should include how you tailor these methods and measures to a diverse workforce and how you use other indicators (e.g., employee turnover) to support your assessment; and
- how you relate assessment findings to key business results to identify key priorities for improvement.

Comments

Most organizations, regardless of size, have many opportunities to contribute to employee well being, satisfaction, and motivation. Some examples of services, facilities, activities, and other opportunities are personal and career counseling; career development and employability services; recreational or cultural activities; formal and informal recognition; nonwork-related education; day care; special leave for family responsibilities and community service; flexible work hours and benefits packages; outplacement services; and retiree benefits, including extended health care and access to employee services.

Although satisfaction with pay and satisfaction with promotion are important, these two factors generally are not sufficient to ensure overall employee satisfaction, motivation, and high performance. Some examples of other factors to consider are effective employee problem and grievance resolution; employee development and career opportunities; work environment and management support; workload; communication, cooperation, and teamwork; job security; appreciation of the differing needs of diverse employee groups; and organizational support for serving customers.

In addition to direct measures of employee satisfaction and well-being through formal or informal surveys, some other indicators include absenteeism, turnover, grievances, strikes, Occupational Safety and Health Administration (OSHA) reportables and workers' compensation claims.

6 Process Management (85 pts.)

The ***Process Management*** Category examines the KEY aspects of your organization's PROCESS management, including KEY product, service and business processes for creating CUSTOMER and organizational VALUE and KEY support PROCESSES. This Category encompasses all KEY PROCESSES and all work units.

6.1 Value Creation Processes (50 pts.)

Approach – Deployment

Describe how your organization identifies and manages its KEY PROCESSES for creating CUSTOMER VALUE and achieving business success and growth.

Within your response, include answers to the following questions:

a. VALUE CREATION PROCESSES

(1) **How** does your organization determine its KEY VALUE CREATION PROCESSES? What are your organization's KEY product, service, and business PROCESSES for creating or adding VALUE? **How** do these PROCESSES create VALUE for the organization, your CUSTOMERS, and your other key STAKEHOLDERS? **How** do they contribute to profitability and business success?

(2) **How** do you determine KEY VALUE CREATION PROCESS requirements, incorporating input from CUSTOMERS, suppliers, and partners, as appropriate? What are the KEY requirements for these PROCESSES?

(3) **How** do you design these PROCESSES to meet all the KEY requirements? **How** do you incorporate new technology and organizational knowledge into the design of these PROCESSES? **How** do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and effectiveness factors into the design of these PROCESSES? **How** do you implement these PROCESSES to ensure they meet design requirements?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS used for the control and improvement of your VALUE CREATION PROCESSES? **How** does your day-to-day operation of these PROCESSES ensure meeting KEY PROCESS requirements? **How** are in-process MEASURES used in managing these PROCESSES? **How** are CUSTOMER, supplier, and partner input used in managing these PROCESSES, as appropriate?

(5) **How** do you minimize overall costs associated with inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate? **How** do you prevent defects and rework, and minimize warranty costs, as appropriate?

(6) **How** do you improve your VALUE CREATION PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve products and services, and to keep the PROCESSES current with business needs and directions? **How** are improvements shared with other organizational units and PROCESSES?

Notes:

N1. Your key value creation processes are those most important to "running your business" and maintaining or achieving a sustainable competitive advantage. They are the processes that involve the majority of your organization's employees and produce customer, stockholder, and other key stakeholder value. They include the processes through which your organization adds greatest value to its products and services. They also include the business processes most critical to adding value to the business itself, resulting in success and growth.

N2. Key value creation processes differ greatly among organizations, depending on many factors. These factors include the nature of your products and services, how they are produced and delivered, technology requirements, customer and supplier relationships and involvement, outsourcing, importance of research and development, role of technology acquisition, information and knowledge management, supply chain management, mergers and acquisitions, global expansion, and sales and marketing. Responses to Item 6.1 should be based on the most critical requirements and processes for your products, services, and business.

N3. To achieve better process performance and reduce variability, you might implement approaches such as a lean enterprise system, six sigma methodology, use of ISO 9000:2000 standards, or other process improvement tools. .

N4. To provide as complete and concise a response as possible for your key value creation processes, you might want to use a tabular format identifying the key processes and the attributes of each as called for in questions 6.1a(1)-6.1a(6).

N5. The results of improvements in product and service performance should be reported in Item 7.2. The results of operational improvements in your product and service design and delivery processes and key business processes should be reported in Item 7.5.

Process Management (Category 6)

Process Management is the focal point within the Criteria for all key work processes. Built into the Category are the central requirements for efficient and effective process management: effective design; a prevention orientation; linkage to customers, suppliers, and partners and a focus on value creation for all key stakeholders; operational performance; cycle time; and evaluation, continuous improvement, and organizational learning.

Agility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, “agility” refers to your ability to adapt quickly, flexibly, and effectively to changing requirements. Depending on the nature of your organization's strategy and markets, agility might mean rapid changeover from one product to another, rapid response to changing demands, or the ability to produce a wide range of customized services. Agility also increasingly involves decisions to outsource, agreements with key suppliers, and novel partnering arrangements. Flexibility might demand special strategies such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialized training. Cost and cycle time reduction often involve lean process management strategies. It is crucial to utilize key measures for these requirements in your overall process management.

6.1 Value Creation Processes

Purpose

This Item examines your organization's key product, service, and business processes, with the aim of creating value for your customers and other stakeholders, and improving your marketplace and operational performance.

Requirements

You are asked:

- to identify your key value creation processes and their requirements;
- how these processes are designed, implemented, and performed to meet all your requirements and how you incorporate input from customers, suppliers, and partners, as appropriate; also
- how you address key factors in design effectiveness including cycle time, productivity, and cost control;
- how your processes create value for all key stakeholders and how they contribute to business profitability and success;
- to identify your key performance measures for the control and improvement of your value creation processes, including how in-process measures and customer and supplier feedback are used;
- how you minimize costs associated with inspections, tests, and audits through the use pf prevention-based processes;
- how you improve your value creation processes to achieve better performance and to keep them current with your changing business needs and directions, and finally;
- how improvements are shared to achieve organizational learning.

Comments

This item calls for information on the management and improvement of key value creation processes. The information required includes a description of the key processes, their specific requirements, and how performance relative to these requirements is determined and maintained. Increasingly, theses requirements might include the need for agility-speed and flexibility- to adapt to change.

Your design approaches could differ appreciably depending upon the nature of your products and services–whether the products/services are entirely new, are variants, or involve major or minor process changes. You should consider the key requirements for your products and services. Factors that might need to be considered in design include safety, long-term performance, environmental impact, "green" manufacturing, measurement capability, process capability, manufacturability, maintainability, variability in customer expectations requiring product or service options, supplier capability, and documentation. Effective design also must consider cycle time and productivity of production and delivery processes. These might involve detailed mapping of manufacturing or service processes and redesigning ("re-engineering") those processes to achieve efficiency, as well as to meet changing customer requirements.

Your key business processes are those non-product and non-service processes that are considered most important to business growth and success by your senior leaders. These processes frequently relate to an organization's strategic objectives and critical success factors. Key business processes might include processes for innovation, research and development, technology acquisition, information and knowledge management, supply chain management, supplier partnering, outsourcing, mergers and acquisitions, global expansion, project management, and sales and marketing. Given the diverse nature of these processes, the requirements and performance characteristics might vary significantly for different processes.

For many organizations, supply chain management is a growing factor in achieving productivity and profitability goals and overall business success. Suppliers and partners are receiving increasing strategic attention as organizations re-evaluate their core functions. Supplier processes should fulfill two purposes: to help improve the performance of suppliers and partners and also, on specific actions, to help them contribute to your organization's improved performance. Supply chain management might include processes for supplier selection, with the aim of reducing the total number of suppliers and increasing preferred supplier and partnering agreements.

Many organizations need to consider requirements for suppliers and partners at the design stage. Overall, effective design must take into account all stakeholders in the value chain. If many design projects are carried out in parallel or if your organization's products utilize parts, equipment, and facilities that are used for other products, coordination of resources might be a major concern, but it also might offer a means to significantly reduce unit costs and time to market.

This Item calls for information on the incorporation of new technology. This could include e-technology for sharing information with suppliers and partners, communicating with customers, and giving them continuous (24/7) access, and automated information transfer from in-service products requiring maintenance in the field.

Specific reference is made to in-process measurements and customer and supplier interactions. These measurements and interactions require the identification of critical points in processes for measurement, observation, or interaction. These activities should occur at the earliest points possible in processes to minimize problems and costs that may result from deviations from expected performance. Achieving expected performance frequently requires setting performance levels or standards to guide decision-making. When deviations occur, corrective action is required to restore the performance of the process to its design specifications. Depending on the nature of the process, the corrective action could involve technical and human considerations. Proper corrective action involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring again or elsewhere in your organization. When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail allowing for specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services.

This Item also calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from your customers' perspective but also better financial and operational performance—such as productivity—from your other stakeholders' perspectives. A variety of process improvement approaches are commonly used. These approaches include (1) sharing successful strategies across your organization, (2) process analysis and research (e.g., process mapping, optimization experiments, error proofing), (3) technical and business research and development, (4) benchmarking, (5) using alternative technology, and (6) using information from customers of the processes—within and outside your organization. Process improvement approaches might utilize financial data to evaluate alternatives and set priorities. Together, these approaches offer a wide range of possibilities, including complete redesign ("re-engineering") of processes.

6.2 Support Processes (35 pts.)

Approach – Deployment

Describe how your organization manages its KEY PROCESSES that support your VALUE CREATION PROCESSES.

Within your response, include answers to the following questions:

a. Support PROCESSES

(1) **How** does your organization determine its KEY support PROCESSES? What are your KEY PROCESSES for supporting your VALUE CREATION PROCESSES?

(2) **How** do you determine KEY support PROCESS requirements, incorporating input from internal and external CUSTOMERS, and suppliers and partners, as appropriate? What are the KEY requirements for these PROCESSES?

(3) **How** do you design these PROCESSES to meet all the KEY requirements? **How** do you incorporate new technology and organizational knowledge into the design of these PROCESSES? **How** do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and effectiveness factors into the design of the PROCESSES? HOW do you implement these PROCESSES to ensure they meet design requirements?

(4) What are your KEY PERFORMANCE MEASURES or INDICATORS used for the control and improvement of your support PROCESSES? **How** does your day-to-day operation of KEY support PROCESSES ensure meeting KEY PERFORMANCE requirements? **How** are in-process MEASURES used in managing these PROCESSES? **How** is CUSTOMER, supplier, and partner input used in managing these PROCESSES, as appropriate?

(5) **How** do you minimize overall costs associated with inspections, tests, and PROCESS or PERFORMANCE audits, as appropriate? **How** do you prevent defects and rework?

(6) **How** do you improve your support PROCESSES to achieve better PERFORMANCE, to reduce variability, and to keep the PROCESSES current with business needs and directions? **How** are improvements shared with other organizational units and PROCESSES?

Notes:

N1. Your key support processes are those that are considered most important for support of your organization's value creation processes, employees, and daily operations. These might include finance and accounting, facilities management, legal, human resource, project management, and administration processes.

N2. The results of improvements in your key support processes and key support process performance results should be reported in Item 7.5.

6.2 Business Processes

Purpose

This Item examines your organization's key support processes, with the aim of improving your overall operational performance.

Requirements

You are asked

- to identify your key support processes and their design requirements;
- how your organization's key support processes are designed to meet all your requirements and how you incorporate input from customers, suppliers, and partners, as appropriate;
- how day-to-day operation of your key support processes ensures meeting the key requirements, including how in-process measures and customer and supplier feedback are used;
- how you minimize costs associated with inspections, tests, and audits through the use of prevention-based processes;
- how you improve your key support processes to achieve better performance and to keep them current with your changing business needs and directions; and finally,
- how improvements are shared to achieve organizational learning.

Comments

Your support processes are those that support your daily operations and your product and service delivery but are not usually designed in detail with the products and services. The support process requirements usually do not depend significantly on product and service characteristics. Support process design requirements usually depend significantly on your internal requirements, and they must be coordinated and integrated to ensure efficient, effective linkage and performance. Support processes might include finance and accounting, facilities management, legal services, human resource services, public relations, and other administrative services.

This Item calls for information on how your organization evaluates and improves the performance of your key support processes. Four approaches frequently used are (1) process analysis and research, (2) benchmarking, (3) use of alternative technology, and (4) use of information from customers of the processes. Together, these approaches offer a wide range of possibilities, including complete redesign ("re-engineering") of processes.

7.0 Business Results (450 pts.)

The ***Business*** Category examines your organization's PERFORMANCE and improvement in KEY business areas—CUSTOMER satisfaction, product and service PERFORMANCE, financial and marketplace PERFORMANCE, human resource RESULTS, operational PERFORMANCE, and GOVERNANCE and social responsibility. Also examined are PERFORMANCE LEVELS relative to those of competitors.

7.1 Customer-Focused Results (75 pts.)

Results

Summarize your organization's KEY customer-focused RESULTS, including CUSTOMER satisfaction and customer perceived VALUE. Segment your RESULTS by CUSTOMER groups and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Customer-Focused RESULTS

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of CUSTOMER satisfaction and dissatisfaction? **How** do these compare with competitors' LEVELS of CUSTOMER satisfaction?

(2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of customer-perceived VALUE, including CUSTOMER loyalty and retention, positive referral, and other aspects of building relationships with CUSTOMERS, as appropriate?

Notes:

N1. Customer satisfaction and dissatisfaction results reported in this Item should relate to determination methods and data described in Item 3.2.

N2. Measures and indicators of customers' satisfaction with your products and services relative to customers' satisfaction with competitors might include objective information and data from your customers and from independent organizations.

Business Results (Category 7)

The Business Results Category provides a results focus that encompasses your customers' evaluation of your organization's products and services, your overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's purposes – superior value of offerings as viewed by your customers and the marketplace, superior organizational performance as reflected in your operational and financial indicators, and organizational and personal learning – are maintained. Category 7 thus provides "real-time" information (measures of progress) for evaluation and improvement of processes, products, and services, in alignment with your overall organizational strategy. Item 4.1 calls for analysis of business results data and information to determine your overall organizational performance.

7.1 Customer-Focused Results

Purpose

This Item examines your organization's customer-focused performance results, with the aim of demonstrating how well your organization has been satisfying your customers and has developed loyalty, repeat business, and positive referral.

Requirements

You are asked to provide:

- current levels, trends, and appropriate comparisons for key measures and indicators of customer satisfaction and dissatisfaction, including comparisons with your competitors' levels of customer satisfaction;
- data and information on customer loyalty (retention), positive referral, and customer-perceived value.

Comments

This Item focuses on the creation and use of all relevant data to determine and help predict your organization's performance as viewed by your customers. Relevant data and information include customer satisfaction and dissatisfaction; retention, gains, and losses of customers and customer accounts; customer complaints, complaint management, and warranty claims; customer-perceived value based on quality and price; customer assessment of access and ease of use (including courtesy in service interactions); and awards, ratings, and recognition from customers and independent rating organizations.

This Item places an emphasis on customer-focused results that go beyond satisfaction measurement because loyalty, repeat business, and longer-term customer relationships are better indicators and measures of future success in the marketplace.

7.2 Product and Service Results (75 pts)

Results

Summarize your organization's KEY product and service PERFORMANCE RESULTS. Segment your RESULTS by product groups, customer groups, and market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Product and Service Results

What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of product and service PERFORMANCE that are important to your CUSTOMERS ? How do these results compare with your competitor's PERFORMANCE?

Notes:

Product and service results reported in this Item should relate to the key product and services features identified as customer requirements or expectations in P.1b(2) based on information gathered in Items 3.1 and 3.2. The measures or indicators should address factors that affect customer preference, such as those included in P.1, Note 3 and Item 3.1, Note 3.

7.2 Product and Service Results

Purpose

This Item examines your organization's key product and service performance results, with the aim of delivering product and service quality that leads to customer satisfaction, loyalty, and positive referral.

Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures and indicators of product and service performance. Such results should be for key drivers of your customers' satisfaction and loyalty.

Comments

This Item places emphasis on measures of product and service performance that serves as indicators of customers' views and decisions relative to future purchases and relationships. These measures of product and service performance are derived from customer-related information gathered in Items 3.1 and 3.2.

Product and service measures appropriate for inclusion might be based upon the following: internal quality measurements, field performance of products, defect levels, response times, data collected from your customers by other organizations on ease of use or their attributes, and customer surveys on product and service performance.

The correlation between product and service performance and customer indicators is a critical management tool with multiple uses: (1) defining and focusing on key quality and customer requirements; (2) identifying product and service differentiators in the marketplace; and (3) determining cause-effect relationships between your product and service attributes and evidence of customer satisfaction and loyalty, as well as positive referral. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of offerings.

7.3 Financial and Market Results (75 pts.)

Summarize your organization's KEY financial and marketplace PERFORMANCE RESULTS by market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

b. Financial and Market Results

(1) What are your current LEVELS and TRENDS in KEY MEASURES/INDICATORS of financial PERFORMANCE, including aggregate MEASURES of financial return and economic value, as appropriate?

(2) What are your current LEVELS and TRENDS in KEY MEASURES/INDICATORS of marketplace PERFORMANCE, including market share/position, business growth, and new markets entered, as appropriate?

Notes:

Responses to 7.3a(1) might include aggregate measures such as return on investment (ROI), asset utilization, operating margins, profitability, profitability by market or customer segment, liquidity, debt to equity ratio, value added per employee, and financial activity measures.

7.3 Financial and Market Results

Purpose

This Item addresses your organization's financial and market results, with the aim of understanding your marketplace challenges and opportunities.

Requirements

You are asked to provide levels, trends, and appropriate comparisons for key financial, market, and business indicators. Overall, these results should provide a complete picture of your financial and marketplace success and challenges.

Comments

Measures reported in this Item are those usually tracked by senior leadership on an ongoing basis to assess your organization's performance.

Appropriate financial measures and indicators might include revenue, profits, market position, cash-to-cash cycle time, earnings per share, and returns. Marketplace performance measures might include market share, measures of business growth, new product and geographic markets entered (including exports), entry into e-commerce markets, and the percentage of sales derived from new products.

7.4 Human Resource Results (75 pts.)

Summarize your organization's KEY human resource RESULTS, including WORK SYSTEM PERFORMANCE and employee learning, development, well-being, and satisfaction. Segment your RESULTS to address the diversity of your workforce and the different types and categories of employees, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Human Resource Results

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of WORK SYSTEM PERFORMANCE and effectiveness?

(2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of employee learning and development?

(3) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of employee well-being, satisfaction, and dissatisfaction?

Notes:

N1. The results reported in this Item should relate to activities described in Category 5. Your results should be responsive to key process needs described in Category 6, and to your organization's action plans and human resource plans described in Item 2.2.

N2. Appropriate measures and indicators of work system performance and effectiveness (7.4a[1]) might include job and job classification simplification, job rotation, work layout improvement, employee retention and internal promotion rates, and changing supervisory ratios.

N3. Appropriate measures and indicators of employee learning and development (7.4a[2]) might include innovation and suggestion rates, courses completed, learning, on-the-job performance improvements, and cross-training rates.

N4. For appropriate measures of employee well-being and satisfaction (7.4a[3]), see Item 5.3 Notes.

7.4 Human Resource Results

Purpose

This Item examines your organization's human resource results with the aim of demonstrating how well your organization has been creating and maintaining a positive, productive, learning, and caring work environment for all employees.

Requirements

You are asked to provide:

- data and information on the performance and effectiveness of your organization's work system; and
- current levels, trends, and appropriate comparisons for key measures and indicators of employee learning, development, well-being, satisfaction, and dissatisfaction.

Comments

Results measures reported for work system performance might include improvement in job classification, job rotation, work layout, and local decision-making. Results reported might include input data, such as extent of training, but the main emphasis should be on data that show effectiveness or outcomes.

Results reported could include generic or organization-specific factors. Generic factors might include safety, absenteeism, turnover, satisfaction, and complaints (grievances). For some measures, such as absenteeism and turnover, local or regional comparisons are appropriate.

Organization-specific factors are those you assess for determining your work system performance and your employees' well-being and satisfaction. These factors might include the extent of training or cross-training, or the extent and success of self-direction.

7.5 Organizational Effectiveness Results (75 pts.) **Results**

Summarize your organization's KEY operational PERFORMANCE RESULTS that contribute to the achievement of organizational effectiveness. Segment your RESULTS by product groups and market segments, as appropriate. Include appropriate comparative data

Provide data and information to answer the following questions:

a. Organizational Effectiveness Results

(1) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY VALUE CREATION PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier/partner PERFORMANCE, and other appropriate MEASURES of effectiveness and efficiency.

(2) What are your current LEVELS and TRENDS in KEY MEASURES or INDICATORS of the operational PERFORMANCE of your KEY support PROCESSES? Include PRODUCTIVITY, CYCLE TIME, supplier and partner PERFORMANCE, and other appropriate MEASURES of effectiveness and efficiency.

(3) What are your results for KEY MEASURES or INDICATORS of accomplishment of organizational strategy and ACTION PLANS?

Notes:

N1. Results reported in Item 7.5 should address your key operational requirements and progress toward accomplishment of your key organizational performance goals as presented in the Organizational Profile and in Items 1.1, 2.2, 6.1 and 6.2. Include results not reported in Items 7.1 – 7.4.

N2. Results reported in Item 7.5 should provide key information for analysis (Item 4.1) and review of your organizational performance (Item 1.1) and should provide the operational basis for customer focused results (Item 7.1), product and service results (Item 7.2), and financial and market results (Item 7.3).

7.5 Organizational Effectiveness Results

Purpose

This Item examines your organization's other key operational performance results not reported in Items 7.1 – 7.4, with the aim of achieving organizational effectiveness and attaining key organizational goals.

Requirements

You are asked to provide current levels, trends, and appropriate comparisons for key measures and indicators of operational and strategic performance that lead to your organization's creation of value and the ongoing achievement of results reported in Items 7.1 – 7.4.

Comments

This Item encourages your organization to develop and include unique and innovative measures to track business development and operational improvement. However, all key areas of business and operational performance should be evaluated by measures that are relevant and important to your organization.

Measures and indicators of operational effectiveness and efficiency might include reduced emission levels, waste stream reductions, by-product use, and recycling; internal responsiveness indicators such as cycle times, production flexibility, lead times, set-up times, and time to market; business-specific indicators such as innovation rates and increased use of e-technology, product and process yields, six sigma initiative results, and delivery performance to request; supply chain indicators such as reductions in inventory and incoming inspections, increases in quality and productivity, improvements in electronic data exchange, and reductions in supply chain management costs; third-party assessment results such as ISO 9000 audits; and indicators of strategic goal achievement.

7.6 Governance and Social Responsibility Results (75 pts.)

Results

Summarize your organization's KEY GOVERNANCE and social responsibility RESULTS, including evidence of fiscal accountability, ethical behavior, legal compliance, and organizational citizenship. Segment your RESULTS by business units, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Governance and Social Responsibility Results

(1) What your KEY current findings and TRENDS in KEY MEASURES or INDICATORS of fiscal accountability, both internal and external, as appropriate?

(2) What are your RESULTS for KEY MEASURES or INDICATORS of ethical behavior and of STAKEHOLDER trust in the GOVERNANCE of your organization?

(3) What are your RESULTS for KEY MEASURES or INDICATORS of regulatory and legal compliance?

(4) What are your RESULTS for KEY MEASURES or INDICATORS of organizational citizenship in support of your KEY communities?

Notes:

N1. Responses to 7.6a(1) might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters.

N2. For examples of measures of ethical behavior and stakeholder trust (7.6a[2]), see Note 2 to Item 1.2.

N3. Regulatory and legal compliance results (7.6a[3]) should address requirements described in 1.2a. Organizational citizenship results (7.6a[4]) should address support for the key communities discussed in 1.2c.

7.6 Governance and Social Responsibility Results

Purpose

This Item examines your organization's key results in the area of societal responsibilities, with the aim of maintaining an ethical organization that is a good citizen in its communities.

Requirements

You are asked to provide data and information on key measures or indicators of organizational accountability, stakeholder trust, and ethical behavior. You also are asked to provide data and information on your organization's regulatory and legal compliance and citizenship.

Comments

Independent of an increased focus on issues of governance, ethics, and board and leadership accountability, it is important for organizations to practice and demonstrate high standards of overall conduct. Boards and senior leaders should track relevant performance measures on a regular basis and emphasize this performance in stakeholder communications.

Measures should include environmental and regulatory compliance and noteworthy achievements in these areas, as appropriate. Results also should include indicators of support for key communities and other public purposes.

If your organization has received sanctions or adverse actions under law, regulation, or contract during the past three years, the incidents and their current status should be summarized.

GLOSSARY OF KEY TERMS

This Glossary of Key Terms defines and briefly describes terms used throughout the Criteria booklet that are important to performance management. As you may have noted, key terms are more easily identified in this version of the Criteria when they appear in the Categories and Scoring Guidelines sections. In these sections, key terms are presented in SMALL CAPS/TIMES NEW ROMAN to indicate that more information is available in the glossary.

Action Plans

The term "action plans" refers to specific actions that respond to short- and longer-term strategic objectives. Action plans include details of resource commitments and time horizons for accomplishment. Action plan development represents the critical stage in planning when strategic objectives and goals are made specific so that effective, organization-wide understanding and deployment are possible. In the Criteria, deployment of action plans includes creation of aligned measures for work units. Deployment might also require specialized training for some employees or recruitment of personnel.

An example of a strategic objective for a supplier in a highly competitive industry might be to develop and maintain a price leadership position. Action plans likely would entail design of efficient processes and creation of an accounting system that tracks activity-level costs, aligned for the organization as a whole. Performance requirements might include unit and/or team training in setting priorities based upon costs and benefits. Organizational-level analysis and review likely would emphasize productivity growth, cost control, and quality.

See the definition of "strategic objectives" on page 54 for the description of this related term.

Alignment

The term "alignment" refers to consistency of plans, processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective alignment requires a common understanding of purposes and goals and use of complementary measures and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the work unit level.

See the definition of "integration" on page 51 for the description of this related term.

Analysis

The term "analysis" refers to an examination of facts and data to provide a basis for effective decisions. Analysis often involves the determination of cause-effect relationships. Overall organizational analysis guides process management toward achieving key business results and toward attaining strategic objectives.

Despite their importance, individual facts and data do not usually provide an effective basis for actions or setting priorities. Actions depend on an understanding of relationships, derived from analysis of facts and data.

Anecdotal

The term "anecdotal" refers to process information that lacks specific methods, measures, deployment mechanisms, and evaluation/improvement/learning factors. Anecdotal information frequently uses examples and describes individual activities rather than systematic processes.

An anecdotal response to how senior leaders deploy performance expectations might describe a specific occasion when a senior leader visited all company facilities. On the other hand, a systematic approach might describe the communication methods used by all senior leaders to deliver performance expectations on a regular basis, the measures used to assess effectiveness of the methods, and tools and techniques used to evaluate and improve the communication methods.

Approach

The term "approach" refers to how an organization addresses the Baldrige Criteria Item requirements, i.e., the methods and processes used by the organization. Approaches are evaluated on the basis of the appropriateness of the methods and processes to the Item requirements, the effectiveness of their use, and their alignment with organizational needs. For further description, see the Scoring System on pages 62.

Basic Requirements

The term "basic requirements" refers to the most central concept of an Item. Basic requirements are the fundamental theme of that Item.

In the Criteria, the basic requirements of each Item are presented as the Item title. This presentation is illustrated in the Item format shown on page 56.

Benchmarks

The term “benchmarks” refers to processes and results that represent best practices and performance for similar activities, inside or outside an organization’s industry. Organizations engage in benchmarking as a process to understand the current dimensions of world-class performance and to achieve discontinuous (non incremental) or breakthrough improvement.

Benchmarks are one form of comparative data. Other comparative data organizations might use include industry data collected by a third party (frequently industry averages), data on competitors’ performance, and comparisons with similar organizations in the same geographic area.

Comparisons – Benchmarking and Competitive Comparisons

Benchmarking is the process of systematically comparing and measuring products, services, and processes against “best practices,” “best-in class” achievements, and performance of similar activities, inside or outside the Army or government. At its essence, benchmarking involves systematically looking at proven ways to provide better customer service and adapting these ways to an organization’s operations. It turns the “not-invented-here” philosophy on its head by focusing on the best practices of other organizations.

Competitive Comparisons refer to examining an organization’s current processes against effective processes of other organizations that are competitors in the organization’s markets, or with similar missions or functions in the Army or government. Competitive Comparisons often are less systematic and rigorous than Benchmarking, and without detailed exploration of the differences in underlying methods.

Customer

The term “customer” refers to actual and potential users of your organization’s products or services. Customers include the end users of your products or services, as well as others who might be the immediate purchasers of your products or services, such as wholesale distributors, agents, or companies that further process your product as a component of their product. The Criteria address customers broadly, in referencing current customers, future customers, as well as customers of your competitors.

Customer-driven excellence is an APIC core value embedded in the beliefs and behaviors of high-performance organizations. Customer focus impacts and integrates an organization’s strategic directions, its value creation processes, and its business results.

See the definition of “stakeholders” on page 54 for the relationship between customers and others who might be affected by your products or services.

Cycle Time

The term “cycle time” refers to the time required to fulfill commitments or to complete tasks. Time measurements play a major role in the Criteria because of the great importance of time performance to improving competitiveness. “Cycle time” refers to all aspects of time performance. Cycle time improvement might include time to market, order fulfillment time, delivery time, changeover time, customer response time, and other key measures of time.

Deployment

The term “deployment” refers to the extent to which an organization’s approach is applied to the requirements of an APIC Item. Deployment is evaluated on the basis of the breadth and depth of application of the approach to relevant processes and work units throughout the organization. For further description, see the Scoring System on page 62.

Effective

The term “effective” refers to how well an approach, a process, or a measure addresses its intended purpose. Determining effectiveness requires the evaluation of how well a need is met by the approach taken, its deployment, or the measure used.

Empowerment

The term “empowerment” refers to giving employees the authority and responsibility to make decisions and take actions. Empowerment results in decisions being made closest to the “front line,” where work-related knowledge and understanding reside.

Empowerment is aimed at enabling employees to satisfy customers on first contact, to improve processes and increase productivity, and to better the organization’s business results. Empowered employees require information to make appropriate decisions; thus, an organizational requirement is to provide that information in a timely and useful way.

Goals

The term “goals” refers to a future condition or performance level that one intends to attain. Goals can be both short term and longer term. Goals are ends that guide actions. Quantitative goals, frequently referred to as “targets, “include a numerical point or range. Targets might be projections based on comparative data and/or competitive data. The term "stretch goals" refers to desired major, discontinuous (non-incremental) or breakthrough improvements, usually in areas most critical to your organization's future success. Goals can serve many purposes, including

- clarifying strategic objectives and action plans to indicate how success will be measured;
- fostering teamwork by focusing on a common end;
- encouraging "out-of-the-box" thinking to achieve a stretch goal; and
- providing a basis for measuring and accelerating progress

Governance

The term "governance" refers to the system of management and controls exercised in the stewardship of your organization. It includes the responsibilities of your organization's senior commander and senior leaders, including directors. Regulations and policies document the rights and responsibilities of each of the parties and describe how your organization will be directed and controlled to ensure (1) accountability; (2) transparency of operations; and (3) fair treatment of all stakeholders. Governance processes may include approving strategic direction, monitoring and evaluating senior commander and senior leaders performance, succession planning, financial auditing, establishing executive compensation and benefits, managing risk, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

High-Performance Work

The term "high-performance work" refers to work approaches used to systematically pursue ever-higher levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time performance. High-performance work results in improved service for customers and other stakeholders.

Approaches to high-performance work vary in form, function, and incentive systems. Effective approaches frequently include cooperation between management and the workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; self-directed responsibility/employee empowerment; employee input to planning; individual and organizational skill building and learning; learning from other organizations; flexibility in job design and work assignments; a flattened organizational structure, where decision making is decentralized and decisions are made closest to the "front line"; and effective use of performance measures, including comparisons. Many high-performance work systems use monetary and non-monetary incentives based upon factors such as organizational performance, team and/or individual contributions, and skill building. Also, high-performance work approaches usually seek to align the organization's structure, work, jobs, employee development, and incentives.

How

The term "how" refers to the processes that an organization uses to accomplish its mission requirements. In responding to "how" questions in the Approach-Deployment Item requirements, process descriptions should include information such as methods, measures, deployment, and evaluation/improvement/learning factors.

Innovation

The term "innovation" refers to making meaningful change to improve products, services, and/or processes and create new value for stakeholders. Innovation involves the adoption of an idea, process, technology, or product that is either new or new to its proposed application.

Successful organizational innovation is a multi-step process that involves development and knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that would benefit from change, whether through breakthrough improvement or change in approach or outputs.

Integration

The term "integration" refers to the harmonization of plans, processes, information, resource decisions, actions, results, analysis, and learning to support key organization-wide goals. Effective integration is achieved when the individual components of a performance management system operate as a fully interconnected unit.

See the definition of "alignment" on page 49 for the description of this related term.

Key

The term "key" refers to the major or most important elements or factors, those that are critical to achieving your intended outcome. The APIC, for example, refer to key challenges, key plans, key processes, key measures—those that are most important to the organization's success. They are the essential elements for pursuing or monitoring a desired outcome.

Key Stakeholders

The term "Key Stakeholders" refers to all groups that are or might be affected by an organization's products, services, and actions. Examples of key stakeholders include your customers, soldiers and civilian employees, higher headquarters, suppliers and partners, the public, and your community.

Knowledge Assets

The term "knowledge assets" refers to the accumulated intellectual resources of your organization. It is the knowledge possessed by your organization and its employees in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities. Employees, software, patents, databases, documents, guides, policies and procedures, and technical drawings are repositories of an organization's knowledge assets. Knowledge assets are held not only by an organization but reside within its customers, suppliers, and partners as well.

Knowledge assets are the "know how" that your organization has available to use, to invest, and to grow. Building and managing its knowledge assets are key components for your organization to create value for its stakeholders.

Leadership System

The term "leadership system" refers to how leadership is exercised, formally and informally, throughout the organization—the basis for and the way key decisions are made, communicated, and carried out. It includes structures and mechanisms for decision-making; selection and development of leaders and managers; and reinforcement of values, directions, and performance expectations.

An effective leadership system respects the capabilities and requirements of employees and other stakeholders, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on the organization's values and the pursuit of shared goals. It encourages and supports initiative and appropriate risk taking, subordinates organization to purpose and function, and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for the leaders to conduct self-examination, receive feedback, and improve.

Levels

The term "levels" refers to numerical information that places or positions an organization's results and performance on a meaningful measurement scale. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

Measures and Indicators

The term "measures and indicators" refers to numerical information that quantifies input, output, and performance dimensions of processes, products, services, and the overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not make a distinction between measures and indicators. However, some users of these terms prefer the term indicator (1) when the measurement relates to performance but is not a direct measure of such performance (e.g., the number of complaints is an indicator of dissatisfaction but not a direct measure of it) and (2) when the measurement is a predictor ("leading indicator") of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

Mission

The term "mission" refers to the overall function of an organization. The mission answers the question, "What is this organization attempting to accomplish?" The mission might define customers or markets served, distinctive competencies, or technologies used.

Multiple Requirements

The term "multiple requirements" refers to the individual questions Criteria users need to answer within each Area to Address. These questions constitute the details of an Item's requirements. They are presented in black text under each Item's Area(s) to Address. This presentation is illustrated in the Item format shown on page 56.

Organization

The term "organization" applies to all Army commands, large or small; e.g., Corps of Engineers (Districts and Divisions), Major Command Headquarters, divisions, brigades, battalions, installations, communities, garrisons, units, regions, et. al.

For the Army Communities of Excellence Organization (ACOE) Program, an organization is defined as the installation/community/garrison that is participating in the ACOE award process.

Overall Requirements

The term "overall requirements" refers to the topics Criteria users need to address when responding to the central theme of an Item. Overall requirements address the most significant features of the Item requirements.

In the Criteria, the overall requirements of each Item are presented as an introductory sentence(s) printed in bold. This presentation is illustrated in the Item format shown on page 56.

Performance

The term "performance" refers to output results and their outcomes obtained from processes, products, and services that permit evaluation and comparison relative to goals, standards, past results, and other organizations. Performance might be expressed in non-financial and financial terms.

The APIC addresses four types of performance:(1) customer-focused, (2) product and service, (3) financial and marketplace, and (4) operational.

"Customer-focused performance" refers to performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, and customer survey results.

"Product and service performance" refers to performance relative to measures and indicators of product and service characteristics important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time.

"Financial and marketplace performance" refers to performance relative to measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, value added per employee, debt to equity ratio, returns on assets, operating margins, cash-to-cash cycle time, other profitability and liquidity measures, and market gains.

"Operational performance" refers to organizational, human resource, and ethical performance relative to effectiveness, efficiency, and accountability measures and indicators. Examples include cycle time, productivity, waste reduction, employee turnover, employee cross-training rates, regulatory compliance, fiscal accountability, and community involvement. Operational performance might be measured at the work unit level, key process level, and organizational level.

Performance Excellence

The term "performance excellence" refers to an integrated approach to organizational performance management that results in (1) delivery of ever-improving value to customers, contributing to marketplace success; (2) improvement of overall organizational effectiveness and capabilities; and(3) organizational and personal learning. The APIC provides a framework and an assessment tool for understanding organizational strengths and opportunities for improvement and thus for guiding planning efforts.

Performance Goal

Performance goal refers to a target level of performance expressed as a tangible, measurable objective against which actual achievement can be compared, including a goal expressed as a quantitative standard, value, or rate.

Performance Projections

The term "performance projections" refers to estimates of future performance or goals for future results. Projections may be inferred from past performance, may be based on competitors' performance, or may be predicted based on changes in a dynamic marketplace. Projections integrate estimates of your organization's rate of improvement and change, and they may be used to indicate where breakthrough improvement or change is needed. Thus, performance projections serve as a key planning management tool.

Process

The term "process" refers to linked activities with the purpose of producing a product or service for a customer (user) within or outside the organization. Generally, processes involve combinations of people, machines, tools, techniques, and materials in a systematic series of steps or actions. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps.

In many service situations, particularly when customers are directly involved in the service, process is used in a more general way, i.e., to spell out what must be done, possibly including a preferred or expected sequence. If a sequence is critical, the service needs to include information to help customers understand and follow the sequence. Service processes involving customers also require guidance to the providers of those services on handling contingencies related to customers' likely or possible actions or behaviors.

In knowledge work such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequences of steps. Rather, process implies general understandings regarding competent performance such as timing, options to be included, evaluation, and reporting. Sequences might arise as part of these understandings.

Productivity

The term "productivity" refers to measures of the efficiency of resource use.

Although the term often is applied to single factors such as staffing (labor productivity), machines, materials, energy, and capital, the productivity concept applies as well to the total resources used in producing outputs. The use of an aggregate measure of overall productivity allows a determination of whether the net effect of overall changes in a process—possibly involving resource tradeoffs—is beneficial.

Purpose

The term "purpose" refers to the fundamental reason that an organization exists. The primary role of purpose is to inspire an organization and guide its setting of values. Purpose is generally broad and enduring. Two organizations in different businesses could have similar purposes, and two organizations in the same business could have different purposes.

Results

The term "results" refers to outputs and outcomes achieved by an organization in addressing the purposes of an APIC Criteria Item. Results are evaluated on the basis of current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements. For further description, see the Scoring System on page 62.

Senior Leaders

The term "senior leaders" refers to an organization's senior management group or team. In many organizations, this consists of the head of the organization and his or her direct reports.

Stakeholders

The term "stakeholders" refers to all groups that are or might be affected by an organization's actions and success. Examples of key stakeholders include customers, employees, partners, and local/professional communities.

See the definition of "customer" on page 50 for the definition of this related term.

Strategic Challenges

The term "strategic challenges" refers to those pressures that exert a decisive influence on an organization's likelihood of future success. These challenges frequently are driven by an organization's future competitive position relative to other providers of similar products or services. While not exclusively so, strategic challenges generally are externally driven. However, in responding to externally driven strategic challenges, an organization may face internal strategic challenges.

External strategic challenges may relate to customer or market needs or expectations; product, service, or technological changes; or financial, societal, and other risks. Internal strategic challenges may relate to an organization's capabilities or its human and other resources.

See the definition of "strategic objectives" for the relationship between strategic challenges and the strategic objectives an organization articulates to address key challenges.

Strategic Objectives

The term "strategic objectives" refers to an organization's articulated aims or responses to address major change or improvement, competitiveness issues, and/or business advantages. Strategic objectives generally are focused externally and relate to significant customer, market, product, service, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what an organization must achieve to remain or become competitive. Strategic objectives set an organization's longer-term directions and guide resource allocations and redistributions.

See the definition of "action plans" on page 49 for the relationship between strategic objectives and action plans and for an example of each.

Systematic

The term "systematic" refers to approaches that are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity. For use of the term, see the Scoring Guidelines on page 62.

Trends

The term "trends" refers to numerical information that shows the direction and rate of change for an organization's results. Trends provide a time sequence of organizational performance.

A minimum of three data points generally is needed to begin to ascertain a trend. The time period for a trend is determined by the cycle time of the process being measured. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer periods before a meaningful trend can be determined.

Examples of trends called for by the Criteria include data related to customer and employee satisfaction and dissatisfaction results, product and service performance, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

Value

The term "value" refers to the perceived worth of a product, service, process, asset, or function relative to cost and relative to possible alternatives.

Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Organizations need to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value for customers and other stakeholders, such as stockholders, employees, and the community.

Value Creation

The term "value creation" refers to processes that produce benefit for your customers and for your business. They are the processes most important to "running your business"—those that involve the majority of your employees and generate your products, your services, and positive business results for your key stakeholders.

Values

The term "values" refers to the guiding principles and/or behaviors that embody how your organization and its people are expected to operate. Values reflect and reinforce the desired culture of the organization. Values support and guide the decision making of every employee, helping the organization to accomplish its mission and attain its vision in an appropriate manner.

Vision

The term "vision" refers to the desired future state of your organization. The vision describes where the organization is headed, what it intends to be, or how it wishes to be perceived.

Work Systems

The term "work systems" refers to how your employees are organized into formal or informal units to accomplish your mission and your strategic objectives; how job responsibilities are managed; and your processes for compensation, employee performance management, recognition, communication, hiring, and succession planning. Organizations design work systems to align their components to enable and encourage all employees to contribute effectively and to the best of their ability.

PREPARING THE SELF ASSESSMENT - 2003 CRITERIA RESPONSE GUIDELINES

The guidelines given in this section are offered to assist APIC users in responding most effectively to the requirements of the 19 Criteria Items. The guidelines are presented in three parts:

(1) General Guidelines regarding the APIC including how the Items are formatted.

(2) Guidelines for Responding to Approach-Deployment Items.

(3) Guidelines for Responding to Results Items.

General Guidelines

I. Read the entire APIC booklet:

The main sections of the APIC provide an overall orientation to the Criteria, including how responses are to be evaluated for self-assessment or award examiners. You should become thoroughly familiar with the following sections:

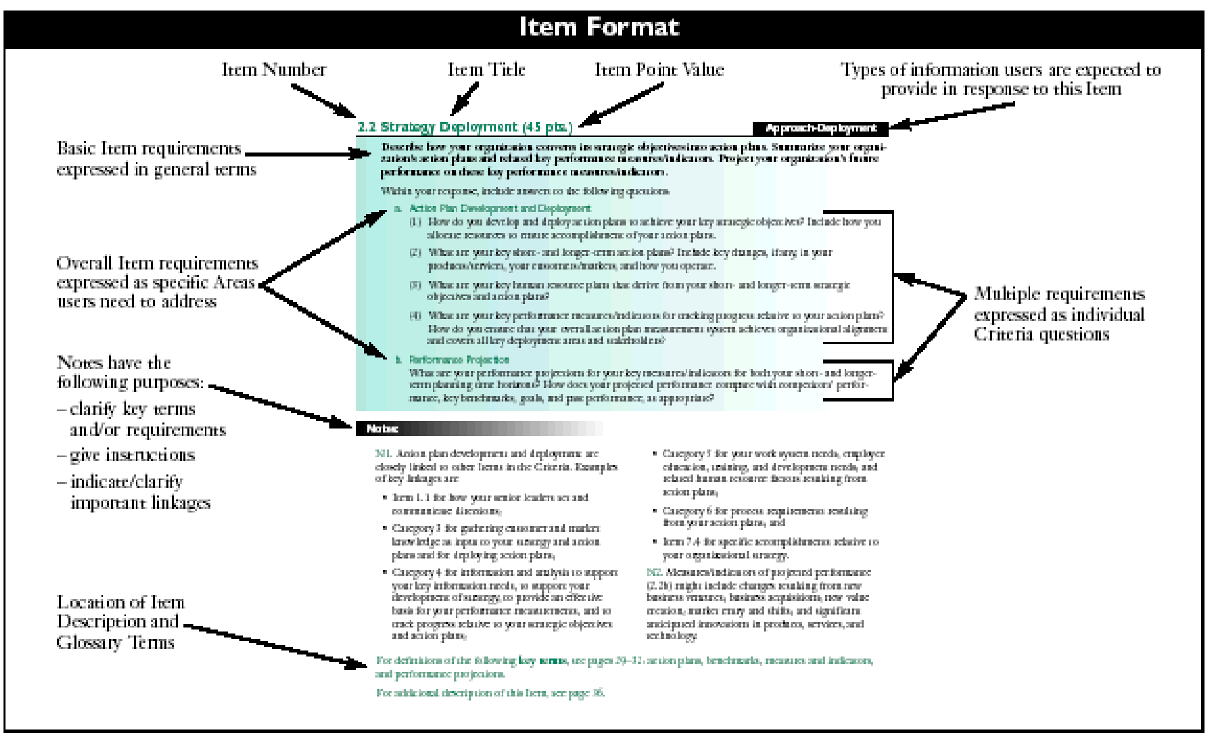
- Criteria for Performance Excellence and Category and Item Descriptions (pages 14-48)
- Scoring information (page 62).
- Glossary of Key Terms (pages 49-55)

2. Review the Item Format and understand how to respond to the Item requirements.

The Item format (see figure below) shows the different parts of Items, the role of each part, and where each part is placed. It is especially important to understand the Areas to Address and the Item Notes. Each Item and Area to Address is described in greater detail directly following the Areas to Address.

Each Item is classified either **Approach-Deployment** or **Results**, depending on the type of information required. Guidelines for responding to Approach-Deployment Items are given on pages 57. Guidelines for responding to Results Items are given on page 58.

Item requirements are presented in question format. Some Areas to Address include multiple questions. Responses should contain answers to all questions; however, each question need not be answered separately. Responses to multiple questions within a single Area to Address may be grouped, as appropriate to your organization. These multiple questions serve as a guide in understanding the full meaning of the information being requested.



3. **Start by preparing the Organizational Profile.**

   The Organizational Profile is the most appropriate starting point for initiating a self-assessment or for writing an application. The Organizational Profile is intended to help everyone—including organizations using the Criteria for self-assessment, application writers, and reviewers—to understand what is most relevant and important to your organization's business and to its performance. The questions to address in responding to the Organizational Profile are on pages 11-13.

Guidelines for Responding to Approach/Deployment Items

Although the Criteria focuses on key performance results, these results by themselves offer little *diagnostic* value. For example, if some results are poor in some areas or improving at rates slower than your competitors', it is important to understand *why* this is so and *what* might be done to accelerate improvement.

The purpose of the Approach/Deployment Items is to permit diagnosis of your organization's most important processes—the ones that yield fast-paced organizational performance improvement and contribute to key business results. Diagnosis and feedback depend heavily upon the content and completeness of Approach-Deployment Item responses. For this reason, it is important to respond to these Items by providing your key process information. Guidelines for organizing such information follow.

1. **Understand the meaning of "how."**

   Approach-Deployment Items include questions that begin with the word "how." *Responses should outline your key process information, such as methods, measures, deployment, and evaluation/improvement/learning factors*. Responses lacking such information, or merely providing an example, are referred to in the Scoring Guidelines as "anecdotal information."

2. **Understand the meaning of "what."**

   Two types of questions in Approach-Deployment Items begin with the word "what." The first type of question requests basic information on key processes and how they work. Although it is helpful to include *who* performs the work, merely stating *who* does not permit diagnosis or feedback. The second type of question requests information on *what* your key findings, plans, objectives, goals, or measures are. These questions set the context for showing alignment in your performance management system. For example, when you identify key strategic objectives, your action plans, human resource development plans, some of your results measures, and results reported in Category 7 should be expected to relate to the stated strategic objectives.

3. **Write and review response(s) with the following guidelines and comments in mind.**

   - Show that activities are *systematic*.

     Approaches that are systematic are repeatable and use data and information so that improvement and learning are possible. In other words, approaches are systematic if they build in the opportunity for evaluation and learning and thereby permit a gain in maturity. *Examples or anecdotal accounts are considered insufficient responses.*

   - Show deployment.

     Deployment information should summarize what is done in different parts of your organization. Deployment can be shown compactly by using tables.

   - Show focus and consistency.

     There are four important factors to consider regarding focus and consistency: (1) the Organization Profile should make it clear what is important; (2) the Strategic Planning Category, including strategic objectives and action plans, should highlight the areas of greatest focus and describe how deployment is accomplished; (3) descriptions of organization-level analysis and review (Item 4.1 and 1.1) should show how your organization analyzes and reviews performance information to set priorities; and (4) the Process Management Category should highlight processes that are key to overall performance. *Showing focus and consistency in the Approach-Deployment Items and tracking corresponding measures in the Results Items should improve business performance.*

   - **Respond fully to Item requirements.** Missing information will be interpreted as a gap in approach and/or deployment. All areas to Address should be addressed. Individual components of an Area may be addressed individually or together.

4. **Cross-reference when appropriate.**

   As much as possible, each Item should be self-contained. However, responses to different Items might be mutually reinforcing. It is then appropriate to refer to the other responses rather than to repeat information. In such cases, key process information should be given in the Item requesting the information. For example, employee education and training should be described in detail in Item 5.2. Discussions about education and training elsewhere in your application would then reference but not repeat details given in your Item 5.2 response.

5. **Use a compact format.**

   Applicants should make the best use of the 50 application pages permitted. Applicants are encouraged to use flow-charts, tables, and "bullets" to present information concisely.

6. **Refer to the Scoring Guidelines.**

   Considerations in the evaluation of Item responses include the Criteria Item requirements and the maturity of the approaches; breadth of deployment; alignment and integration with other elements of your performance management system; and strength of the improvement process relative to the Scoring Guidelines. Therefore, you need to consider both the Criteria and the Scoring Guidelines.

Guidelines for Responding to Results Items

The Criteria places the greatest emphasis on results. The following information, guidelines, and example relate to effective and complete reporting of results.

1. **Focus on the most critical business results.**

   Results reported should cover the most important requirements for your business success, highlighted in your Organizational Profile and in the Strategic Planning and Process Management Categories.

2. **Note the meaning of the four key requirements from the Scoring Guidelines for effective reporting of results data:**

   - *Trends* to show directions of results and rates of change;
   - *Performance* levels on a meaningful measurement scale;
   - *Comparisons* to show how results compare with those of other, appropriately selected organizations; and
   - *Breadth and importance of results* to show that all important results are included and segmented, e.g., by important customer, employee, process, and product line groups.

3. **Include trend data covering actual periods for tracking trends.**

   No minimum period of time is specified for trend data. Trends might span five years or more for some results. For important results, new data should be included even of trends and comparisons are not yet well established.

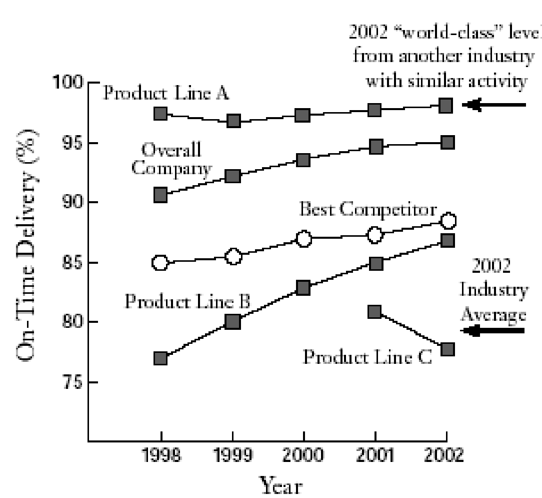
4. **Use a compact format—graphs and tables.**

   Many results can be reported compactly by using graphs and tables. Graphs and tables should be labeled for easy interpretation. Results over time or compared with others should be "normalized," i.e., presented in such a way (such as the use of ratios) that takes into account various size factors. For example, reporting safety trends in terms of lost workdays per 100 employees would be more meaningful than total lost workdays if the number of employees has varied over the time period or if you are comparing your results to organizations differing in size.

5. **Integrate results into the body of the text.**

   Discussion of results and the results themselves should be close together in an Award application. *Trends that show a significant positive or negative change should be explained.* Use figure numbers that correspond to Items. For example, the third figure for Item 7.2 would be Figure 7.2-3 (see the example in the figure that follows.)

Figure 7.2-3 On-Time Delivery Performance



The above graph illustrates data an organization might present as part of a response to Item 7.2, Product and Service Results. In the Organizational Profile, the organization has indicated on-time delivery as a key customer requirement.

Using the same graph above, the following characteristics of clear and effective data reporting are illustrated:

- A figure number is provided for reference to the graph in the text.
- Both axes and units of measure are clearly labeled.
- Trend lines report data for a key customer requirement —on-time delivery.
- Results are presented for several years.
- Appropriate comparisons are clearly shown.
- The company shows, using a single graph, that its three divisions separately track on-time delivery.

To help interpret the Scoring Guidelines (page 62), the following comments on the graphed results would be appropriate:

- The current overall company performance level is excellent. This conclusion is supported by the comparison with industry competitors and with a "world-class" level.
- The company shows excellent improvement trends.
- Product Line A is the current performance leader—showing sustained high performance and a slightly positive trend. Product Line B shows rapid improvement. Its delivery schedule is near that of the best industry competitor but trails the "world-class" level.
- Product Line C—a new product—is having early problems with on-time delivery. (The organization briefly should explain these early problems.)

6. Refer to the Scoring Guidelines

Considerations in the evaluation of Item responses include the Criteria Item requirements and the maturity of the results trends, actual performance levels, relevant comparative data, and alignment with important elements of the performance management system, and strength of the improvement process relative to the Scoring Guidelines. Therefore you need to consider both the Criteria and the Scoring Guidelines.

Page Limit

An APIC self-assessment has no page limit. If an organization is using the APIC to submit an application for an Army-level award such as the ACOE, please refer to specific program guidance provided by the proponent.

Scoring System

The scoring of responses to Criteria Items (Items) and Award applicant feedback are based on three evaluation dimensions: (1) APPROACH, (2) DEPLOYMENT, and (3) RESULTS. Criteria users need to furnish information relating to these dimensions. Specific factors for these dimensions are described below. Scoring Guidelines are given on page 62.

Approach

"APPROACH" refers to how you address the Item requirements—the *method(s)* used. The factors used to evaluate APPROACHES include

- the appropriateness of the methods to the requirements
- the effectiveness of use of the methods and the degree to which the APPROACH
  - — is repeatable, integrated, and consistently applied
  - — embodies evaluation/improvement/learning cycles
  - — is based on reliable information and data
- ALIGNMENT with your organizational needs
- Evidence of beneficial INNOVATION and change

Deployment

"DEPLOYMENT" refers to the *extent* to which your APPROACH is applied. The factors used to evaluate DEPLOYMENT include

- use of the APPROACH in addressing Item requirements relevant and important to your organization
- use of the APPROACH by all appropriate work units

Results

"RESULTS" refers to *outcomes* in achieving the PURPOSES given in Items 7.1–7.6. The factors used to evaluate RESULTS include

- your current PERFORMANCE
- your PERFORMANCE relative to appropriate comparisons and/or BENCHMARKS
- rate and breadth of your PERFORMANCE improvements
- linkage of your RESULTS MEASURES to important CUSTOMER, product and service, market, PROCESS, and ACTION PLAN PERFORMANCE requirements identified in your Organizational Profile and in APPROACH-DEPLOYMENT Items

Item Classification and Scoring Dimensions

Items are classified according to the kinds of information and/or data you are expected to furnish relative to the three evaluation dimensions given above. The two types of Items and their designations are

1. **APPROACH-DEPLOYMENT**
2. **RESULTS**

APPROACH and DEPLOYMENT are linked to emphasize that descriptions of APPROACH should always indicate the DEPLOYMENT—consistent with the *specific requirements* of the Item. Although APPROACH and DEPLOYMENT dimensions are linked, feedback to Award applicants reflects strengths and/or opportunities for improvement in either or both dimensions. RESULTS Items call for data showing PERFORMANCE LEVELS, relevant comparative data, and improvement TRENDS for KEY MEASURES AND INDICATORS of organizational PERFORMANCE.

RESULTS Items also call for data on breadth of PERFORMANCE improvements, i.e., on how widespread your improvement RESULTS are. This is directly related to the DEPLOYMENT dimension; if improvement PROCESSES are widely deployed, there should be corresponding RESULTS. A score for a RESULTS Item is thus a composite based upon overall PERFORMANCE, taking into account the rate and breadth of improvements and their importance. (See next paragraph.)

"Importance" as a Scoring Factor

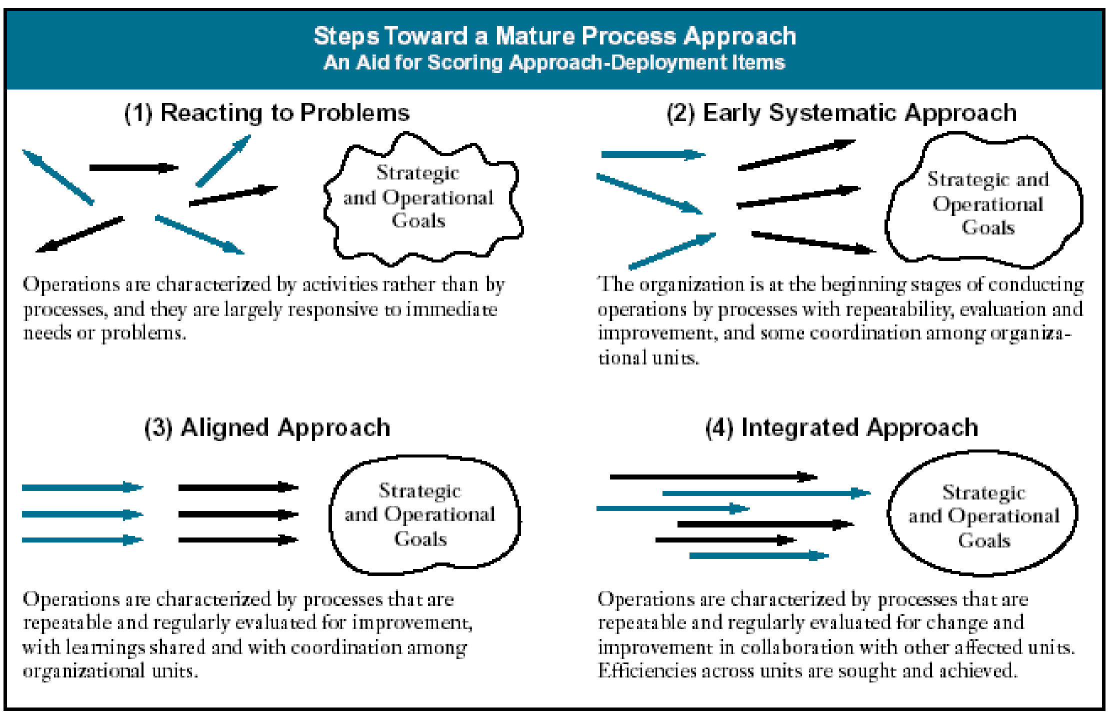
The three evaluation dimensions described previously are critical to evaluation and feedback. However, another critical consideration in evaluation and feedback is the importance of your reported APPROACH, DEPLOYMENT, and RESULTS to your KEY business factors. The areas of greatest importance should be identified in your Organizational Profile and in Items such as 2.1, 2.2, 3.1, 5.1, and 6.1. Your KEY CUSTOMER requirements, competitive environment, KEY STRATEGIC OBJECTIVES, and ACTIONPLANS are particularly important.

Assignment of Scores to Your Responses

The following guidelines should be observed in assigning scores to your Item responses:

- All Areas to Address should be included in your Item response. Also, responses should reflect what is important to your organization.
- In assigning a score to an Item, first decide which scoring range (e.g., 50 percent to 60 percent) best fits the overall Item response. Overall “best fit” does not require total agreement with each of the statements for that scoring range. Assigning the actual score *within* the range requires evaluating whether the Item response is closer to the statements in the next higher or next lower scoring range.
- An APPROACH-DEPLOYMENT Item score of 50 percent represents an APPROACH that meets the overall objectives of the Item and that is deployed to the principal PROCESSES and work units covered in the Item. Higher scores reflect maturity (organizational learning), INTEGRATION, and broader DEPLOYMENT.

A RESULTS Item score of 50 percent represents a clear indication of improvement TRENDS and/or good LEVELS of PERFORMANCE in the principal RESULTS areas covered in the Item. Higher scores reflect better improvement rates and/or LEVELS of PERFORMANCE, better comparative PERFORMANCE, and broader coverage and INTEGRATION with business requirements.



SCORING GUIDELINES

For Use With Categories 1-6

SCORE	Approach-Deployment
0%	▪ No SYSTEMATIC APPROACH is evident; information is ANECDOTAL.
10% to 20%	▪ The beginning of a SYSTEMATIC APPROACH to the BASIC REQUIREMENTS of the Item is evident. ▪ Major gaps exist in DEPLOYMENT that would inhibit progress in achieving the BASIC REQUIREMENTS of the Item. ▪ Early stages of a transition from reacting to problems to a general improvement orientation are evident.
30% to 40%	▪ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC REQUIREMENTS of the Item, is evident. ▪ The APPROACH is deployed, although some areas or work units are in early stages of DEPLOYMENT. ▪ The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of KEY PROCESSES is evident.
50% to 60%	▪ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL REQUIREMENTS of the Item and your KEY organizational requirements is evident. ▪ The APPROACH is well deployed, although DEPLOYMENT may vary in some areas or work units. ▪ A fact-based, SYSTEMATIC evaluation and improvement PROCESS is in place for improving the efficiency and effectiveness of KEY PROCESSES. ▪ The APPROACH is aligned with basic organizational needs identified in the other Criteria Categories.
70% to 80%	▪ An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the MULTIPLE REQUIREMENTS of the Item and your current and changing ORGANIZATION needs, is evident. ▪ The APPROACH is well deployed, with no significant gaps. ▪ A fact-based, SYSTEMATIC evaluation and improvement PROCESS and organizational learning/sharing are KEY management tools; there is clear evidence of refinement, INNOVATION, and improved INTEGRATION as a result of organizational-level ANALYSIS and sharing. ▪ The APPROACH is well integrated with your organizational needs identified in the other Criteria Categories.
90% to 100%	▪ An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to all the requirements of the Item and all of your current and changing business needs, is evident. ▪ The APPROACH is fully deployed without significant weaknesses or gaps in any areas or work units ▪ A very strong, fact-based, SYSTEMATIC evaluation and improvement PROCESS and extensive organizational learning/sharing are KEY management tools; strong refinement, INNOVATION, and INTEGRATION, backed by excellent organizational-level ANALYSIS and sharing, are evident. ▪ The APPROACH is fully integrated with your organizational needs identified in the other Criteria Categories.

For Use With Category 7

SCORE	Results
0%	▪ There are no business RESULTS or poor RESULTS in areas reported
10% to 20%	▪ There are some improvements *and/o*r early good PERFORMANCE LEVELS in a few areas. ▪ RESULTS are not reported for many to most areas of importance to the key organizational requirements.
30% to 40%	▪ Improvements *and/or* good PERFORMANCE LEVELS are reported in many areas of importance to your key organizational requirements. ▪ Early stages of developing TRENDS and obtaining comparative information are evident. ▪ RESULTS are reported for many to most areas of importance to your KEY organizational requirements.
50% to 60%	▪ Improvement trends *and/or* good PERFORMANCE LEVELS are reported for most areas of importance to your KEY organizational requirements. ▪ No pattern of adverse TRENDS and no poor PERFORMANCE LEVELS are evident in areas of importance to your KEY organizational requirements. ▪ Some TRENDS *and/or* current PERFORMANCE LEVELS — evaluated against relevant comparisons *and/*or BENCHMARKS — show areas of strength *and/or* good to very good relative PERFORMANCE LEVELS. ▪ Business RESULTS address most KEY CUSTOMER, market, and PROCESS requirements.
70% to 80%	▪ Current PERFORMANCE is good to excellent in areas of importance to your KEY business requirements. ▪ Most improvement TRENDS *and/or* current PERFORMANCE LEVELS are sustained. ▪ Many to most TRENDS *and/or* current PERFORMANCE LEVELS — evaluated against relevant comparisons *and/or* BENCHMARKS — show areas of leadership and very good relative PERFORMANCE LEVELS. ▪ Business RESULTS address most KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements.
90% to 100%	▪ Current PERFORMANCE is excellent in most areas of importance to your KEY ORGANIZATION requirements. ▪ Excellent improvement TRENDS *and/or* sustained excellent PERFORMANCE LEVELS are reported in most areas. ▪ Evidence of industry and BENCHMARK leadership demonstrated in many areas. ▪ Business results fully address KEY CUSTOMER, market, PROCESS, and ACTION PLAN requirements

There will be an update of this booklet which will include:

- Examples for each Category
- Appendix for Army Community of Excellence (ACOE) Specific Information
- Appendix for Assessment Toolkit
- Appendix for Cliffnotes for Leaders

Please check on our website for updates at:

http://www.hqda.army.mil/leadingchange

APPENDIX A

Cliffnotes for Leaders

1.0 Leadership

1.1 Organizational Leadership ---

Describe how senior leaders guide the organization in an organizational governance system. Focus on:

- Setting, communicating and deploying values, directions, and expectations to all employees;
- Creation of an environment conducive to empowerment, innovation, and organizational agility as well as organizational and employee learning;
- Fiscal and management accountability;
- Organizational performance reviews to generate short and long-term goals and address changing needs; and
- Evaluation of senior leader(s) performance and how reviews are used to improve leaders effectiveness

1.2 Social Responsibility ---

Describe the system used to proactively address public responsibilities. Focus on:

- Societal Impacts and risks;
- Legal and regulatory requirements;
- Ethical behavior; and
- Support to communities.

2.0 Strategic Planning

2.1 Strategy Development ---

Describe the organization's strategy development process and the resulting strategic objectives. Focus on:

- Steps of the process and participant involvement;
- Definition of short and long-term planning horizons;
- How Key Customer needs, competitive environment and innovations, organization strengths and weaknesses, social responsibilities and risks outlined in 1.2, and other factors figure into the process; and
- Timetable for achieving objectives

2.2 Strategy Deployment ---

Describe how strategic objectives are converted into action plans and key performance measures and deployed throughout the organization. Focus on:

- Steps taken to create and deploy action plans to achieve the strategic objectives outlined in 2.1;
- Action plans that include short and long-term timetables;
- Resulting human resource requirement plans that address action plans and strategic objectives;
- Details of any performance projections for short and long-term planning horizons; and
- Comparative and benchmark information relating to performance measures.

3.0 Customer and Market Focus

3.1 Customer and Market Knowledge ---

Describe how the organization targets and communicates with its customers, potential customers (including customers of competitors), and former customers. Focus on:

- Any/all methods used to communicate (interact, listen, and learn) with each customer segment identified in the Profile;
- Methods used to determine customer loyalty and retention;
- System used to incorporate customer communication into product and service planning, process improvements, and business development; and
- System used to keep communication methods current.

3.2 Customer Relationships and Satisfaction ---

Describe how the organization builds, maintains, and analyzes customer relationships. Include all facets of the organization's customer interactions. Focus on:

- System used to target and acquire customers;
- Customer loyalty and referrals;
- Satisfaction and dissatisfaction systems and processes;
- Complaint management system;
- Description of how analysis of satisfaction/dissatisfaction is translated into action plans and process improvements; and
- How customer relationship management is kept current with changing organizational needs and changing customer needs.

4.0 Measurement, Analysis, and Knowledge Management

4.1 Measurement and Analysis of Organizational Performance ---

Describe how the organization selects, collects, analyzes, manages and improves its knowledge assets, data and information. Focus on:

- The system used to select, collect, align and integrate data and information for day to day use and for tracking overall organizational performance;.
- Selection and use of comparative and benchmarking data and information;
- Analysis process that senior leaders use to assess organizational performance; and
- Communication system used to disseminate analysis information to all levels of the organization to support decision making.

4.2 Information and Knowledge Management ---

Describe the system used to ensure the quality, availability, and integrity of the data and information needed by employees, suppliers and partners, and customers. Describe how the organization builds and manages knowledge assets. Focus on:

- How needed data and information is made available and accessible by employees, suppliers and partners, and customers;
- How hardware and software is kept current, reliable, secure and friendly; and
- How organizational knowledge is managed to collect, transfer, and share knowledge to employees, suppliers and partners, and customers.

5.0 Human Resource Focus

5.1 Work Systems ---

Describe how the organization's work, jobs, compensation, career progression and workforce practices enable achievement of employee high performance. Focus on:

- How cooperation, empowerment and innovation are part of the organizational culture;
- How the work systems capitalize on the diverse make-up of the workforce and its communities;
- The communication system used to share information across the organization and at each level.
- Describing the performance management system(s) used for each segment of the workforce
- The organization's hiring and career progression process; and
- Succession planning for leadership and management positions.

5.2 Employee Learning and Motivation ---

Describe the organization's education, training, and career development systems and they are linked to the organization's objectives and strategic goals and contribute to high performance and build employees knowledge, skills and capabilities. Focus on:

- How the organization links workforce training and education needs to achievement of action plans and associated planning horizons;
- How is education and training managed to ensure effectiveness of training and how is what is taught reinforced on the job; and
- How the organization motivates employees to develop and utilize their full potential.

5.2 Employee Well-Being and Satisfaction ---

Describe the organization's work environment and employee support climate that contributes to employee well-being, satisfaction, and motivation. Focus on:

- The organizations workplace health and safety, security and ergonomics;
- How the organization plans for emergencies and/or disasters; and
- How the organization determines and assesses key factors that affect employee well-being, satisfaction, and motivation and how the assessments generate priorities for improvements.

6.0 Process Management

6.1 Value Creation Process ---

Describe how the organization identifies and manages its key processes for creating customer value and achieving business success and growth. Focus on:

- The process for determining key value creation and how are these are translated into process requirements that measure value for customers and stakeholders;
- What are the performance measures or indicators used to improve the value creation process and how are improvements made; and
- How are these processes kept current with changing business and customer needs.

6.2 Support Processes ---

Describe how the organization manages its key support process that support the value creation process outlined in 6.1. Focus on:

- Describing the determination of the key support processes for supporting its value creation;
- Describe the key support process requirements detailing how customer, supplier and partner input is incorporate into the process; and
- Describe performance measures and indicators used for control and improvement of support processes and how improvements are made.

7.0 Business Results

7.1 Customer Focused Results ---

Summarize and depict the organization's customer-focused results including satisfaction and perceived value. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

7.2 Product and Service Results ---

Summarize and depict the organization's key product and service performance results segmenting by customer groups, products, and appropriate market segments. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

7.3 Financial and Market Results ---

Summarize and depict the organization's key financial and marketplace performance results, by market segment. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

7.4 Human Resource Results ---

Summarize and depict the organization's key human resource results including work systems, training and education, well-being, and satisfaction. Results should be segmented to address the diversity of the organization's workforce and different types and categories of employees. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

7.5 Organizational Effectiveness Results ---

Summarize and depict the organization's key operational performance that contributes to organizational effectiveness. Segment results by product groups and market segments. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

7.6 Governance and Social Responsibility Results ---

Summarize and depict the organization's key governance and societal responsibility results including evidence of fiscal accountability, ethical behavior, legal and regulatory compliance and organizational citizenship. Results should include current levels, trends, and comparative data with competitors and/or benchmarks.

Appendix B

Army Performance Improvement Criteria (APIC) Assessment Toolkit

While the APIC is a thorough and rigorous assessment tool, there are organizations that are in the early stages of self-assessment. For those particular organizations and for any others that may be struggling to get started, this annex is designed to give you some tools to use to begin the process.

Unlike a traditional compliance audit, the assessment process is designed to engage people in a positive fashion, help build support for change, and reveal high-leverage opportunities for improvement thereby directly contributing to the goals of the organization.

Each assessment has steps or phases whereby an improvement cycle can be created. The most effective assessment methodology is to continue to repeat the cycle regularly, in whatever cycle best suits your organization's needs, but at a minimum annually. With each iteration of the assessment cycle, there will be new-found evidence of organization effectiveness and efficiency as well as how it is achieving its goals and supporting its customers.

Assessments phases can be categorized in these steps:

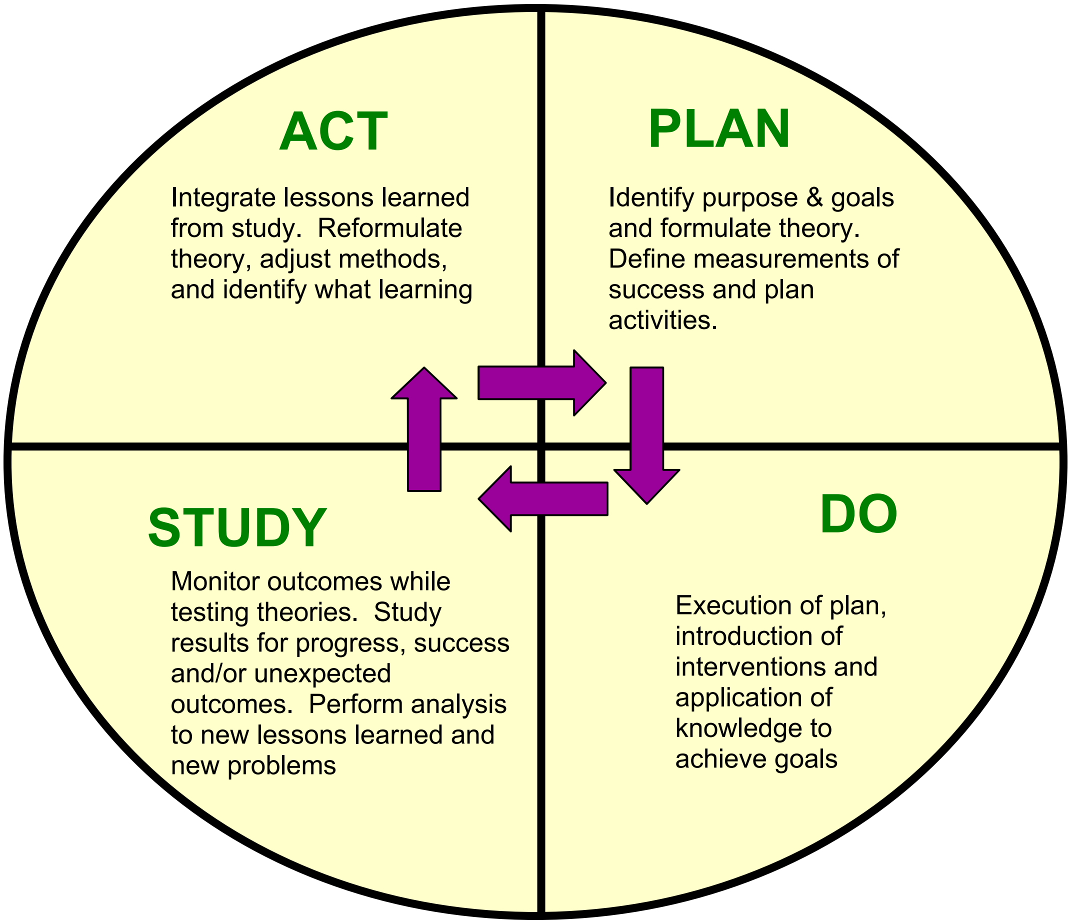
1. Plan
   - Engage your senior leaders to:
     - insure understanding and buy-in
     - have agreement on goals and direction (mission and vision) of the organization
     - communicate goals and direction to organization
   - Organize an assessment team which includes providing training

2. Do
   - Gather data through interviews and key source documents
   - Perform an analysis of the data which will provide indicators of goal achievement as well as improvements or declines in performance for key areas focused on organization goals and directions
   - Prepare and present assessment report to senior leaders

3. Study
   - Review report
   - Development action plans to address performance shortfalls
   - Locate comparative data and benchmarks (who else does this and what are their performance levels?)

4. Act
   - Implement action plans
   - Link performance plans with performance goals and achievements
   - Provide training to workforce on new or revised processes

The diagram below depicts the continual process of organizational assessment

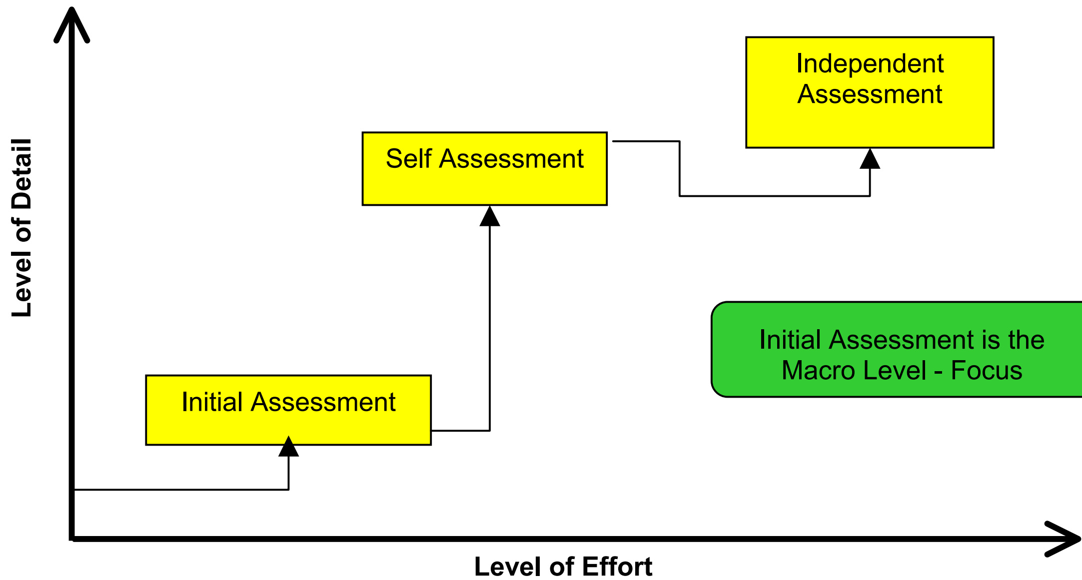


The Plan, Do, Study, Act system is also re-emphasized in The Army's Field Manual FM7-0, titled Training the Force. In Chapter 6, Assessments, the FM discusses organizational assessments by commanders. While the model depicted in the FM shows a Develop Mission Essential Task List (METL), Plan, Execute, and Assess model, the steps and associated tasks are the same. The differences are merely syntax. FM7-0 states that battalion and higher echelon commanders must be concerned with broader concepts. Accordingly, they perform organizational assessments that aggregate a large number of evaluations. These commanders establish an organizational assessment program that—

- Fixes responsibility within the staff and subordinate units for gathering and analyzing evaluation data and preparing recommendations.
- Concentrates on the effectiveness of leader and organization training.
- Utilizes the CSM and other senior NCOs to gather feedback on the individual, crew, and team training.
- Allows the senior commander to monitor outcomes and take action to reshape priorities, policies, or plans to overcome assessed weaknesses and sustain demonstrated strengths.

As you work your way through each assessment cycle, you'll have more opportunities to dig a little deeper into your organization, resulting in a more thorough assessment each time. In Section A of this Annex, there are some assessment templates that you can use as a start point. These have been created for most type units in The Army. There are examples for Combat Arms, Combat Support, Combat Service Support, and Garrison Units.

In addition, there are other assessment tools found on in Section B of this Annex. These tools can be used either in conjunction with the templates or by themselves.



Initial Assessment (Assisted): Matrix Driven
Self-Assessment: Criteria Driven
Independent Assessment (External): Item/Criteria Driven

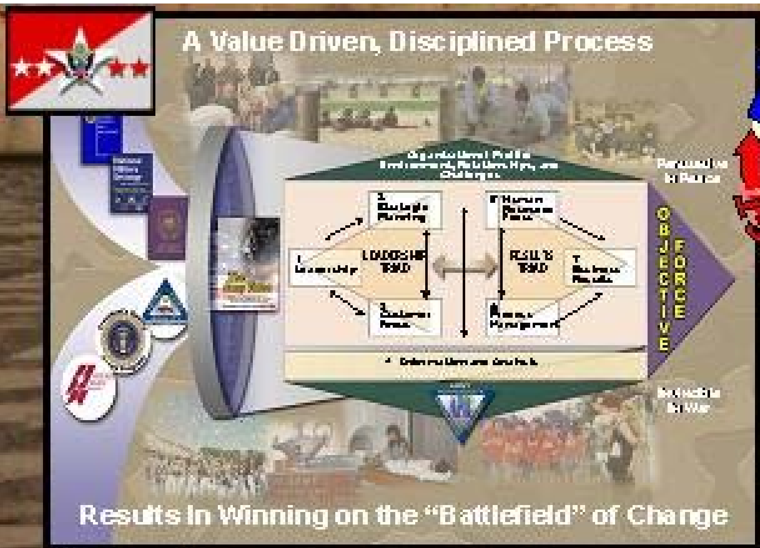
Levels of organization.

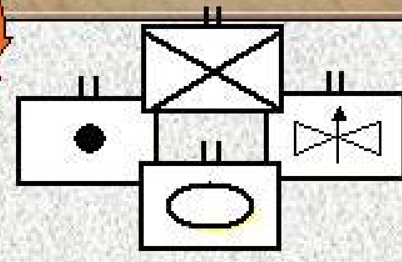
Section A

A Beginners Kit

In this section are assessment tools that can aid an organization in its earliest stages of self-assessment, a kind of beginners kit. The diagrams or matrices provide a template for certain type of organizations to focus on their specific tasks. Included on the templates are some examples to assist you when performing your own assessment. These matrices are a product of the Strategic Management and Innovations Division of the Office of the Vice Director of the Army Staff. Any questions or comments about these templates should be forwarded to the address on the front cover of this booklet.

The following pages contain a matrix each for Combat Arms, Combat Support, Combat Service Support, and Garrison units. Included on each are examples of the type of targeted information to focus on for this beginner's assessment. By applying your own organization's makeup to the appropriate template, a story begins to form about your unit or organization and what it's all about. From identification of customers to comparisons that a unit might make in order to find best in class or benchmarks for performance improvement; these are all critical areas that will form a template of your organization for more in-depth assessments in the future.





EXAMPLE OF AN INITIAL SELF ASSESSMENT

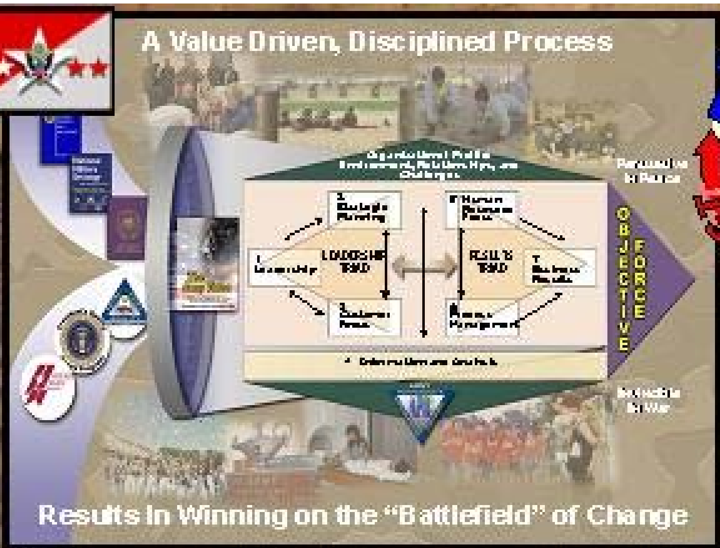
COMBAT ARMS

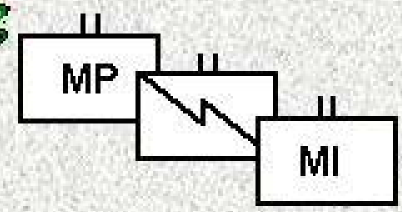
ASK YOURSELF

1. What do you do?
2. Why do you do it?
3. Does it support the mission (METL)?
4. Who do you do it for?
5. How well do you do it?
6. Can it be accomplished more efficiently by another source?
7. Do you measure it?
8. How can you do it better?

Leaders determine metrics for quality and performance improvements (Goals)

CUSTOMERS	CUSTOMER REQUIREMENTS	PRODUCTS AND SERVICES	KEY PROCESSES	INFO SYSTEMS	IN-PROCESS METRICS	RESULTS METRICS	BENCHMARKS
Division, Brigade or JTF Commander	Trained and ready units capable of conducting the full spectrum of military operations	OFFENSIVE OPS - destroy or defeat an enemy to allow U.S. to impose will on the enemy and achieve decisive victory	Leader Development; Trained and motivated soldiers; high equipment readiness standards	USR; Period Readiness Reviews; Quarterly Training Briefs (QTB); Training Meetings; AAR process	Weapons Qualifications; Equipment Readiness Rates; CTT Percentages; Soldier Readiness Program (SRP)	USR C-Ratings; EXEVAL Results; CTC "takehome" Feedback; Command Inspection Results	Comparisons to other like units (Bde, Division, other services)
		DEFENSIVE OPS - Defeat enemy attack; develop conditions favorable for offensive operations.	Combat Training Centers (CTC); Emergency Drills (EDRE); CPXs; CALFEXs; FTXs				
		STABILITY OPS - Promote and protect U.S. National Interests by peacetime developmental, cooperative and coercive actions in response to crisis	Squad, Platoon, Company and Battalion collective training				
		SUPPORT OPS - assist civil authorities (foreign and domestic) to relieve suffering					
BN Soldiers	Quality of Life	CAN DEVELOP FOR INTERNAL CUSTOMERS (SOLDIERS)					
	Fitness						
	Families						





ASK YOURSELF

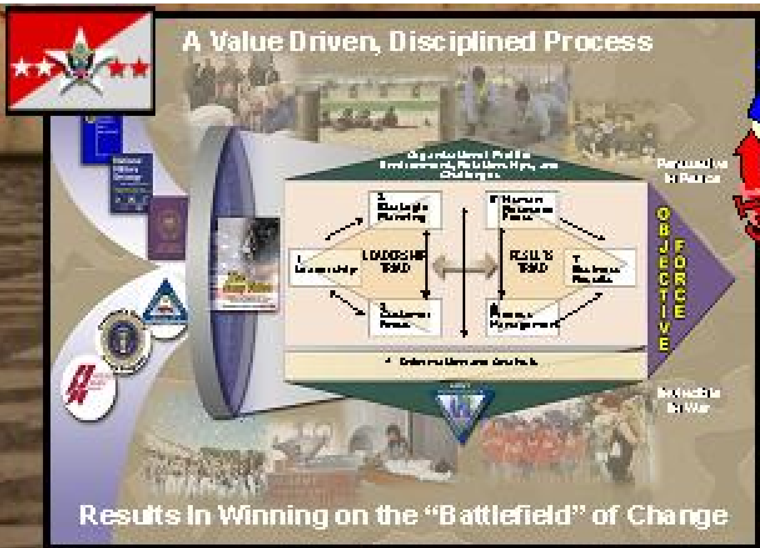
1. What do you do?
2. Why do you do it?
3. Does it support the mission (METL)?
4. Who do you do it for?
5. How well do you do it?
6. Can it be accomplished more efficiently by another source?
7. Do you measure it?
8. How can you do it better?

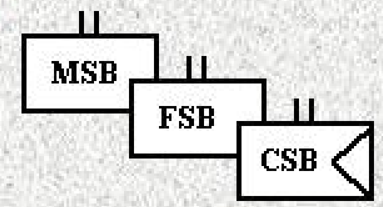
Leaders determine metrics for quality and performance improvements (Goals)

EXAMPLE OF AN INITIAL SELF ASSESSMENT

COMBAT SUPPORT

CUSTOMERS	CUSTOMER REQUIREMENTS	PRODUCTS AND SERVICES	KEY PROCESSES	INFO SYSTEMS	IN-PROCESS METRICS	RESULTS METRICS	BENCHMARKS
Division, Brigade or JTF Commander	Provide Military Intelligence Support capable of supporting the full spectrum of military operations	Disrupt enemy C4I; Degrade enemy fire support and Air Defense nets; conduct ground reconnaissance and surveillance; collect electronic intelligence	Counter-Intelligence (CI); Prisoner-of-war Interrogation (PWI); Long Range Surveillance (LRSD); Analysis and Control (ACE)	TROJAN SPIRIT; ASAS; REMBASS; AEPDS; QUICKFIX	Decide, Detect, Deliver, Assess (D3A) process	HPT kill rate; Accuracy of Battle Damage and Assessment (BDA); Timely dissemination of enemy situation	Comparisons to other like units (Bde, Division, other services)
	Provide Signal Support capable of supporting the full spectrum of military operations	COMSEC Repair; Voice, Data and Automation Spt; Secure and non-secure communications; FM/HF/LOS/TACSAT/MSE capability	Network connectivity; Nodal location placement; COMSEC distribution	Signal support networks; LAN and Servers; SAMS-1/2	FES, SEN & RAU Setup time; network interruption time; equipment readiness rates	Uninterrupted secure and reliable communications support to customers	Comparisons to other like units (Bde, Division, other services)
	Provide Military Police Support capable of supporting the full spectrum of military operations	Maneuver & Mobility Support (MMS); Area Security (AS); Internment and Resettlement (I/R); Law and Order (L&O); Police Intelligence Operations (PIO)	Regulation enforcement; Civilian Control; Force Protection: EPW handling; Criminal Investigations; IPB	Blotter Reports; ASAS	RO ERO violations; # citations issued; # security breaches; # EPW escape attempts; # fratricide incidents	USRC-Ratings; EXEVAL Results; CTC "takehome" Feedback; CERTEX Results; Command Inspection Results	Comparisons to other like units (Bde, Division, other services) local or HN law enforcement agencies
BN Soldiers	Quality of Life	CAN DEVELOP FOR INTERNAL CUSTOMERS					
	Fitness						
	Families						





ASK YOURSELF

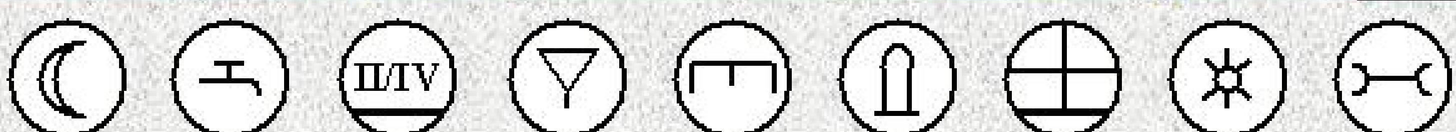
1. What do you do?
2. Why do you do it?
3. Does it support the mission (METL)?
4. Who do you do it for?
5. How well do you do it?
6. Can it be accomplished more efficiently by another source?
7. Do you measure it?
8. How can you do it better?

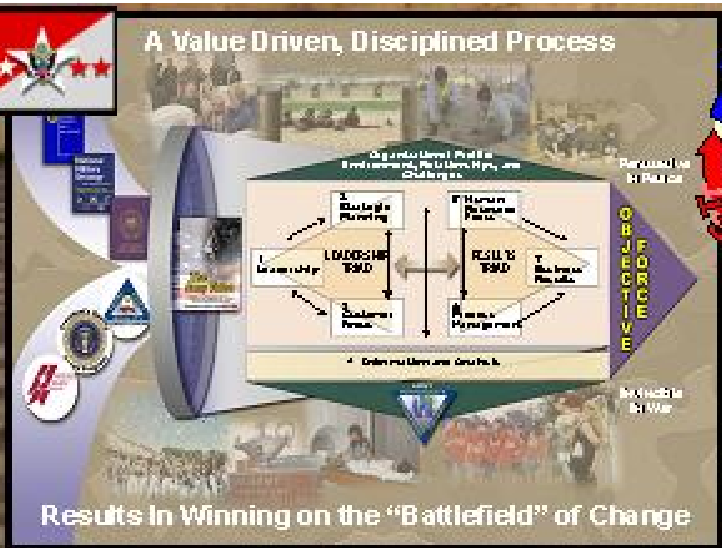
Leaders determine metrics for quality and performance improvements (Goals)

EXAMPLE OF AN INITIAL SELF ASSESSMENT

COMBAT SERVICE SUPPORT

CUSTOMERS	CUSTOMER REQUIREMENTS	PRODUCTS AND SERVICES	KEY PROCESSES	INFO SYSTEMS	IN-PROCESS METRICS	RESULTS METRICS	BENCHMARKS
Brigade Combat Team (BCT)	Supply Support	Class I and Water - General Supplies - Fuel - Engineer Materiel - Ammunition - Class VII - and Repair Parts	Receive, store, protect, issue and retrograde	SARSS-1; SARSS-2; ULLS; SAASMOD-ATP; EXEVALS	10% Inventory/location accuracy; Customer Wait Time; Demand Analysis; environmental accidents; PM checks	Order to Ship Time; receipt processing time; denial rates; 100% inventory/location accuracy; etc	DA Goals; CASCOM Goals; DISCOM Goals & Comparisons to other like units
	Maintenance Support	Organizational Maintenance; Direct Support Maintenance (Armt, Missile, Automotive, Electronic) Recovery Operations	Repair and return to user; repair and return to SSA (RX program); Conduct PM Services; Recover equipment	SAMS-1; SAMS-2; ULLS	Shop Backlog; Delinquent Services; Pacing Item deadline rates; PLL/ASL/Shop Stock zero balances	USR Readiness Rates; Equipment Availability; Mean time between failure; Repair Cycle Time; Accident Rates	DA Goals; CASCOM Goals; DISCOM Goals & Comparisons to other like units
	Medical Support	Combat Health Support and TMC Support	Patient Hold; Patient Treatment; Patient Evacuation	TAMMIS	DNBI; Equipment readiness rates; Accident rates	USR Readiness Rates; Accident Rates; Soldier Readiness Program (SRP); CIP Results	USA MEDCOM Goals; Surgeon General Goals
BN Soldiers	Force Protection						
	Quality of Life	CAN DEVELOP FOR INTERNAL CUSTOMERS					
	Fit						





EXAMPLE OF AN INITIAL SELF ASSESSMENT

GARRISON COMMAND

ASK YOURSELF

1. What do you do?
2. Why do you do it?
3. Does it support the mission (METL)?
4. Who do you do it for?
5. How well do you do it?
6. Can it be accomplished more efficiently by another source?
7. Do you measure it?
8. How can you do it better?

Leaders determine metrics for quality and performance improvements (Goals)

CUSTOMERS	CUSTOMER REQUIREMENTS	PRODUCTS AND SERVICES	KEY PROCESSES	INFO SYSTEMS	IN-PROCESS METRICS	RESULTS METRICS	BENCHMARKS
SOLDIERS	Available Ranges and Training Aids in proper working condition	TRAINING SPT RANGE SPT TASC	Range Scheduling; Range Maintenance Procedures; TASC Equipment use rates	Range Conference, Quarterly Training Briefs	Range Utilization; Range Readiness; Environmental Mitigation	High Tenant USRs T-rating; Environmental Compliance; Installation Status Report (ISR) Rating	Other Installations
SOLDIERS FAMILIES RETIREES VETERANS	On-time Service, Adequately Provided, Affordable to Units and Individuals	SERVICES; INFORMATION TECH SPT; TRANSPORTATION SPT; SUPPLY SPT; MAINTENANCE SPT; UTILITIES; MWR	Repair Return; Receive Store and Issue; Maintain Network Connectivity; Shipping and Receiving	SARSS-2AC; SAMS-2; TDACCS; JOPES; Customer surveys; Soldier Retention Rates (Morale)	Shop Backlog; Delinquent Services; deadline rates; PLL/ASL/Shop Stock zero balances; HHG delivery rates; Service Call Cycle Time	High Tenant USRs R-rating; TMP readiness rates; Uninterrupted Utility Service; Installation Status Report (ISR) Rating	Community Service Companies (Power, Water, Telephone, Sewer) Other Installations
SOLDIERS FAMILIES	Safe Facilities, configured for intended use	FACILITIES FACILITIES MAINTENANCE NEW CONSTRUCTION ROADS AND GROUNDS INSTALLATION HOUSING	Contract Management; Housing utilization forecasting & scheduling; Post Upkeep	Installation Status Report (ISR); Customer Surveys; Master Plans; Housing utilization database	Complaints; Service Order Response Time	High Installation Readiness; Maximized Housing Utilization Rates	Corps of Engineers State DOT HUD
COMMUNITY SOLDIERS FAMILIES	Compliance with Applicable Laws	ENVIRONMENT COMPLIANCE CONSERVATION POLLUTION PREVENTION	Hazardous Waste Operations; Environmental Education; Recycling and Waste Restoration; Air Program	Environmental Assessments; Environmental Monitoring Systems	Noise monitoring & Complaints; Spill Response Time; HAZMAT Storage Compliance and Stockage Levels	Increased Mission Readiness; Ensured HAZMAT Serviceability; High Product Distribution EO Operational Requirements	Army Environmental Center; EPA; OSHA; Other Installations

Section B

More In-Depth Assessments

Within The Army, there are a couple of institutions that offer APIC-focused courses. They are the Army Logistics Management College (ALMC) at Fort Lee, VA and the Laverne E. Weber Army National Guard Professional Education Center (PEC) at Little Rock, AR. You can locate more information about their training programs at their websites. The ALMC web address is: http://www.almc.army.mil. The PEC web address is: http://pub.ngpec.org.

Within the PEC Program of Instruction (POI) for the Army Performance Improvement Criteria and Organizational Assessment course, are templates designed for organizations to use in the next step of an organizational assessment. These templates contain many more elements of information and data than the matrices in Section A, but can be used as a tool to get a further detailed assessment. Although not included in this booklet, they are available online at the Leading Change website at http://www.hqda.army.mil/leadingchange/Quality/taqstrat.htm . Once on this page go to the bottom and look for link to Adobe Acrobat file.

Further, the National Institute of Standards and Technology (NIST), of the Department of Commerce, has another effective assessment tool that can be used for organizations in a phase 2 or 3 assessment. This assessment tool can be found on their website at http://www.quality.nist.gov/Getting_Started.htm. Additionally, they offer an "answer the questions" type of Step 1 available on-line that can lead to Action Planning for your organization. This e-Baldrige Organizational Profile can be found at http://www.quality.nist.gov/eBaldrige/Step_One.htm. For most Army organizations, recommend clicking on the Business link rather than the Education or Healthcare link found under the E-Baldrige Organizational Profile title.

If your organization is still having some difficulty getting started, please contact our office. We may be able to make arrangements to take a trip to your organization to facilitate you through an assessment to help get you going.

To assist you in finding comparative information and benchmarking, there is a great service available to all Army organizations, free of charge. This service is known as The Benchmarking Exchange (TBE). Headquarters, Army has purchased an Army site license for this service, Army-wide. While not a panacea for all organizations, it is certainly a place to find helpful information from counterparts in other government agencies as well as private industry, worldwide. Signing up as an Army user will enable you to send and receive queries to other subscribers about particular business processes as well as participate in surveys. It also serves as an enabler for professional relationship building. To become an Army user simply go the TBE website at http://www.benchnet.com/. From there click on "Join Existing Site Plan". Click on US Army and then fill out the user information.

The most important thing an organization can do is ------ GET STARTED!

APPENDIX C

Army Performance Improvement Criteria Examples

Strategic Management and Innovations Division (SMID) would like to thank the following organizations for generously providing examples of responses to the criteria that those organizations submitted in previous applications:

10th Area Support Group (ASG)
417th Base Support Battalion (BSB)
Fort McCoy
Ohio National Guard
Rock Island Arsenal

Please note that these examples are provided to demonstrate a technique for assessment and responding to the criteria. The examples do not represent a 100% score.

Contents

Excerpts provided by Fort McCoy

1.0 LEADERSHIP
1.1 Organizational Leadership
1.1a Senior Leadership Direction
1.1a(1) Setting, Communicating, and Deploying Values and Expectations

Fort McCoy's senior leaders use a strategic planning process (Figure 2.1.1) to set organizational values, performance expectations and to focus the organization's efforts on balancing value for customers and other stakeholders. Using the Process Improvement Model (Figure *i*), senior leaders conduct a triennial organizational SWOT analysis (Figure 2.1.4). Within this process, senior leaders revalidate key stakeholders (Figure 1.1.1), consider current and future interests of stakeholders, identify core competencies, and redefine key planning assumptions. As a result of this strategic planning process, senior leaders establish the organizations' mission statement, vision, values, strategic goals, and system strategies.

Key Stakeholders

- Adjoining Land Owners
- Area Communities
- Assigned Military Personnel
- Civilian Work Force
- Direct Reporting Commands
- Direct Reporting Installations
- Family Members and Dependents
- Federal Regulatory Agencies
- Fifth United States Army
- First United States Army
- Local Labor Organization
- Media Organizations
- Medical Providers
- Office of the Chief, Army Reserve
- Off-Post Customers
- Other Governmental Agencies
- Regional Support Commands
- Retirees
- Special Status Organizations
- Soldiers
- State Adjutants General
- State Regulatory Agencies
- Tenant Organizations
- U.S. Army Forces Command
- U.S. Army Reserve Command
- USAR Military Technicians
- Combatant Commanders

Figure 1.1.1

Senior leaders set direction invoking the Functional Operating Plan and seek future opportunities through use of the strategic planning process and Fort McCoy's Strategic Business Plan (SBP), which is the primary reference document for all short- and long-term planning. Based on these two models, senior leadership sanctioned the quality management structure (Figure *ii*) to identify and assess potential new customer markets. As a direct result of an SBP initiative and the Strategic Goal, "Pursue new mission opportunities consistent with our vision" (Figure 2.1.2, pg. 8), the Management Services (MS) Quality Management Board (QMB) developed, and the Executive Steering Committee (ESC) approved, an enterprise-level process for acquiring new missions and customers, and assessing missions for continuation (Item 3.1a(1) and Figure 3.1.1).

At Fort McCoy, the ESC functions as a corporate board of directors for the organization. The ESC is responsible for strategic business planning and for coordinating those activities involving Army Communities of Excellence (ACOE), the Army Performance Improvement Criteria (APIC) and Total Army Quality (TAQ). Figure 1.1.2 below depicts the ESC membership and its charter.

Executive Steering Committee

Commander, Chair
Deputy Commander
Command Sergeant Major
Chief of Staff
Garrison Directors
President, AFGE Local 1882

Charter

Strategic Business Planning
Quality Improvement Through APIC Implementation
Acquiring New Customer Markets
Resolving Cross-Functional Support Issues
Organization Restructuring Initiatives
Executive Hiring Actions

Figure 1.1.2

The ESC follows a locally developed Strategic Planning Cycle, as outlined at Figure 2.1.3. This timeline can be adjusted in response to internal and/or external events significantly impacting ongoing strategic initiatives. Special meetings are scheduled during this cycle to address issues of concern to the senior leaders.

In addition, senior leaders seek future opportunities through:

- Using the Fort McCoy marketing strategy with special emphasis on the training support mission
- Publishing information on the public Web site
- Distributing marketing videos
- Participating in high-profile conferences attended by major customers, stakeholders, and/or competitors
- Assessing doctrinal or legislative changes to determine impact on current operations and identify possibilities for new markets, customers and products

Senior leaders routinely communicate, deploy, and reinforce organizational values, performance expectations, and the need to focus on creating and balancing value for customers through contacts with various stakeholders in the following ways:

- Publication and widespread distribution of the SBP in hard-copy and electronic versions
- New Employee Orientation at directorate- and business-area level
- Routine reinforcement through the Quality Management Structure (Figure *ii*)
- Publication and distribution of meeting minutes, policies, and performance measures on the Fort McCoy Corporate Network (FMCN)
- Weekly staff meetings at the Enterprise, Business, and Operational levels
- Triad newspaper (distributed throughout the installation, key stakeholders on and off the installation, and State and Federal elected officials, as well as the public Web site and FMCN)
- Fort McCoy TV6 command access channel
- Annual Commander's work force briefing and other Command briefings
- Reinforcement of TAQ philosophy
- APIC training
- Total Army Performance Evaluation System (TAPES) (Item 5.1a(3)) ensures senior leadership has ratable objectives related to the Functional Operating Plan

Continuous reinforcement of values and expectations occurs through the Quality Management Structure and the traditional hierarchy (Figures *ii* & *iii*). Each employee receives a copy of the SBP and a copy of the Mission, Vision, and Values. Through the application of new technology, the FMCN affords employees an opportunity to remain current on issues affecting the strategic direction and health of the organization. For employees whose jobs do not require routine computer usage, common-use computers are located strategically within directorates for ease of access to information.

1.1a(2) Establishing and Reinforcing Innovation and Empowerment

Senior leaders create an environment for empowerment, innovation, organizational agility, and organizational and employee learning in a variety of ways. Through participation on Quality Management Boards, Quality Management Groups (QMGs), Process Action Teams (PATs), and assignments to special projects such as the Centurion Team, individuals become involved in the organization's quality-and process-improvement initiatives. Participation provides opportunities for each employee to learn, participate and contribute to the organization's growth. Additional senior leader empowerment and innovation practices:

- Receiving and responding to feedback from QMBs, QMGs, PATs and individuals
- Adopting and implementing continuous process-improvement recommendations
- Acknowledging accomplishments
- Recognizing individual and team participation publicly
- Embracing open communication
- Offering training and education opportunities to employees deploys encouragement and support of learning
- Encouraging decision-making at the lowest level feasible and providing participation opportunities for sharing ideas and information reinforces empowerment

Organizational learning occurs throughout the entire management process based on feedback from after-action reports, performance reviews and analyses, listening and learning from customer feedback, and through the strategic planning process.

1.2 Organization Responsibility & Citizenship
1.2a Responsibilities to the Public
1.2a(1) Addressing Impacts of Services on Society
A strategic approach is employed to address current and potential societal impacts of Fort McCoy's products, services, and operations. This approach is used during the strategic planning process (Figure 2.1.1), where societal factors determining planning assumptions are considered. Potential societal impacts are assessed and strategies are developed to minimize risks and promote positive community relations. As plans are implemented, the impact of activities is monitored through the Public Affairs Program (Figure 1.2.1). The Public Affairs Office (PAO) designs and conducts activities that promote a better understanding of Fort McCoy and the United States Army to stakeholders. The PAO provides senior leadership continuous feedback regarding public concerns and community opinions, and invites appropriate follow-up actions, as necessary. Program activities are reviewed annually to ensure all program events support the SBP.

Continual assessment of the societal impacts of products, services, and operations occurs through the traditional organization as well as various cross-functional bodies. These cross-functional bodies include: AFGE Local 1882, QMBs, QMGs, PATs, ESC, functional areas, Army's Management Control Program assessments (MCP), and through relationships developed with local communities.

The following examples are results of Fort McCoy's commitment to minimizing potential public concerns related to products, services, and operations:

- Exchanging successful and innovative business practices with neighbors to improve the working and living environment both on and off Fort McCoy, which include:
  - Monroe County Exotic Plants Committee
  - Wisconsin Pollution Prevention Alliance
  - Partnering with Wisconsin Department of Natural Resources and University of Wisconsin-Madison to develop innovative clean-up methods for contaminated sites
- Considering the impact of planned training activities upon the public and responding proactively when area citizens identify issues
- Signing a Memorandum of Understanding (MOU) with the Ho Chunk Nation concerning land use
- Encouraging organizational partnerships and volunteerism to local community institutions
- Managing the endangered species Karner Blue Butterfly
- Actively working with local communities to manage land use bordering Fort McCoy

Application of Public Law 97-255, the MCP, provides a systematic approach to ensure checks, balances, and controls are in place for regulatory and legal requirements and for risks associated with products, services, and operations. The link for the MCP Standing Operating Procedure resides on the FMCN and provides information on the program including links to Assistant Secretary of the Army Financial Management and Comptrollers sites, links to checklist inventory, guidance for Management Control Administrators (MCAs), training items, and lists of points of contacts.

This program is administered by MCAs through the implementation of four basic steps to MCP:

- Develop a five-year plan
- Conduct and document evaluations
- Identify and report material weaknesses
- Prepare and submit the Annual Statement of Assurance

Each organization conducts an annual MCP review to ensure that:

- Assets are safeguarded against waste, loss, unauthorized use, or misappropriation
- Obligations and costs comply with applicable law
- Revenues/expenditures are properly recorded and accounted for
- Programs and administrative functions are effectively and efficiently carried out
- MCP responsibilities are included in all managers' performance standards
- A reporting process exists for senior level corrections
- Approaches are developed and deployed to correct weaknesses

1.2a(2) Anticipating Public Concerns
Public concerns with current and future products, services, and operations are anticipated through the SWOT analysis (Figure 2.1.4). Fort McCoy is accessible through participation in a variety of listening and learning forums identified in Figure 1.2.1, and through the strategic goals (Item 2.1b).

Fort McCoy is among a handful of DoD installations to sign an MOU with a Native American Nation concerning the safeguarding of cultural resources in compliance with the Presidential Memorandum of 1994. This memorandum directs the formal establishment of a relationship between federal agencies and those federally recognized Native American tribes who have established cultural affiliation with the lands managed by that federal agency.

The Noise Complaint Committee meets quarterly to review complaints and consider avenues to address concerns impacting surrounding communities (Figure 7.4.28). Also reviewed annually is the Installation Compatibility Use Study, which addresses environmental noise impacts on local communities. Media outlets are used to inform surrounding communities' residents about traffic congestion and other training practices found to be a concern in the past.

1.2a(3) Ensuring Ethical Business Practices

Ethical business practices in all stakeholder transactions and interactions are ensured in a variety of ways. Training is provided to the work force to promote ethical business practices. Some of the ways we promote ethical business practices include:

- Annual legal and ethical training for managers and others whose jobs dictate
- Financial disclosure requirements
- Automation-related security briefings
- Environmental compliance training
- Mandatory Prevention of Sexual Harassment training
- International Merchant Purchase Authorization Card training

In addition to training, independent reviews are conducted for issues related to contracting, finance, and law using Inspector General and Internal Review audits and MCP checklists. Managers employ intervention techniques to reduce risk and to deter and correct questionable situations. Individual performance standards and evaluations include statements concerning Fort McCoy's values.

1.2b Support of Key Communities

Due to geographic proximity, the cities of Sparta and Tomah are considered key communities. Fort McCoy draws the majority of its work force from these communities. The majority of military family housing is located in Tomah and most military dependents attend either Sparta or Tomah schools. The annual Economic Resource Impact Statement is used to determine areas of emphasis for public affairs and community involvement.

Sponsorship of many activities available to the public and the active participation in community activities demonstrate support of these key communities. Some examples include:

- Job shadowing and donation of used computer equipment to local schools
- Access to Fort McCoy public events such as hunting and fishing, and a variety of festivities including: Earth Day, Snowfest, Army Soldier Show, the Summer Concert, and the annual Open House
- Use of the Fire Department smoke house mobile model at community events
- Improvements in local forests and parks (as part of land-use agreements with State of Wisconsin, Monroe and Jackson Counties)
- Enhancing employee capability to participate in community activities through use of flexible work schedule and family friendly leave policy
- Beginning a successful partnership with the Tomah and Sparta Area Boys and Girls Clubs of America, Inc. by providing Fort McCoy Middle School and Teen Programming during the summer of 2001.

Fort McCoy also maintains a close relationship with the Wisconsin Army and Air National Guard. Fort McCoy's Deputy Commanding Officer typically is a Wisconsin Army National Guard officer on Active Guard/Reserve tour assigned to the installation to enhance this relationship. The Wisconsin Air National Guard facility, Volk Field, located approximately 20 miles to the east, is Fort McCoy's designated Aerial Port of Embarkation.

These excerpts provided by Ohio National Guard

2.0 STRATEGIC PLANNING

2.1 Strategy Development

2.1a Strategy Development Process

The OHARNG developed and deployed five iterations of strategic plans since in 1988. We built our plans using a collaborative team approach. Iterations of the plan evolved from a series of "just-in-time" training sessions, strategy meetings and off-site senior leader workshops. Our goal is to systematically refine overall productivity and customer support by improving work-flow processes, prioritizing objectives and managing our resources. We publish our plans as living documents, comprehensive in content and flexible in nature. The final plan serves as our *road map to the future*. It is our ***compass*** for direction, sound decision-making, efficient allocation of scarce resources and effective operations.

Team Buckeye XXI (planning arm of the Army Executive Council) completed ***Strategic Plan 2003 and Beyond*** **(SP 2003)** in May 2002 as an update and revision to SP 2001 which the team developed during a 24 month period in 1999-2000.

2.1a(1) Overall strategic planning process

Figure 2.1 depicts the Strategic Planning Process model adopted by Team Buckeye XXI.

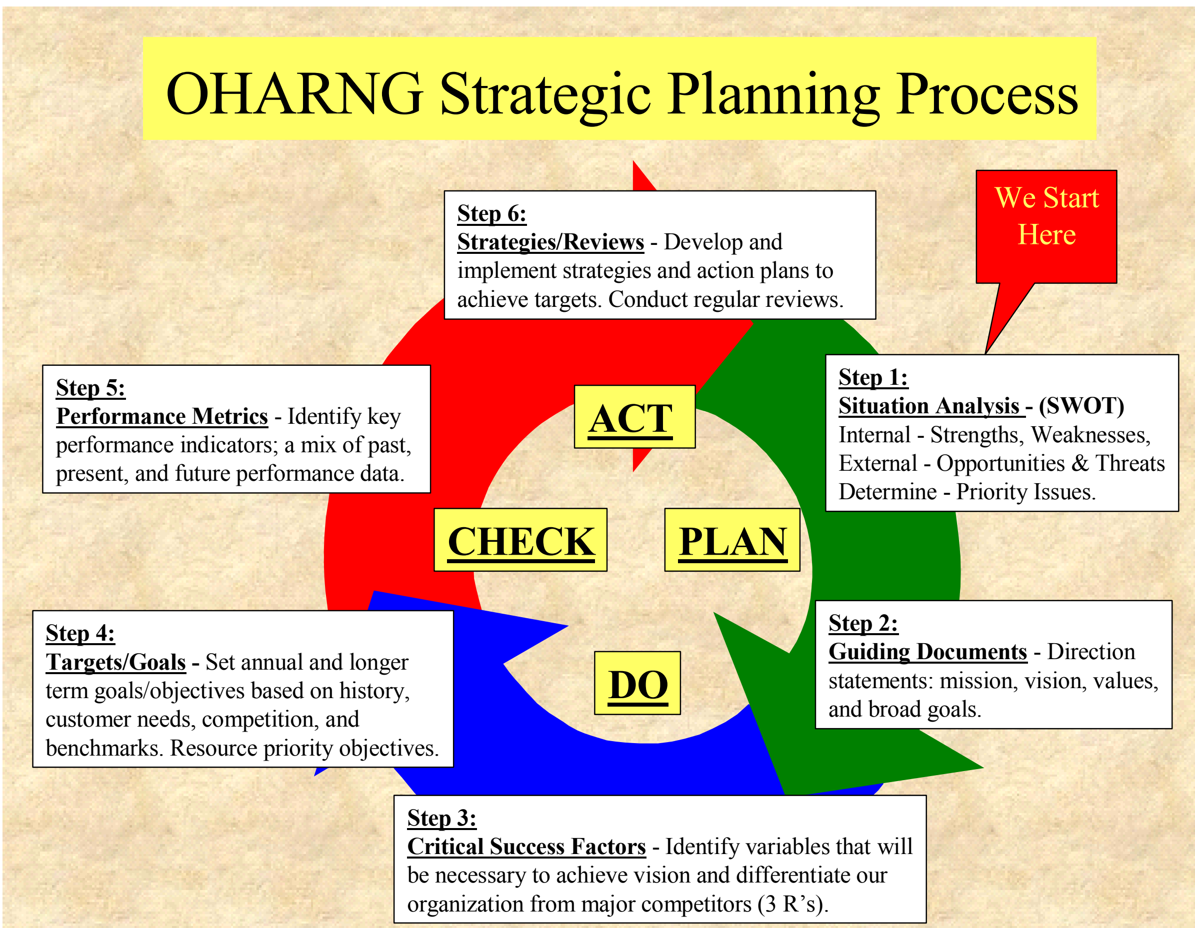


Fig. 2.1 Strategic Planning Process Model

We use a version of the ***PLAN-DO-CHECK-ACT*** (PDCA) continuous improvement and design process as the foundation for strategy development and process management. This framework encourages consistent and frequent plan review like we do regularly as described in step 6. Our planning process facilitates logical steps so our executive leadership team can easily see: where we are, where we want to be, how we will get there, who must do what and how we are progressing.

SP 2003 is simple, yet comprehensive in nature and integrates the broad perspective of OHARNG senior leaders and first-line employees. Our continuous process provides us with the flexibility to adjust as necessary to meet changing requirements.

Our plan aligns with NGB strategic goals and objectives highlighted in *Army National Guard Vision 2010* and *Army/Guard After Next* vision papers.

We ensure our plan evolves by:

- Frequently and methodically cycling through our planning process
- Benchmarking strategic plans from other states, businesses, military & government organizations
- Studying and implementing contemporary team-based strategic planning methodology
- Extensively training our executives and other leaders in strategic planning (National Guard Professional Education Center (PEC), American Management Association, etc.)

Team Buckeye XXI (Fig 1.1) meets twice each year to review and update the goals, objectives and action plans that drive strategy development.

PLAN: Step #1 (Analyze): With our values, mission and vision in mind, the Strengths-Weaknesses-Opportunities-Threats (SWOT) analysis begins. Results of this analysis serve to objectively identify the internal state (strengths and weaknesses) and the external state (opportunities and threats) of our organization.

Key considerations in the SWOT analysis include organizational environment factors of: social trends and demographics; technology; economy; citizenship; government/legislative actions and trends; markets, customers, competitive conditions and factors of production.

A handful of strategic priority issues are derived from the analysis/assessment; then, turned into critical objectives and programs that are targeted for appropriate funding to ensure future success.

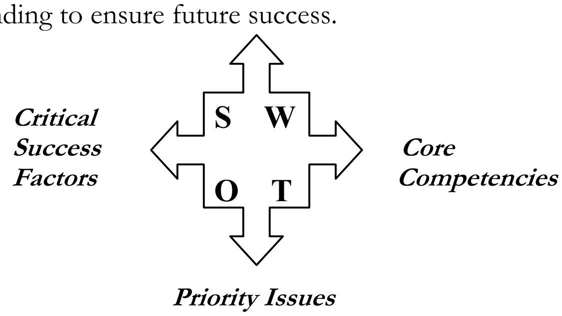


Fig 2.2 SWOT Analysis

PLAN: Step #2 (Guiding Documents): Once the SWOT analysis is complete, we review and refine (through extensive dialogue at regularly scheduled strategic planning meetings of the AEC and Team Buckeye XXI) our guiding documents (values, mission, vision) and update our broad goals to ensure alignment, consistency and continuity - synchronization - of all key customer requirements.

DO - Step #3 (Critical Success Factors): The situation analysis and revised guiding documents are the basis for leaders to clearly identify the critical success factors (CSF) that focus OHARNG operations, optimize our organizational core competencies and allocate resources to priority issues. CSFs are our anchors for *constancy of purpose* (Deming).

Our strategy development is then centered on key priorities, **CSFs** and core competencies. The priority issues produce a slate of short and long-range goals and objectives that are further segmented into progressive annual milestones and longer term planning time horizons. (Fig. 2.3)

DO - Step #4 (Set Goals): Since the final strategic plan guides direction, opportunity, customers and business for our organization into the future; commanders and other key leaders receive clear goals and priorities. Intermediate objectives are discussed and re-prioritized at semi-annual commanders' calls. (Fig. 2.3)

CHECK - Step #5 (Develop Metrics): We select performance metrics (KPI, MOE, etc.) based on the satisfaction expectations of all stakeholders (Fig.1.2, Fig.1.4).

ACT - Step #6 ACT (Implement/Review/Adjust): Publish (deploy) strategy and launch action plans. Commit to periodic in-progress and after-action reviews of strategy and its components: goals, objectives, action plans, budget execution, results. Adjust as required.

Action plans and business plans developed by directors (process owners) assign responsibility and accountability to specific managers (who) to accomplish the tasks/action (what) by a specific date (when).

Results are then tied to performance evaluations (Offier Evaluation Reports, NCO Evaluation Reports, etc.).

2.1a(2) How we address key factors (Critical Success Factors), gather/analyze data in developing strategy

The CSFs in our Strategic Planning Model consider:

Customer requirements/markets - We identify and segment our external customer base by Federal, State and Community missions (Figs P.1, 3.1, 3.2). Each staff director further clarifies customers and markets within their areas of responsibility. We consider existing and future capabilities in relation to customer requirements and projections when gathering trend data for all factors. Surveying customer (Figs 3.1) is one method used to obtain satisfaction information, market expectations and new opportunities.

Competition/mission environment – We benchmark other similar state Army National Guard entities to compare performance results. NGB State Performance Indicator Ranking System (SPIRS) metrics serve as the primary competitive data source. We evaluate new information, changes in competitive capacity, new services, new competitors, financial challenges and emerging missions for establishing priorities.

Technological and other key changes - We use commercial (off the shelf) information technology equipment and systems to support our goals and objectives and to assess KPIs related to CSFs. A comprehensive review of technological advances and determining how new products can be implemented into our overall systems capability is an ongoing process conducted by all directors for their functional areas.

We leveraged technology to streamline our processes and bring unprecedented efficiency to our operations which have allowed us to meet our objectives ahead of schedule. Examples of these programs are: Unit Personnel System (UPS), Medical Protection System (MEDPROS), Personnel Electronic Records Management System (PERMS) and Integrated Material Automated Program (IMAP).

Human Resources - To maximize employee well-being and job satisfaction, the Deputy Chief of Staff for Personnel (DCSPER) and the Human Resources Officer (HRO), led a review of human resource capabilities and constraints during the planning process

Such a review of ***resources*** (traditional soldiers and full-time support personnel) ensures that the right person is in the right job and requirements are met based on mission and customer expectations. This helps us provide the most productive work environment and employee support climate possible. It further helps us to remain aligned with our CSFs and customers within our capabilities.

Suppliers/Partners – We rely heavily on suppliers, distributors and other business partners for success. Equipment and materials are continually monitored to ensure optimum equipment ***readiness***, modernization and force ***relevance***. We strive for the best quality results at the least cost with minimal overhead (Fig 7.2.e-g).

By partnering with the National Automotive Parts Association's (NAPA) national office, our maintenance leaders negotiated through the Defense Supply Center Columbus and the Defense Logistics Agency (DLA) for repair parts at 20-50% off list price. Each maintenance activity then leveraged the partnership with a local NAPA store to receive the lowest possible prices.

Financial, Societal Conditions; Potential Risks A clear understanding of these resources and related risks is essential to our strategy as the capability to reach our goals and objectives is obviously based on available funding and other support. We continually monitor financial ***resources*** and allocate funds based on priority according to our strategic goals and objectives. Our leadership committees (such as PBAC) and Quality Improvement Boards (QIB) (Fig. 1.3) monitor risks and provide data for strategic planning.

2.1b Strategic Objectives

The Strategic Plan identifies three critical success factors (CSF), five primary goals and sixteen objectives to guide us into the future (Fig 2.3). Our objectives are specific, measurable, attainable, realistic and time based (SMART). Short and long-range objectives define what is to be accomplished and our first steps in appropriately distributing resources and workloads.

2.1b(1) Key strategic objectives and timetables

Figures 2.3 and 2.4 depict organizational goals, key objectives, strategies and timetable/target dates related to CSFs.

2.1b(2) How our strategic objectives and timetable address challenges identified in response to P2

We develop our strategic objectives with the knowledge and certainty that we will encounter significant risks and challenges. Figure P.7 displays these challenges that mirror our corporate objectives.

Team Buckeye XXI regularly monitors progress on goals and objectives and determines adjustments to courses of action to stay on track.

We are positioned to meet the challenges and capitalize on opportunities that future scenarios may dictate. Our units meet or exceed our customer requirements and are ***Ready, Resourced and Relevant.***

2.2 Strategy Deployment

2.2a Action Plan Development and Deployment

The strategic planning process cascades from the senior leadership to the director level where the planning process is institutionalized. Directors (KPOs) develop and deploy operational business plans that directly align with and support strategic action plans developed by Team Buckeye XXI as a part of the updated strategic plan (SP 2003).

These integrated action plans and business plans guide the director and staff in achieving performance goals, and in evaluating costs, risks and the likelihood for success, while managing work systems and other resources. Business plans at this level contribute to the success of the strategy because they align directly with current corporate thinking and further deploy the strategy to soldiers and employees.

2.2a(1) How we develop, communicate, and deploy action plans to achieve our key strategic objectives

Team Buckeye XXI key process owners (directors):

1) develop detailed action plans by using *top down-bottom up* internal and external (including customers) input to create strategic level action plans and functional area business plans as the basis for executing our strategic goals and objectives and to optimize resources.

2) delegate programs, projects and tasks to action officers for accomplishment and

3) set realistic time lines for completion.

Action plans originate from -- and link to -- the critical success factors (CSF), key processes (KP), key support processes, (KSP) key performance indicators (KPI) and timelines identified during our planning process. CSFs reflect requirements of all customer groups and stakeholders (Fig. P.6).

The business plans further clarify directorate-specific mission, goals, (strategically aligned) local objectives and detailed actions for the director, branch chief, office staff and end user to accomplish within allotted time frames.

Critical Success Factor	Key Goals	Key Objectives	Strategy	2003	2004	2005	2006	2007	2008
Readiness	(#1) Provide ready units for Federal, State and Community missions	(#1 & #2) All units achieve C3 or higher USR rating (STO/LTO) ***(Figure 7.1.b)***	Analyze	X X	X X	X	X	X	X
		(#3) All designated units meet civil disturbance unit readiness requirements (STO)	Maintain	X	X				
		(#4) All units meet mobilization requirements IAW RCUCH (LTO)	Maintain	X	X	X	X	X	X
	(#2) Recruit and retain to meet force structure allowance	(#5) Achieve an end strength of 11,200 by 30 September 2004 (STO) ***(Figure 7.1.g)***	Grow	X	X				
		(#6) Achieve an end strength of 120% of Force Structure Allowance by 30 September 2008 (LTO) ***(Figure 7.1.g)***	Grow	X	X	X	X	X	X
Resources	(#3) Effectively Manage Resources	(#7) Update the long range construction plan annually (STO) ***(Figures 7.2.h and 7.2.i)***	Analyze Grow	X	X				
		(#8) Achieve and maintain AGR and technician strength of at least 99% of annual employment authorizations (STO) ***(Figure 7.3.q)***	Grow	X	X				
		(#9) Achieve full time personnel end strength in all units/functional areas of at least 55% of requirements by 30 Sep 06 (LTO) ***(Figure 7.3.p)***	Grow	X	X	X	X		
		(#10) Maintain a 95% Information Technology System operational rate (STO) ***(Figure 7.4.g)***	Maintain	X	X				
		(#11) Prioritize and manage funding annually to support requirements, while attaining 99% funds execution (STO) ***(Figures 7.2.a, b, c, d)***	Maintain (adequate budget levels)	X	X				
		(#12 & #13) Obtain, distribute and maintain equipment to optimize unit readiness, modernization and force relevance (STO/LTO) ***(Figures 7.4.c and 7.4.d)***	Maintain	X X	X X	X	X	X	X
Relevancy	(#4) Force structure that is Missioned	(#14) 100% Missioning of AA entities (STO) ***(Figure 7.1.c)***	Optimize unit missioning	X	X				
	(#5) Favorably influence centers power	(#15) Generate federal and state legislative support for OHARNG programs (STO)	Optimize (support)	X	X				
		(#16) Annually update the Public Affairs communications plan (STO)	Improve communication	X	X				

Fig 2.3 Key Goals, Objectives, Strategies & Timetable (STO = Short-term objective, LTO = Long-term objective)

Critical Success Factor	Key Strategic Objective	Action Plan	Strategy	Measurement	2004 Goals	2006 Goals	2008 Goals
Readiness	#1,#2 - All units achieve C3 or higher on USR	Develop readiness improvement plans	Monitor the plans	100% of units C3 or better	100% C3 or better	100% C3 or better	100% C3 or better
	#3 –Designated units meet civil disturbance unit readiness reqmts	Develop execution training plan	Monitor the plan	100% trained each year IAW AGOR 350-1	100% CD trained	100% CD trained	100% CD trained
	#4 - All units meet mobilization requirements IAW, RCUCH	Publish and distribute REMOBE plan/fund	Monitor the plan/generate funding	100% units meet mobilization requirements	100% mobiliza-tion ready	100% mobiliza-tion ready	100% mobiliza-tion ready
	#5 - Achieve end strength of 11,200 by 30 SEP 04	Review and update strength campaign plan	Develop strong partnerships with Ohio education system	Meet/exceed assigned strength goal	11,200	11, 400	12,275
	#6 - Achieve end strength of 120% FSA, by 30 Sep 08	Develop annual marketing strategy	Shape Incentives, Develop strong partnerships with Ohio education	Meet/exceed assigned strength goal	12,275	120% FSA	120% FSA
Resources	#7 – Update long range construc-tion plan annually	Determine force structure reqs	Grow/Identify and generate funding sources	ISR data	Construct 2 new centers	Construct 4 new centers	Construct 4 new centers
	#8 - Achieve and maintain AGR/ Tech strength of at least 99% of annual authorizations	Identify allocation model, Identify vacancies/pro-jected losses	Monitor Monthly HR Strength Reports	HR Strength Reports - 99% annual authorizations (AA)	99% AA	Ongoing	Ongoing
	#9 – Achieve full-time personnel end strength require-ments	Establish full time manning allocation for stability	Identify competencies, train critical skills, Review HR results	55% of requirements	55% of require-ments	55% of require-ments	Ongoing
	#10 – Maintain a 95% Information Technology System operational rate	Update PC stationing plan Replace 20% systems annually	Monitor monthly IT Status Report/Maintain /Track/Adjust as required	95% OR for servers, PC's, notebooks, switches, routers, circuits	95% OR	95% OR	95% OR
	#11 – Prioritize/ manage funding to support requirements at 99% execution	Monthly PBAC meetings Prioritize un-financed reqs	Maintain adequate budget levels	99% budget execution	99% budget execution	99% budget execution	99% budget execution
	#12 & #13 - Obtain, distribute and maintain equipment	Identify units not meeting ES/ER goals Manage new equipment fielding	Develop ES/ER corrective action plan/Monitor	95% units S3 on USR 95% units R3 on USR	95% S3 95% R3	95% S3 95% R3	95% S3 95% R3

Figure 2.4 Key Objectives, Action Plans, Strategies, Performance Indicators and Stretch Goals *(Continued on next page)*

Continued from previous page

Critical Success Factor	Key Strategic Objective	Action Plan	Strategy	Measurement	2004 Goals	2006 Goals	2008 Goals
Relevance	#14 - 100% missioning of AA entities	Identify organizations not missioned	Prioritize for missioning Optimize missioning	100% of AA entities missioned	100% missioned	100% missioned	100% missioned
	#15 - Generate federal and state legislative support for OHARNG programs	Publish Adjutant General Annual Report/ Conduct COI visits	Optimize visits, contacts and support	16 contacts	16 contacts	16 contacts	16 contacts
	#16 – Annually update the Public Affairs communications plan	Draft plan, Identify centers of influence, and priority issues	Benchmark other state guard plans	Completed/ implemented plan	Annual revision	Annual revision	Annual revision

Figure 2.4 Key Objectives, Action Plans, Strategies, Performance Indicators and Stretch Goals

Communication Medium	Strategic Plan	Vision	Mission	Values	Key Strategic Goals/Objectives	Action Plans	Metrics/KPIs
TAGNET - Network	X	X	X	X	X		X
Staff director - Business Plans	X	X	X	X	X	X	X
Electronic mail	X	X	X	X	X	X	X
Quarterly AEC meetings	X	X	X	X	X	X	X
Buckeye XXI meetings	X	X	X	X	X	X	X
Weekly COS meetings	X	X	X	X	X	X	X
Weekly directorate meetings	X	X	X	X	X	X	X
Semi annual CDRs call	X	X	X	X	X	X	X
Admin Off/Readiness NCO meetings	X	X	X	X	X	X	X
Quarterly - Readiness/ Force Structure QIBs	X	X	X	X	X	X	X
Handouts	X	X	X	X	X	X	X
Booklet mailings	X	X	X	X	X	X	
New employee orientations	X	X	X	X	X	X	
Quality course curriculum	X	X	X	X	X		
Full time staff briefs	X	X	X	X	X		

Figure 2.5 Communication Mediums

Figure 2.5 depicts various mediums we use to effectively communicate our strategic plan, vision, mission, values, goals, objectives, action plans and performance measures throughout the organization.

2.2a(2) Our key short and longer term action plans.
See Figure 2.4.

2.2a(3) Our key human resource plans

Our human resource plans align with and support our strategic objectives and action plans (Fig 2.3). Our primary human resource challenge is to identify the technical, managerial and administrative training required by our employees to satisfy our customer needs. Our human resource management system integrates with our overall planning process and considers the broad goals of employee development, work design, recruitment and safety as well as compensation and other elements (Fig. 2.6).

Human resource challenges include: improving retention, computer literacy, supervisor development, enhancing benefits packages, workforce diversity and team/individual recognition systems (Figs. P.7 & 5.2).

2.2a(4) Our key performance measures/indicators that track progress relative to action plans. How we ensure overall action plan system alignment.

Figure 2.4 lists key action plans, their measures, stretch goals and linkage to strategies and CSFs. These measures align at the unit level with the standardized and balanced set of metrics titled Measures of Effectiveness (MOE) (Fig 1.2).

The MOE evolved from analysis of our key processes, support processes and KPIs with the idea of focusing on longer-term data that measures performance and organizational success at all levels of command. All commanders and other leaders monitor and report these same performance measures to ensure their units are meeting performance standards as aligned with our strategy and results-oriented methodology.

At the executive level, Team Buckeye XXI reviews and updates strategic objectives and action plans twice a year at off-site sessions.

At the director level, small business unit goals, objectives and business plans are reviewed and updated annually during director functional area staff meetings. Resources are allocated based on strategic requirements and priorities.

Process owners (directors) and action officers routinely brief the AEC, ATAG and CoS on the status and progress of their plans, programs and projects. Actions that do meet performance expectations are analyzed and restructured with recommended improvements and/or additional resources (based on priority) to quickly put the project back on track. Such senior leader review of action plans for prioritized projects being worked by responsible and accountable teams and individuals "closes the loop" regarding strategy development and deployment.

Regular action plan reviews ensure our action plan measurement system aligns our organization and covers key deployment areas and stakeholder needs.

Goal	Element	Strategies	Measure	Results
Work Design	Union partnerships	Leverage team/collaborative approach	# Grievances	P.1.a(3)
	Authorization	Grow/Fill	99% fill within 90 days of new authorization	Fig 6.3
Employee Development	New Employee Orientation	Communicate Vision, Mission Values, In-process new employees	%Employee Satisfaction	7.3
	Recognition/ Reward system	Improve Incentives	# Awards	7.3.l
	Full-time supervisor development	Increase competencies/train critical skills	# Completed	Fig. 5.5, 7.3.e
	Technology based training	Increase technical skills	# Completed	Fig. 5.3
	Civilian and Military Education	Comprehensive programs for individual/team development	Degree Status	Figs P.2, P.3
	Quality Management Training	Empower employees and improve processes	# Trained	7.3.i
Recruitment	Partnerships with Universities	Increase opportunity for employee higher education	# Enrolled # Graduated	7.4.l
	Recruitment	Partner with high schools/develop information brief	# New recruits	7.1.g
Safety	Employee Safety	Provide a safe work environment	Accident Rates	7.3.o

Figure 2.6 Key Human Resource Management Considerations

2.2b Performance Projection

2.2b(1) Performance projections for our key measures/indicators for short and longer term planning time horizons. How our projected performance compares with competitors.

Our 2-to-5 year projections (Fig. 2.7) of key measures for future planning horizons are formulated by senior leaders at our strategic planning off-sites and align with our strategic challenges (Fig. P.7). These projections consider potential environmental changes, Quadrennial Defense Review (QDR) actions, shrinking budgets, political changes, evolving missions and increasing competition.

According to ***Army National Guard Vision 2010*** and ***Army/Guard After Next*** vision papers, the National Guard of the future will be lighter, more mobile and technology reliant. Our role as a "force multiplier" in national defense will increase and mature as we continue to integrate our forces with the active army - especially in light of the evolution of "Homeland Defense."

We expect to be challenged to provide trained and ready units for rapid deployments to major regional contingencies, stability and support operations, humanitarian relief operations and increasingly for homeland defense.

Simulations and virtual learning will provide our commanders with cost effective alternative mixes of live and "cyber" training to maintain readiness.

Opportunities will continue to exist within our state to respond to emergencies and actively participate in programs that add value to the state and communities.

Our "bottom Line" expectation is to obtain a leading edge in our ***Readiness*** critical performance areas that justifies appropriate federal and state ***Resources*** as well as increased force structure for continued relevance.

Key Projection/Goal	Key Action Items	Measurement	Competitor Benchmark	2003	2004	2005	2006	2007
Maintain unit Readiness IAW NGB tier guidance	Stabilize the force Promote 100% scholarship program to recruit/retain quality soldiers deploy campaign plan	100% units C-3 or better, USR # and % DMOSQ	Other States: LA, MI, MN, WI, IL, MD, MO	X	X	X		
Attract emerging missions	Update/deploy domestic preparedness plan/ OPLAN READY	# WMD-CST team missioned # contingency operations given % assigned strength	Other States: LA, MI, MN, WI, IL, MD, MO	X	X	X		
Leverage new technology	Deploy IT master plan/Business Plan Deploy new systems Maximize simulation	# systems deployed % operational	Other States: LA, MI, MN, WI, IL, MD, MO	X	X	X	X	X
Budget/funding	Receive NGB AFG Submit state budget Publish PBAC I and II monthly schedules	100% budget execution	Other States: LA, MI, MN, WI, IL, MD, MO	X	X	X	X	X
Construction, maintenance and use of facilities	Develop partnerships with local communities to build "cost share" community centers	# new facilities	Other States: LA, MI, MN, WI, IL, MD, MO	X	X	X	X	X
Business partnering with employers for soldier retention (ESGR)	Establish effective communication/ recognition program with employers Deploy an array of survey instruments to deployed soldiers Gather data	Effective state/ regional employer recognition program deployed Employee/soldier satisfaction survey (Trend evaluation) % attrition results	Other States: LA, MI, MN, WI, IL, MD, MO	X	X			

Figure 2.7 Key Projections for OHARNG

Excerpts by 417th Base Support Battalion (BSB)

The Mission of the 417th Base Support Battalion (BSB) is to provide Customer-driven Base Operations Support (BASOPS) to the soldiers, civilians, and family members assigned to our footprint. This is a challenging task as our Customer and market profile is constantly changing, evolving with changes in demographics, operational tempo, the focus of the 417th BSB and Tactical Commanders, and the strategic plans of the Command hierarchy. Nevertheless, we understand that quality in our products and services is impossible without a sound knowledge of who our Customers are and what they expect of us. Leadership's commitment, however, to the Army Performance Improvement Criteria (APIC) Core Values of Customer-Driven Quality and Continuous Improvement and Learning, enable our organization to meet this challenge and to do it better every day

3.1a(1) Our key Customer groups and market segments are determined by the 417th Base Support Battalion's Key Process Teams (KPTs) and Key Support Process Owners (KSPOs) then validated by the Customer Feedback Committee (CFC) and Command Group. The process that is used to accomplish this is illustrated in Figure 3.1-1.

Annually, the Systems Team for Analysis and Review (STAR) and Command Group are responsible for ensuring that our key processes are reviewed and validated as part of the Strategic Planning Process (SPP) (Figure 2.1-1). Throughout the course of the year, our Customer Information Channels (CICs) provide information to the KPTs and KSPOs as to the types of Customers receiving

Determining Key Customer Groups in the 417th BSB

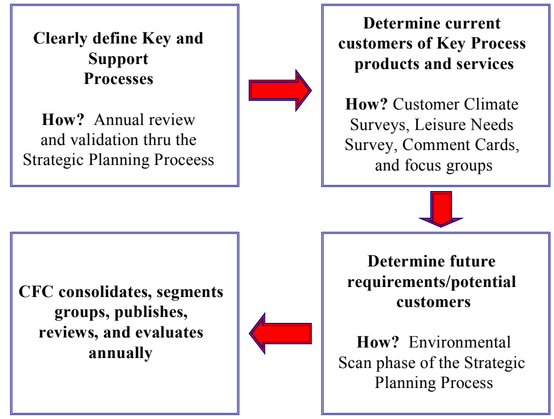


Figure 3.1-1

our products and services. One of our most valuable tools in this area is our Customer Comment Card, which tracks responses by key Customer group. The program enables us to target utilization rates and further define requirements specific to them. Additionally, during the Environmental Scan of our SPP, the STAR and the Executive Steering Committee (ESC) examine projected changes in operations, demographics, doctrine, and regulation in order to determine our future and potential Customers. All of this information is channeled to the CFC who segments our Customer groups based on common requirements (Figure 3.1-2), and meets annually for review and evaluation of its findings.

Strategic Area	Key Requirements	Tenant Cdrs	Youth 0-6	Youth 6-12	Youth13-18	Parents	Service Members	Spouses	Retirees	Higher HQs
Youth Programs	Accessible and Affordable Extracurricular Programs Adequate Employment Opportunities Accessible and Affordable Child Care Customer-Driven Spiritual & Moral Development Programs		X	X	X	X		X		
Facilities & Infrastructure	Responsiveness to Work and Service Requests Adequate Maintenance of Facilities Customer-Driven Programming of Facility Improvement	X			X	X	X	X		X
Environmental Stewardship	Compliance with all Pillars of Environmental Management Responsiveness to Hazard Issues or Incidents Effective Communication of Environmental Requirements	X		X	X		X	X	X	X
Force Protection	Quick Response to Fires/Crimes/other Safety Related Issues Strict Adherence to Force Protection & Physical Security Regs Inspection of all Hazardous Workplaces Effective Crime Prevention Programs	X	X	X	X	X	X	X	X	X
Readiness & Deployment Support	Adequate Preparation of Families for Deployment High Quality Training Ranges and Facilities Timely Organization of Pre-Deployment Processing	X				X	X	X		X
Fiscal Stewardship	Timely and Appropriate Execution of Operating Budgets Exceed Standard for NAF NIBD as % of Total Revenue Maximization of Overhire Funding to Fill Required Positions						X	X		X
Automation Management	Uninterruptible Automation Support to Customer Maximization of Network Speed Web Page Design and Management System Upgrades Appropriate to Customer Needs			X	X	X	X	X	X	X

Figure 3.1-2

By virtue of their assigned missions which regulate supported areas, most agencies within the 417th BSB do not actively target Customers of competitors. We do, however, proactively identify potential Customers. For example, with the drawdown and downsizing in many United States Army Europe (USAREUR) installations, we were given the opportunity to restation the 12th Aviation Brigade from Wiesbaden to Giebelstadt Army Airfield, bringing a total of 690 new Customers to the footprint.

The Directorate of Community Activities (DCA), targets potential Customers through its Leisure Needs Survey which identifies recreation and entertainment activities of interest to the community that are not provided on-post. Our new Teen Center at Leighton Barracks, with exponentially increased patronage, is a good example of how this data is used to capture new markets.

3.1a(2) Key Customer requirements and drivers of purchase decisions are determined at two levels, through two different mechanisms in the 417th Base Support Battalion. Because of the diversity of our products and services, we adopted our Overarching Customer Requirements in 1999. Determined through surveying our Customers as to which service aspects were most important to them, they have resultantly become our Customer Services Standards - our "We Guarantee It!" program. In all BSB facilities, we guarantee:

- Courteous and Respectful Treatment
- High Quality Products and Services
- A Clean, Organized Facility
- Timely and Accurate Information
- A Fair Price
- A Customer-Focused Staff

Additionally, the 417th BSB maintains over 40 CICs (Figure 3.2-1) which provide the opportunity for our Customers to voice complaints or concerns, and assists the battalion in gleaning valuable information on our key Customer requirements. Key Process Teams and KSPOs use complaint, performance, and comparative data from these channels to define requirements as they relate to the 417th BSB's key processes (Figure 3.1-2).

It is the responsibility of the ESC, KPTs, and KPSOs to identify the needs of future and potential Customers. Because in USAREUR we live in an environment of change, this step in the process is critical. We are continuously assessing the impact that this change will have on our Customers. Key staff of the 417th BSB, through the Environmental Scan phase of the SPP, are responsible for identifying trends which will impact our Customer base and requirements, and the products and services we provide

Strategic Area	Trends	Requirements/ Expectations	Strategies
Quality of Life	Increased demand for off-post recreation activities with commercial level quality	These activities should be more readily available on-post	Provide expanded programs through RDS structure and services through contracts to gain diversity and standards not able to be resourced.
Force Protection	THREATCON level has remained at Alpha for over 12 months with few exceptions	Installations should maintain the same levels of security as in previous years of higher THREATCON	Implement comprehensive prevention program based on prioritized threats. Ensure vulnerable area assessments completed. Program JSIVA projects.
Youth Programs	Increased demand for high quality middle age and teen programs to avert youth misconduct	Develop new programming responsive to the needs of community youth.	Use the Boys and Girls Club of America criteria for quality to assess and improve facilities and programming.
Facilities & Infrastructure	Aging infrastructure with diminishing resources for repair and upgrade	Utility systems, particularly those that support increased automation requirements must be upgraded.	Continue privatization process and identify new areas for potential contracting.
Readiness & Deployment Support	Mere availability of child care is no longer enough	Parents want to choose type of care situation (CDC, FCC).	Add spaces through use of group homes, construction and facility modification. Increase number of extended care providers.
Fiscal Stewardship	Diminishing resources available for BASOPS	Level of service should remain the same and improve in some areas.	Continue to analyze BSB processes and identify areas that can become more efficient
Automation Management	Aging sytems with no funding for upgrade or replacement	Upgrade public systems to meet established standards and improve productivity	Use ACOE winnings to upgrade all public systems in libraries.
Environmental Stewardship	Reluctance of AFH residents to separate or recycle trash	Costs of solid waste management should decrease annually	Enforce SORT SOP thru management of SORT yards and increase community awareness.

Figure 3.1-3

(Figure 3.1-1). Once these trends are identified, we develop strategies to meet related requirements (Figure 3.1-3) and this becomes part of our Strategic Plan.

Just as our Customer base is varied, so too is the 417th Base Support Battalion's approach to listening and learning from each of these key groups. Customer Information Channels established to obtain information from units and their Commanders, such as Tactical Commanders' Conferences and Master Planning Board Meetings, are regularly scheduled. These formal, pre-prepared briefings are designed to maximize available time and allow for inclusion in the unpredictable schedules of military leaders. Feedback from family members is encouraged by providing ongoing, less formal, point-of-service mediums such as comment cards, Teen Web gatherings, Townhall Meetings, and surveys. Other mediums are specifically established as a formal means of obtaining feedback from several Customer groups concurrently. Participants are selected to represent a cross-section of the overall market, thereby ensuring that the feedback received reflects the interests and concerns of all groups affected. Some of these channels include the Human Resources Council (HRC), Commissary Council, and Health Promotions Council (HPC).

3.1a(3) The CICs of the 417th Base Support Battalion provide us with the means to determine and project key product and service features, as well as their importance to relevant Customer groups. This feedback from our current, past, and future Customers is provided to KPTs and KSPOs who also analyze Customer satisfaction and focus group survey results, data on the percentage of complaints solved at the lowest level, percentages of Customer contact requirements met, comment card results, Customer competitive comparisons, and rates of positive referral. This feedback is used in determining, predicting, and prioritizing key product and service features. Those identified to be of the highest priority become part of the improvement strategies and objectives of the teams. Using the process illustrated in Figure 3.1-4, we integrate these requirements into product planning and the design of new products and services.

3.1a(4) We keep our listening and learning methods current with business needs and direction through the SPP and the CFC. The ESC, STAR, KPTs and KSPOs are responsible for strategic planning, and are therefore charged with determining changes in our business direction. The STAR, KPTs and KSPOs determine how these changes will impact listening and learning strategies, and task the CFC with related analysis, review, and the implementation of any necessary changes in our approach to listening and learning from our Customers (Figure 3.1-5).

Additionally, the CFC meets annually to evaluate the effectiveness of existing CICs, and to recommend and implement approved changes. The criteria that the CFC uses in its evaluation are:

- Comment card utilization by facility
- Participation rates in forums (townhall & council meetings, etc)
- Percentage of surveys completed
- Degree to which CICs provide easy access for all Customer groups
- Degree to which the 417th BSB gleans Customer satisfaction data for all key requirements, of all key processes
- Feedback from our Customer Satisfaction KSPO and Command Group on the appropriateness of the Balanced Business Scorecard (BBS) weighting (Figure 7.1-1)

As a result of the Fiscal Year (FY) 00 review, the CFC determined that returns on our annual Customer Satisfaction Survey were too low and not as statistically accurate as we would like. Working with USAREUR and our Consolidated Mailroom Chief, the BSB was given permission to distribute the surveys to all community mailboxes which increased the number of returns four-fold and significantly improved the accuracy of our results.

Identifying New Product & Service Opportunities

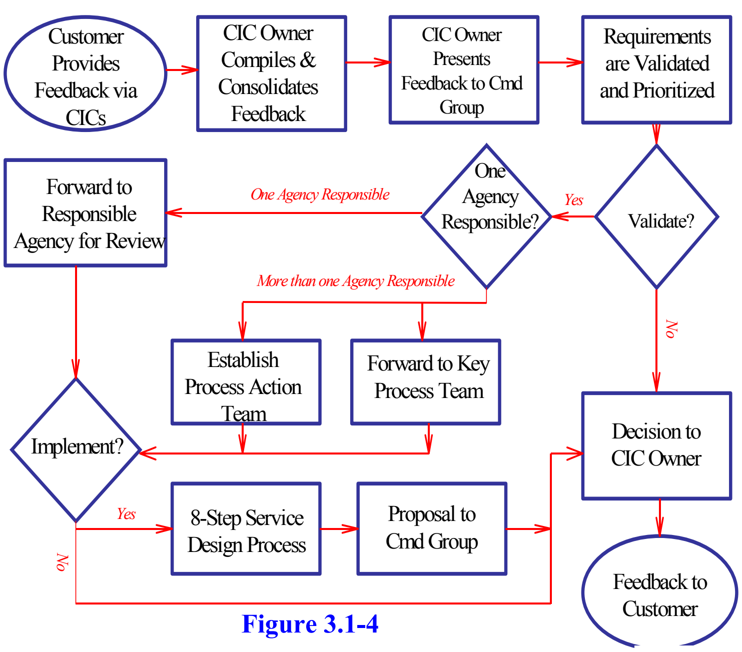


Figure 3.1-4

Evaluation of the CIC Feedback Process

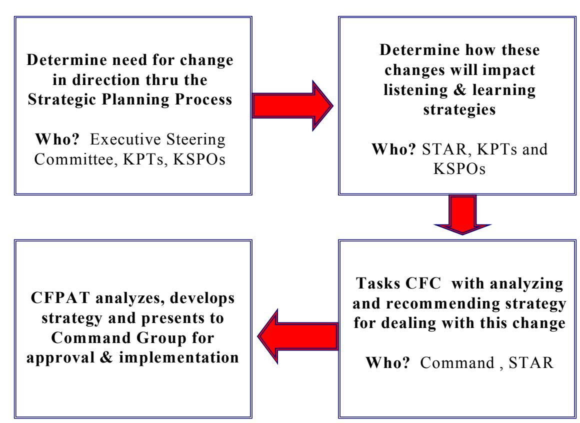


Figure 3.1-5

3.2a(1) As outlined in 3.2a(2) and 3.2a(3), the 417th Base Support Battalion has effectively determined what is most important to our Customers, and we do it consistently. However, we recognize follow-up as a critical element in building positive relationships with our Customers. In addition to the measures identified in 3.2a(3), the Customer Service Representative (CSR) is responsible for making follow-up calls on a minimum four percent of the total number of comment cards received monthly. The purpose of this random sampling is to ensure that our Customers not only received a timely response, but that there was satisfactory resolution to their concerns or complaints as well.

Our CIC feedback process ensures that all complaints are dealt with efficiently, effectively, and in a timely manner. Additionally, the Customer Satisfaction KSPO continuously monitors results of the scorecard for this Strategic Area (Figure 7.1-1) to ensure that the tools we have in place for relationship-building are effective.

The 417th Base Support Battalion has historically determined our Customer contact requirements through the STAR and Environmental Scan phase of the SPP. The CFC is now primarily responsible for accomplishing this. This team was specifically chartered to "...determine the most effective means of obtaining feedback from our key Customer groups, and for developing a plan for the continuous review of the same."

For each of our Strategic Areas, the Commander ensures that there is at least one CIC specifically designed to allow Customers, by group, the opportunity to obtain information, seek assistance, and voice concerns; and that these feedback channels facilitate minimal waiting time for response (Figure 3.2-1). For example, in every facility of the 417th BSB, the "We Guarantee It" poster, which outlines our service standards, is located at each Customer service area. This poster encourages Customers to complete a comment card, which is conveniently located in close proximity, with a dropbox nearby to

Customer Information Channels	Strategic Area	Frequency	Youth 0-6	Youth 6-12	Youth13-18	Parents	Servicemembers	Tenant Cdrs	Spouses	Retirees	Higher HQs
AAFES Council Meetings	3,6	Q					X	X	X		
AFAP	3,4	A		X	X	X	X	X	X	X	
Alcohol & Substance Abuse Meetings	2,4	M		X	X	X					
ASG Command & Staff	All	W									X
Better Opportunities for Single Soldiers	3,5	O					X				
Church Councils	3	W					X		X		
Club Beyond	3,4	W		X	X	X					
Commander's Hotline	All	O			X	X	X	X	X	X	X
Commissary Council	3,5	M					X	X	X		
Community Coordination Meetings	3,8,9	M						X			X
Community Planning Workgroups	3,8,9	Q						X			X
Community Relations Advisory Council	3,7	Q					X	X			X
Customer Climate Survey	All	O		X	X	X	X	X	X	X	X
Customer Comment Cards	All	O		X	X	X	X	X	X	X	X
DARE	2,4	O	X	X	X						
Environmental Quality Control Council	7,9	Q					X	X			X
Focus Groups/Surveys	All	S		X	X	X	X	X	X		
GREAT	2,4	O	X	X	X						
Health Promotions Council Meetings	1,3	Q					X	X	X	X	X
Human Resource Council	6,9	Q				X	X	X	X		X
IG Sensing Sessions	All	O									
Joint Action Work Group Meetings	2	Q						X			X
Kid Care	2,4	A	X	X	X	X	X				
KPT/KSPO Meetings	All	O		X	X	X	X	X	X	X	X
Leisure Needs Survey	3,5	T		X	X	X	X	X	X	X	
Master Planning Board Meetings	8,9	Q						X			X
Parent Advisory Council	4,5	M				X					
Parents and Center Staff Meetings	4,5	W				X					
Quarterly Training Briefs	1,9	Q					X	X			X
SAS & Teen Participant Survey	4,5	A		X	X					X	
School Advisory Council Meetings	4	Q				X					
School Age Services Customer Survey	4,5	A				X					
Senior Spouses Roundtable	3,4,5	Q							X		
Tactical Commander's Conferences	1,2,3,5,8	Q					X	X			X
Teen Councils	4,5	B			X						
Teen Program Participant Surveys	4,5	S			X						
Teen Symposiums	4,5	A			X						
Townhall Meetings	2,3,4,5,8	Q			X	X	X	X	X	X	
Training Resource Conferences	1,9	Q					X	X			X
Walking Patrols	2	O	X	X	X	X	X	X	X		

O – Ongoing **W** – Weekly **B** – Biweekly **M** – Monthly
Q – Quarterly **S** – Semi-annually **T** – Triennially **A** – Annually
See Figure 2.1-4 for Strategic Area Reference

Figure 3.2-1

417th BSB Customer Comment Card Process

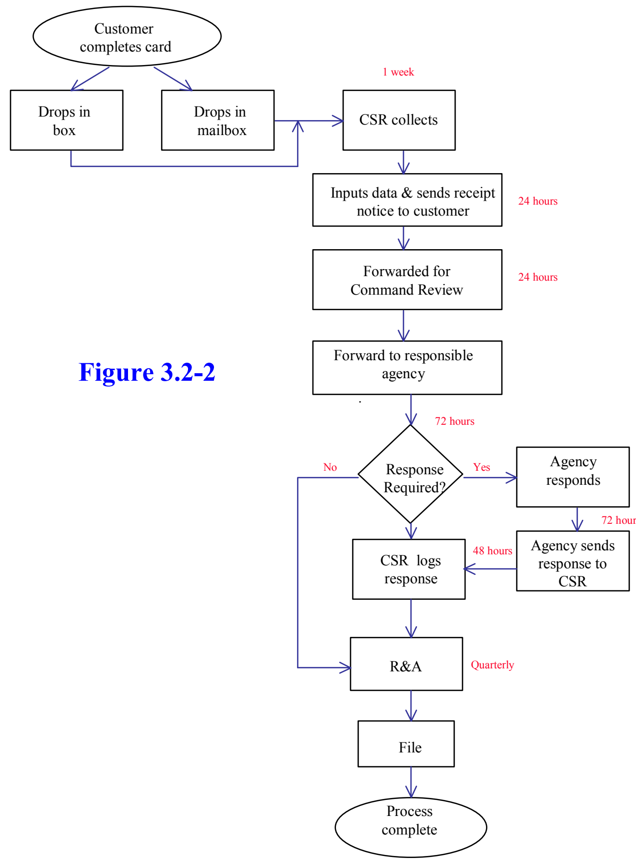


Figure 3.2-2

facilitate quick receipt and efficient processing. The 417th BSB operates a 24-hour Commander's Hotline, where any complaint can be received at any time of the day with the assurance that a response will be provided within 24 working hours of their call.

Annually, the CFC scrutinizes each of our key Customer groups and their related requirements, and determines whether feedback channels are adequate to facilitate this objective. Careful study is given to how proactive feedback channels are in soliciting feedback, and how easy it is for our Customers to provide their input. Placing our comment card on our Web Site this year is a good example of how the CFC has enhanced our Customers' ability to tell us what they think.

3.2a(2) Customer contact requirements were determined by a survey conducted in 1999, where we asked our Customers what their expectations were and developed the results into our Overarching Requirements. Our comment cards ask each Customer how well these standards, posted in all facilities, are being met. While results are analyzed on a quarterly basis by the Command Group, at the Business Results Brief (BRB) (Figure 7.1-22), more often, they are used as tools by directors and facility managers to determine what can be done to ensure they are continuously improving. For example, results indicated that the standard for a friendly and Customer-focused staff at the Housing Office was not being met at a satisfactory level. To correct this, the Housing Chief launched an intensive Customer service training campaign, which has resulted in a marked improvement in recent comment card scores for this area. Our Central Issue Facility (CIF), which consistently scores well in relation to all of our standards, received lower ratings for a clean, well-organized facility, due to aging and apparent disrepair of the physical structure itself. Interpolating data gleaned from the Comment Card Database (CCDB), a much-needed upgrade to the facility has been successfully accomplished.

3.2a(3) The 417th Base Support Battalion's complaint management processes are designed to regain Customer confidence quickly by resolving complaints at the lowest level (Figure 7.1-21), promote learning from experience and prevent reoccurrence, and to improve organizational performance.

We have a three-pronged approach to managing complaints. First, if concerns or complaints are expressed through one of our CICs (excepting comment cards), they must be addressed in our CIC checklist along with the complaint resolution or strategy for resolution should the issue not be immediately resolved. Mandatory distribution is made to the Command Group, the STAR, KPTs, KSPOs, and the CSR, who review this feedback and collectively ensure that issues are resolved in a timely manner. A second process is used when Customers express complaints through the Customer Comment Card Program (CCCP), illustrated in Figure 3.2-2. Review and analysis of comment card results is conducted at least quarterly during the BRB, but more often if trends have been noticed or if there is particular interest in a program or facility. Database reports covering comment card results and outstanding or overdue responses are made available for analysis to all levels within the organization for use as an effective tool in measuring and managing Customer feedback.

In all cases, the preferred method of complaint resolution is "on the spot." When complaints are 'informal' or addressed at the point-of-service, it is the frontline employee who is initially responsible for satisfactory resolution. With this in mind, the 417th BSB recognizes these employees as critical to the successful operation of our activities. They are APIC-trained, understanding that it is our Customer who determines quality, and that they are empowered to do what is necessary to resolve complaints immediately (Figures 7.1-21 and 7.3-9).

3.2a(4) Our CFC, with feedback from ESC and STAR, reviews annually the viability and effectiveness of our CICs in fulfilling their established purpose (Figure 3.1-5). Similarly, this committee is chartered to "create, evaluate, and improve feedback channels to the degree that it gives Customers a legitimate, meaningful way of expressing satisfaction or dissatisfaction with existing programs;" gleaning from that feedback, valuable and meaningful data which enables our managers and process owners to continuously improve their products and services. However, this is not the sole responsibility of the team. Input on recommendations to existing processes comes to the CFC from staff members, Customers, and CIC owners. If it is within the scope of their charter, the CFC team members are empowered to effect necessary changes. If the evaluation falls outside the scope of the charter, the CFC will enlist the support of the STAR and when necessary, the Command Group.

3.2b(1) The 417th Base Support Battalion maintains several methods for quantifiably gauging levels of Customer satisfaction. These methods are varied, and allow us to segment results by key Customer group, key process, and by individual activities. In addition to the CCCP, the 417th BSB conducts an ongoing Customer Satisfaction Survey (CSS) which asks our Customers to rate the quality of all activities, as well as those of our partners and suppliers. The STAR coordinates focus groups semi-annually with representatives from each key Customer group, surveying participants as to the quality of products and services identified as key requirements. Other direct measures include Complaint Resolution Rates, Customer Competitive Perception, and Rates of Positive Referral. We use several indirect measures of Customer satisfaction as well, including feedback from any of the CICs and Commander's Hotline calls.

3.2b(2) In addition to the procedures written into the CCCP and the CIC Feedback Process, the 417th Base Support Battalion employs several other methods of actively following up with our Customers on products, services, and recent transactions. These methods include surveys, point-of-service inquiries, and After Action Reports (AARs).

3.2b(3) Our CCCP also provides us with valuable information on satisfaction relative to our competitors. Our Customers are asked to rate the facility or activity on a scale of 1-5, as it relates to similar activities they have experienced within USAREUR (Figure 7.1-23). Focus group surveys ask representatives from each key Customer group to compare the 417th Base Support Battalion facilities and activities with other institutions or agencies providing similar products and services. Additionally, with the standardization of the Customer Satisfaction Survey within USAREUR, we competitively compare ourselves to our sister BSBs. Because the nature of activities on Army garrisons in the United States is very similar, the 417th BSB benchmarks Customer satisfaction data from Chief of Staff of the Army winners in the Army Communities of Excellence (ACOE) competition. With this information, our directors and managers have the platform they need to develop improvement plans for their activities and facilities.

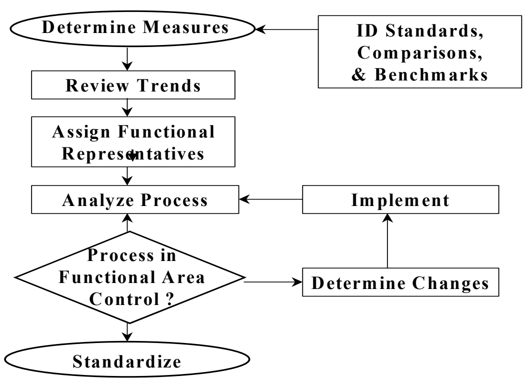
3.2b(4) The CFC has primary responsibility for the evaluation and improvement of our approach to determining our Customers' satisfaction, using the same process described in 3.2a(4) and Figure 3.1-5.

Excerpts provided by 10th Area Support Group (ASG)

4.1 Measurement of Organizational Performance. Collection and analysis of relevant data to the organization is paramount in our performance focus. Decisions based on current data are the critical basis underlying the design and implementation of our Local Area Network (LAN) based High Performance Management System (HPMS). This system is available to all personnel through the LAN and serves as a focal point for analyzing and improving the organization's performance.

4.1a(1) Effective Performance Measurement System. Our continuing focus on customer requirements, mission goals, objectives, and resource management is the basis behind our strategic plan and dictates the information and data we collect in HPMS (Figures 0.1, 2.1.5, 3.1.2, and Category 7.2). Through consistent Review and Analysis (R&A) of the data, we evaluate the success of our key processes (KP) and adjust priorities as necessary. For each of our key products/services, we have identified our customers' key requirements. To monitor our success in satisfying these requirements, we measure key aspects of customer satisfaction, such as: availability of services, timeliness, efficiency, completeness, meeting customer expectations, and delivery of the product or service. We also collect data to determine our costs and efficiency in providing the services, such as time to completion and compliance with budget restrictions. A list of our key process requirement measures is provided in Figure 6.2.1 and standards are provided in Category 7.0.

Figure 4.1.1: Trend Review and Analysis Model



The process for our Trend Review and Analysis is depicted in Figure 4.1.1. This process occurs as a breakout of the "Measure Process and Determine Standards" steps of our Process Improvement Model (Figure 6.1.2). It is a continuous process of trend analysis and monitoring measurement data key to our overall performance. Performance data is archived in our centralized HPMS, which is available throughout the Command on the LAN. Personnel at all levels have read-only access to the data to consult for day-to-day decision-making, planning activities, reviewing trends, and conducting analysis. Subject Matter Experts (SMEs) are authorized to input data into the HPMS. We regularly review our key processes and goals at various levels within the organization, with a focus on critical success factors. These scheduled reviews occur at the senior leadership, directorate, or work section level. Our monthly performance data and analysis results flows continuously both up and down within the command chain. The Executive Steering Committee (ESC) members (Figure 1.1.1) regularly identify the appropriate areas to monitor and how to reallocate resources for process improvement design based on data provided by stakeholders and through feedback. Priority areas are adjusted based on this information, analysis and leadership guidance, and continuous review.

We determine initially what data is monitored during our annual Strategic Planning Conference (SPC) and adjust those areas as necessary throughout the year to reflect current requirements. Each measure is directly linked to one or more of our Key Business Drivers (KBD) and KP (Figures 0.6 and 6.2.1). Considering current areas of interest and customer requirements (Figure 3.1.2), the Commander and senior leaders identify a subset of measures to be reviewed on a monthly basis. They also identify measures to be used to specifically evaluate our progress toward meeting the goals identified by our Human Resources Plan (HRP). We maintain data using benchmarks or standards researched and recommended by our directorates and validated by our senior leaders. We use our HPMS as an efficient and simplified means of collecting, evaluating, and sharing data throughout the Command. This tool presents data in standardized and easily understood formats and is an excellent source of information for use by anyone wanting to gain a quick review of the organization's overall performance (Category 7.0). We also incorporate other types of data in the HPMS. For example, we store the strategic plan, directorate-specific information pages, major events calendar, local community events information, command policies, self-paced training, long range goals and objectives within the HPMS to create a centralized system to monitor process performance (Figures 0.4 - 0.6, 1.1.2 – 1.1.4, 2.1.2, 2.2.1, 3.1.2, 4.1.3, and 6.2.1). Many of these other types of information and data are critical to the determination, development, and implementation of improvement options. For example, the Resource Management Director's Page has year-to-date budget information for each of the directorates. This data also contains the projected cost for many of the major improvements to be implemented throughout the year. As a result, we are able to monitor and balance the effect of various planned improvements on the overall organizational budget. We have implemented an automated tracking system using the MS-Outlook Task function. This function allows us to incorporate current action items and customer inquiries into a tracking system that prompts the action officer to provide status updates (Figure 2.2.1).

Using feedback from tools such as our Customer Needs Survey (CNS), which is assessed semi-annually (Figure 0.8), the ESC and our directors determine which of our processes areas can be benchmarked against competitors and those areas where other comparisons are more appropriate. For certain measures, such as fuel storage, there are no relevant external benchmarks or standards and we establish internal performance standards.

Whenever possible, we also compare current data to our historical trend data, which tracks our past performance. This allows us to regularly discuss and evaluate our present performance and to gauge our improvement efforts. This internal comparison is especially useful when evaluating newly implemented process changes. Based on these assessments we identify emphasis areas of improvement. We then prioritize these areas, identifying needs, resources, utilizing new technologies and instilling pride in process ownership as improvement techniques and methods.

Figure 4.1.2 Linkage of 10th ASG Key Measurements to Key Processes/Sub-Processes (Figure 6.2.1)

#	Measurements	KP #
1 - Customer Focused Measures		
7.1.1	10th ASG Customer Satisfaction Rating	2.6
7.1.2	TAQ Training for All Army JN Work Force	2.6
7.1.3	DOIM Customer Satisfaction	7
7.1.4	Quality of On-Post Recreation Services	1.4
7.1.5	Legal Assistant Client Satisfaction	1.2
7.1.6	Tax Assistant Client Satisfaction	1.2
7.1.7	Process Claims Client Satisfaction	1.2
7.1.8	Coral Cove Customer Satisfaction	1.2
7.1.9	505th Customer Satisfaction	6
7.1.10	On Hand JP8	6.6
7.1.11	On Hand JP5	6.6
7.1.12	On Hand F76	6.6
7.1.13	On Hand MUM	6.6
7.1.14	USMC Storage of JP5	6.6
7.1.15	High Priority Sample Processed	6.3
7.1.16	Community Programs	1.5
7.1.17	Family Advocacy program Training	1.5
7.1.18	Time to Resolve Software Trouble Reports	7
7.1.19	Time to Resolve Hardware Trouble Reports	7
7.1.20	Customer Service Calls	7
7.1.21	Urgent SO Completion Time	9
7.1.22	Routine SO Completion Time	9
7.1.23	Occupancy Rate	9
7.1.24	Personnel Supported	4
7.1.25	Personnel Developed	4
7.1.26	Average Work Orders Received/Completed	12
7.1.27	Vehicles Available	12
7.1.28	Soldiers and Family Members Served	1.1
2 - Financial and Market Measures		
7.2.1	OMA Funding	3.1
7.2.2	10th ASG Command Budget	3.1
7.2.3	DPW Budget	3.1
7.2.4	SOD Budget	3.1
7.2.5	JN Work Force Personnel Strength	3.2
7.2.6	DAC Personnel Strength	3.2
7.2.7	Real Property/Force Protection Activity	5
7.2.8	DLA Project Improvement Awards	9
7.2.9	DLA Project Approval Rate	9
7.2.10	Funded CAPRs	7
7.2.11	Unfunded CAPRs	7
7.2.12	Budgeted NIBD Vs Actual NIBD	3.1
7.2.13	Coral Cove NIBD	3.1
7.2.14	Outdoor Rec. NIBD	3.1
7.2.15	Humanitarian Assistance Program	13
7.2.16	Environmental Funding	10
7.2.17	Tuition Assistance	2.6
7.2.18	Commercial Sponsorship	3.1
7.2.19	Finance Management - Loans/Grants	1.5
7.2.20	Excess Fringe Items	9
7.2.21	DPW - IMPAC Credit Card Use	9
7.2.22	IMPAC Credit Card Use (Maintenance)	11
7.2.23	IMPAC Credit Card Use (Supply)	11
3 - Human Resource Measures		
7.3.1	Family Violence Incident Rate	1.5
7.3.2	Volunteer Services	1.5
7.3.3	ADAPCP Training	2.3
7.3.4	ADAPCP Test Rejections	2.3
7.3.5	DAC Cash Awards	2.1
7.3.6	JN Work Force Cash and Honorary Awards	2.1

#	Measurements	KP #
3 - Human Resource Measures (Cont.)		
7.3.7	Time to Fill Positions	3.2
7.3.8	Injure Rates	2.2
7.3.9	Average Sick Leave Usage	2.2
7.3.10	AIEP Suggestion Program	2.6
7.3.11	EO Complaints Processed	2.4
7.3.12	Trained EO Representatives	2.4
7.3.13	EEO Complaints Processing	2.4
7.3.14	Assault	1.2
7.3.15	DUI	1.2
7.3.16	Larcenies	1.2
7.3.17	Timely Presentation Soldier Awards	2.1
7.3.18	Army Personnel Testing	2.5
7.3.19	Headstart & Newcomers Program	2.5
7.3.20	Education Counseling	2.5
7.3.21	Primary Leadership Development Course	2.5
7.3.22	Functional Academic Skills Training	2.5
7.3.23	Strategic Planning Workshop for Leaders	2.6
4 - Supplier and Partner Measures		
7.4.1	O&ST days (Depot)	9
7.4.2	O&ST Days (Local)	9
7.4.3	# System Compliant	7
7.4.4	DOIM - Reportable Incidents	7
7.4.5	Dental Readiness	1.3
7.4.6	OST High Priority	11
7.4.7	OST Normal Priority	11
7.4.8	Travel Reimbursement Turnaround Time	2.9
7.4.9	Military Pay Timeliness Report	2.9
7.4.10	Delivered within 7 Days of Requests	12
7.4.11	Shipment Reaming Storage	12
5 - Organizational Effectiveness Measures		
7.5.1	Correction Testing	6.3
7.5.2	Total Samples Processed	6.3
7.5.3	JP8 Allowance Gains/Losses	6.4
7.5.4	JP5 Allowance Gains/Losses	6.4
7.5.5	F76 Allowance Gains/Losses	6.4
7.5.6	MUM Allowance Gains/Losses	6.4
7.5.7	JSDF & Army Joint Events by Army	8
7.5.8	Social Events by Army	8
7.5.9	Torii Station Chapel Attendance	1.1
7.5.10	AMV Mishaps	2.2
7.5.11	POV Mishaps	2.2
7.5.12	ISR Quantity of Facilities	9
7.5.13	ISR Quality of Facilities	9
7.5.14	Environmental Compliance	10
7.5.15	Physical Fitness Qualification	4
7.5.16	Weapons Qualification	4
7.5.17	On-Time NCOER Processing	2.9
7.5.18	On-Time OER Processing	2.9
7.5.19	Physical Security Inspections	5
7.5.20	Days to Compete Article 15 Actions	1.2
7.5.21	Days to Complete Chapter Actions	1.2
7.5.22	CIF Lines Filled	11
7.5.23	Backorder of Work Order Over 30 Days	12
7.5.24	Turn Around Time within 30 Days	12
7.5.25	5.56ball and 7.62linked	4
7.5.26	M9/40M Class V Usage	4
7.5.27	ASL On Hand Balance	11
7.5.28	ASL Zero Balance w/Due Outs	11
7.5.29	Transition Assistance Program	2.7

Directorate and key process (Figure 6.2.1) owners identify competitors that provide like products and services, or those who have earned the "best in class" distinction. A competitor can be another Army unit that has won a mission specific competition related to one of our key processes or an installation that has received an overall quality award. We are very proud to have been recognized as the winner of several such awards, as listed in Figure 0.7 of the Overview. Where appropriate, we select private world-class industry standards as sources of comparative data.

For our products and services that compete with other similar offerings in the immediate geographic area, such as our Directorate of Community Activities (DCA) facilities and services or our tax center, we measure our performance against our sister services on island. One example is the offering of tax services at our Tax Assistance Center, compared to our better resourced and staffed sister services, we service a significantly higher percentage of our eligible clientele (Figure 7.1.6). Scuba diving equipment is a very competitive market on Okinawa. Our Scuba Locker periodically surveys the other services' dive shops for comparable pricing. Using their price averages, we then try to meet or beat our competitors' prices for equipment and services.

Once we identify a valid comparison source, we enter the comparison into our HPMS along with our own key measurement data (Figure 4.1.2). This allows us to continuously compare our performance against selected comparative data. Using data collected from the chosen competitor, we identify interim stretch targets and objectives for process improvement. These targets provide continuous, immediate trend gauges of comparative data as we input our current performance data (Category 7.0).

When we conduct R&A meeting or other progress reviews, we have current and accurate information readily available for analysis and decision making. It is important that we ask the right questions in developing our measurements to assure their reliability and effectiveness (Figure 4.1.3).

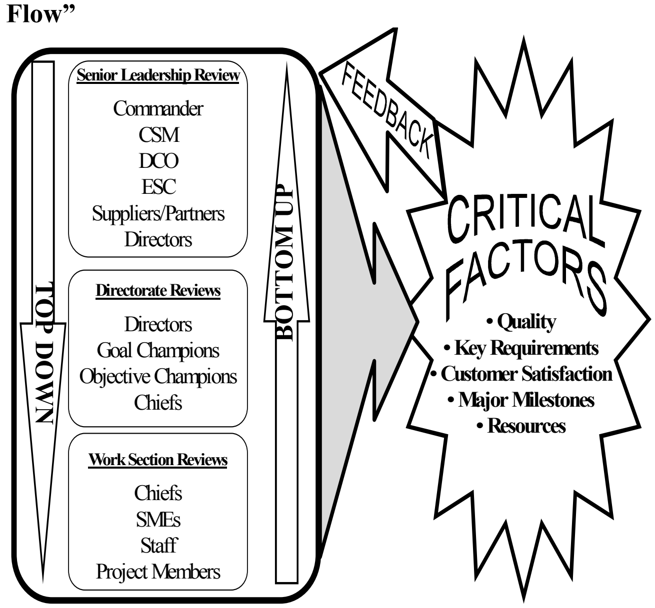
Figure 4.1.3: Identifying and Validating Measurements
✔ Describe the activities of the process
✔ Where will inputs come from
✔ What resources are used to perform the process
✔ What problems may occur in performing the process
✔ What are the opportunities, cost, quality, responsiveness
✔ How will data be collected and who will be responsible

4.1a(2) Keeping Our Performance Measurement System Current. During our annual SPC, we jointly review goals and processes and assess whether we are tracking the appropriate data and information in our HPMS. Throughout the year we use the approach of Figure 4.1.4 to ensure a continuous review cycle of customer requirements, satisfaction against our strategic goals, and continued relevancy of data measurements.

During our process review, we evaluate our goals, plans, performance shortfalls, and pending changes. This allows us to continuously assess and reassess our progress to meet our goals and objectives under the current plan and discuss needed alterations or changes to accommodate changing business requirements. New objectives are established and assigned as necessary. Once objectives are established, we identify new performance measures to monitor our progress toward accomplishing the goal. Goal Champions and senior leaders may then recommend to the Commander, based on analysis, appropriate measures to be added to, or deleted from, the list of measures reviewed on a monthly basis.

During our ESC meetings, we review and discuss competitor information, data measures, and stretch targets. Using information gained from the "top-down and bottom-up information flow", we are able to discuss the effectiveness of our approach to continuous improvement with current data immediately available.

Figure 4.1.4: "Top Down / Bottom Up Information Flow"



When changing conditions or requirements necessitate designing new processes or improving current processes, we begin anew seeking performance measures and competitor identification. Managing change has become an essential business reality. We manage this reality by searching for best practices, innovative ideas, and highly effective operating procedures. Our experience has shown that it makes good sense to learn from the lessons of others. To this end, Figure 4.1.5 shows how we purposely set out to obtain key information from superior performers.

Figure 4.1.5: Managing Change and Innovation

Less complex changes are discussed and approved during monthly R&A meetings and staff meetings while major changes are addressed at the off-site SPC. Plans and measures are then updated to reflect the changes. Once new key measures are established and a comparative data source identified, the cycle returns to continued analysis and review of feedback (Figure 4.1.2).

During our annual SPC we also assess the usefulness and effectiveness of our current HPMS. Information gathered from users of the system allows suggested changes to be considered for implementation. A plan to test and implement the modifications is put in place. Users are given the opportunity to test out the new changes. After successful completion of the test phase, the new changes are reviewed for practicality and implementation.

Excerpts from Fort McCoy

5.0 HUMAN RESOURCE FOCUS
5.1 Work Systems
5.1a Work Systems
5.1a(1) Work and Jobs Management
Work and jobs at Fort McCoy are organized and managed around four business centers (Figure *iii)* and by production and delivery processes (Figure 6.1.3). This approach promotes cooperation, initiative, innovation, flexibility, and reinforces organizational culture. The Strategic Planning Process has a built-in mechanism to review and improve this approach. The business center concept provides vertical and horizontal alignment that facilitates communication and knowledge/skill sharing across organizations and work units as follows:

- Fostering communication by Encouraging employees to serve on a variety of committees
- Sharing information on the FMCN, Command Channel TV6, and the Triad,)
- Posting information on Bulletin boards
- Dialing the Commander's Boss Line
- Attending Commanders Work force Briefing
- Using open door policies
- Participating in Cross functional Quality Management Structure
- Reading Command/Staff meeting notes and E - Staff
- Accessing common use area computers in each business center

5.1a(2) Employee Motivation & Development
Fort McCoy's approach to motivating employees to develop and utilize their full potential is a cooperative effort between supervisor and employee. Supervisors work in concert with employees to develop job- and career-related learning objectives, considering mission needs, expected turnover, and other organizational strategic initiatives. Training and development options are outlined in Individual Development Plans (IDPs) by which supervisors and employees plan, prioritize, and determine how best to achieve respective goals and objectives. Common needs training may be accomplished at the directorate or installation level provided by various organizations including: Safety, EEO, and CPAC. Employees attend courses such as: Hazardous Material (HAZMAT), Prevention of Sexual Harassment (POSH), Delegated Classification Authority, Safety training, Retirement Seminars, Modern Defense Civilian Personnel Data System training, and Basic Labor Relations. Employees are encouraged to reach their full potential by participating in enterprise-driven initiatives such as: APIC training, participation in ACOE, ACOE down-select activities at various levels, and Commercial Activity-related training. In addition, training is provided to administrative points of contact and supervisors on the correct procedures for preparing Occupational Worker Compensation Program claims.

5.1a(3) Performance Management System
Performance management evaluation systems include the Total Army Performance Evaluation System (TAPES), Commissioned and Non-Commissioned Officer Evaluation Record (OER, NCOER), and Non-Appropriated Fund Performance Appraisal. These provide supervisors and employees a means to communicate responsibilities, expectations, and performance based on customer focus, and system strategies accomplishment. Supervisors are required to meet with employees at least twice annually to chart the course based on strategic direction, and provide employees with feedback. Evaluation results frequently lead to promotions, formal training assignments, and monetary and honorary awards that support and reinforce high performance.

Fort McCoy uses a decentralized approach to recognize high performing individuals, teams and units. This approach is deployed to the Operational level and supports achieving desired organizational results. Award justifications are aligned to Fort McCoy's management to Army Performance Improvement Criteria principles. The awards process includes nomination, review, approval and presentation.

Non-Fort McCoy awards are addressed with a system strategy (Figure 2.1.2, pg. 8).

Certificates of Appreciation, length of service, time-off awards/military passes and team awards are examples of non-monetary incentives for recognition of work accomplishments. Quality Step Increases and performance awards are available as additional motivation for exceptional performance. The Army Ideas for Excellence Program (AIEP) provides an opportunity for employees to receive compensation for individual initiatives. Rewards for adopted suggestions include a percentage of the cost savings as well as non-monetary benefits. A list of adopted suggestions is submitted by AIEP staff and published semi-annually in the Triad thereby providing employee recognition.

5.1a(4) Succession Planning
Succession planning is programmed in accordance with Army and Office of Personnel Management (OPM) guidance. Succession planning includes: Detailed assignments, job rotation, temporary promotions, position management, developmental assignments, trainee positions, as well as assignments to special projects, such as the organizational self-assessment team and ACOE examiner opportunities. Federal intern programs and Army Civilian Training, Education, and Development System provide opportunities to develop employee career paths.

5.1a(5) Recruiting, Hiring and Retaining New Employees
In accordance with position requirements, supervisors review position descriptions for job re-engineering aligned to achieve strategic goals and objectives. First-line supervisors assess the Knowledge, Skills and Abilities of potential employees to complement requirements of the position. Supervisors screen applicants through interviews, supervisory reference checks, and/or background investigations. System strategies and new technologies considered for implementation result in human resource considerations in job description and position requirement revisions.

When recruiting for vacancies, every effort is made to reach applicants through hard-copy mailing, local job service, Internet posting, newspaper ads, and job fairs. The largest distribution of job announcements occurs through SpectraFAX, which has a worldwide reach to approximately 800 Army Reserve units weekly. A special effort is made to reach minority groups in the local communities by providing the announcements to local job service agencies, Veterans Assistance Center, Department of Veterans Affairs, Hmong Mutual Assistance Society, the Ho Chunk Nation's Department of Labor and their Work Experience Program, and the Private Industry Council with a goal to continually have a diverse work force that mirrors the surrounding communities. Applicants may apply and check their status through automated on-line systems. The Civilian Personnel Operations Center (CPOC) evaluates applications and forwards a list of best-qualified applicants to selecting officials. The approach to hiring new employees varies, depending upon the types and level of skills required for the position. The individual with the greatest skills required by the position is selected.

Fort McCoy offers a challenging, yet rewarding work environment. Retention of personnel is accomplished through a system of succession planning; career development; performance-based awards; retention bonuses; salary adjustments; and leave, health and retirement benefits thus stimulating a higher quality of life and work environment.

5.2 Employee Education, Training, & Development
5.2.a Employee Education, Training, & Development
5.2a(1) Education and Training to Achieve System Strategies
Based on long-standing needs, Fort McCoy recently conducted a Human Resource SWOT assessment relative to re-developing and implementing a comprehensive human resources management plan. Results of this analysis identified three strategic issues:

- Identify the organization's human resource requirements
- Retain and motivate the civilian work force
- Provide effective training opportunities, enhancing employee skills to compete in today's business environment, considering organizational culture and currency with business needs.

These issues have been formulated into enterprise goals, business objectives and operational taskings. The goals have been inserted into the Functional Operating Plan for action and periodic review (Category 2.2a(3) and Figures 7.3.8, 7.3.9, and 7.3.10).

The education and training of the work force contribute to achievement of Fort McCoy's mission, primarily within the functional areas. IDPs are accomplished in conjunction with annual performance rating schedules. Within the IDP, managers and employees identify skills required to accomplish annual objectives and training necessary to advance in their career fields, critical to personal development and achievement of strategic goals (Figure 2.1.2, pg. 8).

Resources then are aligned to maximize the return on investment in promoting achievement of system strategies. As strategic environmental business scans occur, or as other opportunities or challenges arise, education and training requirements are adjusted.

5.2a(2) Employee and Manager Input
Fort McCoy uses performance management systems and IDPs to seek and use input from employees and their supervisors/managers concerning education and training needs, expectations, and design. On a semi-annual basis, each employee is counseled on their role and responsibility in contributing to the mission(s). By aligning roles and responsibilities to annual performance objectives, Fort McCoy ensures integration of input to personal and strategic goals.

5.2a(3) Keep Education and Training Current with Organizational Needs
By aligning education and training requirements to mission, roles and responsibilities, Fort McCoy continues to develop and deploy critical skills necessary to promote success. On a triennial basis, senior leaders complete a SWOT analysis (Figure 2.1.3). This analysis considers the potential impact of the work environment related to mission success. An annual review of current and future projects determines education and training requirements. Changes affecting technology, safety, leadership, performance measurement and diversity are factored into education and training requirements. IDPs and performance evaluations are designed to support and align training with the organizations' Strategic Goals.

5.2a(4) Education and Training Delivery
The diversity of approaches to delivering education and training varies, as shown in Figure 5.2.2 (a snap-shot of some of the training provided). Supervisors evaluate the effectiveness of training on a recurring basis by reviewing employee performance and providing feedback. Performance appraisals and verbal feedback are tools to measure and evaluate the effectiveness of the training delivery.

5.2a(5) Reinforce knowledge and skills
On-the-job performance is the primary tool for evaluating and reinforcing knowledge and skills gained by employees. Supervisors evaluate the effectiveness of training on a recurring basis by evaluating employee performance and providing feedback. Professional development of individuals and groups is further enhanced by the sharing of information within teams and among members of the work force. Providing training to individuals who immediately apply the new skills to the job enhances reinforcement and retention. Assignment to the Centurion Team is an example of knowledge and skill reinforcement at Fort McCoy. The team is a cross-functional group of APIC-trained personnel. Upon completion of APIC training, personnel are assigned to the Centurion Team for three years. The team researches and writes the organizational self-assessment using their recently acquired APIC skills. This assignment encourages professional growth along with the opportunity to become more intimately involved in the organization's operation. Upon completion of the three-year assignment, Centurions continue involvement in quality management structure organizations and special projects. Additionally, cross-training and train-the-trainer programs are used across the organization. These strategies reinforce skills, with co-workers providing instruction and developing the skills of others.

5.3 Employee Well-Being and Satisfaction
5.3a Work Environment
Fort McCoy's approach to improve work place health, safety, and ergonomics is a shared responsibility. Assistance from the EEO Office, CPAC, AFGE Local 1882, Safety Office, Occupational Health Nursing Office, Army Substance Abuse Prevention Program, and protective services, helps maintain a safe and healthy work environment. Based on employee and customer feedback, most garrison buildings have been renovated with better lighting, heating, cooling, fire protection, etc., for the comfort of the work force.

The Safety Office Web page on the FMCN is available for all employees for reference. The Web page contains information on various health and safety topics.

In addition, the Fort McCoy Police department issues weather warnings via e-mail and the FMCN. An early-warning system is in place to notify the installation population in the event of emergencies.

Employees are encouraged to identify safety and/or health issues and report them to their supervisor or make direct contact with the Safety Office. Upon notification, a Safety Office employee evaluates the issue and makes recommendations for improvement. The Safety Office is responsible for collecting data on accidents and injuries for analysis. Based on this analysis, safety programs are developed and implemented. Ergonomic assistance and training is available through the Safety Office, along with samples of ergonomic and safety equipment for the prevention of, and education in repetitive-motion injuries.

The Safety Office has numerous operational measures for health, safety, and ergonomics targeted to reduce accident rates. The environmental factors of health, safety, and ergonomics are targeted to reduce accident rates. Safety Office accident goals are set to reduce the number of lost-time personnel accidents per 1,000 employees by five per cent each fiscal year and reduce the number of non-lost-time personnel accidents per 1,000 employees by eight per cent each fiscal year. Varying work environments for employee and customer groups consist of industrial, construction and administrative areas.

A work place violence prevention team was established to address issues threatening the safety and well-being of the total work force. To ensure a non-hostile work environment, Violence in the Work place training is held periodically and POSH training is held annually, with all employees required to attend. Supervisory involvement ensures work place etiquette addresses sensitivity to diversity issues.

5.3b Employee Support Climate
5.3b(1) Key Factors in Employee Well-Being, Satisfaction and Motivation
Fort McCoy determines the key factors that affect employee well-being, satisfaction and motivation, consistent with the HRMP, by reviewing:

- The Human Resource SWOT Survey
- Personnel evaluation reports
- Trends in grievances
- Absenteeism/sick leave records
- Leave-without-pay reports
- Workers compensation reports
- Complaint resolution
- Work place safety
- Ergonomic issues

Feedback on well-being, satisfaction and motivation is gathered through a number of avenues such as:

- Formal evaluation processes
- Mentoring
- EO/EEO Complaints
- Labor relations contacts, Safety Office issues
- Occupational Health Nursing Office (OHNO) visits
- Industrial Hygienist Support requests
- Inspector General complaints
- Human Resource SWOT results
- Army Wide Civilian Personnel Attitude Survey
- Leisure Needs Survey (LNS)

Segmentation of key factors is by work force category and type of employee, which include the following:

- Bargaining/non-bargaining
- Officers/enlisted
- Full-time/seasonal/part-time/intermittent
- Government/non-government (contractors)
- White collar/blue collar
- Non Appropriated Fund/Appropriated Fund
- Age groups
- Supervisory/non-supervisory
- Military/civilian
- Gender/race/creed/national origin

5.3b(2) Supporting Employees Through Services, Benefits, and Policies

Fort McCoy's approach to support employees through services, benefits, and policies goes beyond the standard federal benefits of insurance, annual/sick leave, and retirement. Enhancements include the following plus those listed in Figure 5.3.1.

- Flexible work schedules to meet employee needs
- A share in savings when suggestions are adopted through the AIEP
- Food facilities to accommodate the work force and customers
- Future planning for building a new commissary/post exchange facility and new or upgraded housing units
- Child and Youth Services
- Family Friendly Leave Act
- Leave Transfer Program

Fort McCoy's approach to identifying the needs of its diverse work force is addressed through the Human Resources Survey analysis (Figures 7.3.8, 7.3.9, and 7.3.10). The LNS is another tool used to collect data to select, enhance, and implement improvements to employee well-being processes. Tailoring of benefits and services to the diverse work force is shown in Figure 5.3.1. The SBP addresses employee wellness and satisfaction (which includes work place violence, work place quality lighting, heating, furniture, environmental safeguards, ergonomics,

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healthcare, benefits counseling, safety equipment, etc.). The CPRS is the tool for review and analysis of the employee satisfaction performance measure (Figures 7.3.1-7.3.4). The Human Resource Handbook provides essential human resource information in a Web-based format. The format is designed to combine general human resource information (OPM, DoD, DA, and higher Headquarters) with Fort McCoy-specific guidance at one Web location. The CPAC ensures managers, supervisors, and employees have the most current and specific information available to them through the FMCN. The Handbook addresses the following topics:

- New Employee Orientation
- Employee Safety, Health, Wellness
- Benefits
- Leave Administration
- Performance Management
- Incentive Awards Program
- CPAC Labor Relations
- Position Management and Classification
- Recruitment Process
- Human Resource Development
- Processing Requests for Personnel Actions
- Teams
- Death of an Employee

To further promote health and well being, an annual "Wellness Fair" is held for the Fort McCoy community to learn about health issues. Numerous vendor displays highlight different aspects of wellness to include nutrition and fitness/health checks (blood pressure, body fat, cholesterol, and pulmonary function tests).

5.3b(4) Identifying Priorities for Improving the Work Environment and Employee Support Climate

The quarterly CPRS is the approach used to relate key business results and identify priorities for improving the work environment and employee support climate. Priorities normally are developed through existing committees, such as the ESC, QL-QMB, etc. Fort McCoy employs a variety of methods to address work environment and employee support climate needs such as:

- Town Hall meetings to keep employees informed
- Weekly updates during critical times (Such as A-76, Threatcons, etc.)
- FMCN Information
- Triad Express and other special messages via e-mail
- Army Community Services Programs access (ACS)
- Chaplains Counseling Services
- Labor Relations and AFGE Local 1882 representation
- EO/EEO
- Housing Community Town Hall meetings
- Leisure Needs Survey (LNS)

Training

Category	Training Topic	Delivery Method							Initiated By					
		Periodical/Books	Classroom	Correspondence	Automation Web-Based	Video	On the Job Training	Satellite	Individual	Supervisor Manager	Career Path	Performance Evaluation	Certification Requirements	Other
New Employee Development	New Employee Orientation						●			●				
	Employee Assistance	●	●						●	●				
	Basic Computer	●	●		●		●		●	●		●		
	Work Place Violence		●						●	●				●
	HAZMAT		●		●				●	●	●	●		●
Leadership & Team Building Basic through Advanced	Team Building	●	●			●	●		●	●				
	Leadership Development	●	●	●	●		●		●	●	●	●		
	Coaching/Mentoring	●	●			●	●			●	●			
	Managing Multiple Projects		●		●				●	●		●		
	Action Officer Course			●					●	●				
	Manager Development		●						●	●				
	Army Management Staff College		●	●					●	●	●			
	Labor Relations & EEO for Executives		●						●	●	●	●		
Quality Program	Benchmarking	●						●		●				
	Army Performance Improvement Criteria (APIC)	●	●						●	●				
	Total Army Quality	●	●			●	●		●	●				
Personal Development or Specialized Need	College Degree Programs		●	●	●	●		●	●		●			
	Retirement Planning		●		●				●					●
	Information Management Officer (IMO) Training	●	●	●	●	●	●	●	●	●		●	●	●
	Cross-Training		●		●		●		●	●				●
	Commercial Activities (A76)		●		●		●		●	●				●
	Professional Military Education	●	●	●					●	●	●	●		

Figure 5.2.2

Services Offered

Programs	Services Provided	Available to: Military (M) Civilian (C) Both (B)
Bowling Center	Recreation	**B**
Club System (McCoy's) and Catering	Entertainment/Food	**B**
Whitetail Ridge (Winter Activities)	Recreation	**B**
Pine View Lake and Picnic Area/Campground/Golf	Recreation/Outdoor-Water Sports	**B**
Post Library	Books, Tapes, PCs, Research Tools	**B**
Car Wash/Auto Craft Center	Self-Help/Skills Development	**B**
Arts &Crafts/Frame Shop	Skills Development	**B**
Fitness Center/Pool	Health/Aerobics/Recreation	**B**
Exercise Tracks	Walking/Jogging	**B**
Equipment Rental/Checkout	Self-Help	**B**
Post Exchange/Commissary	Family Support	**M**
Education/Learning Center (college on site)	Education/Self-Development	**B**
Child and Youth Services	Child Care/Youth Programs	**B**
American Red Cross	Numerous & Varied Services	**B**
Army Emergency Relief	Financial Aid	**B**
Chapel Center	Spiritual Care	**B**
Family Support Groups	Problem Solving	**B**
Employee Assistance/Readiness Programs	Counseling	**B**
Resource Info/Job Search/Career Counseling/Private Sector Job Bank	Information	**B**
Financial Readiness Prevention Education/Mandatory Training/Financial Counseling/Debt Liquidation Assistance/Consumer Advocacy/Consumer Complaint Resolution	Counseling	**M**
Leave Donations	Donated Sick Leave	**C**
Legal Assistance	Legal Advice	**B**
Mobilization and Deployment Family Assistance Plan/Pre-deployment/Deployment and Post-deployment or Mobilization & SSO Assistance/Unit Rear Detachment/Family Support Groups/Operations R.E.A.D.Y.	Readiness	**M**
Relocation Readiness Relocation Counseling/Pre-Arrival Information/ Mandatory Overseas Orientation/Reentry Workshops/ Special Workshops Or Support Group Sessions/Post-Move Newcomer Orientation/Services to Multi-Cultural Families/Sponsorship Support	Information	**B**
Occupational Health Nursing Office (OHNO)	Free Flu Shots/Medical Referrals	**C**
Service Station	Self-Help	**M**
Special Emphasis Program	Recognize Diversity	**B**
Soldier and Family Readiness Family Advocacy Prevention/Shelter and Respite Care/ Transitional Compensation for Abused Dependents/ Foster Care/Exceptional Family Member Program/ Outreach Services/ Community Life Mayoral Program	Information	**M**
Troop Medical Clinic (TMC)	Medical Services	**M**

Figure 5.3.1

Excerpts by Rock Island Arsenal (RIA)
Please note that Category 6 criteria for 2003 has substantial changes from previous years.
This excerpt addresses the Category 6 criteria from the 2002 APIC.

6.1 Product and Service Processes

6.0 Process Management

6.1 Product & Service Processes.

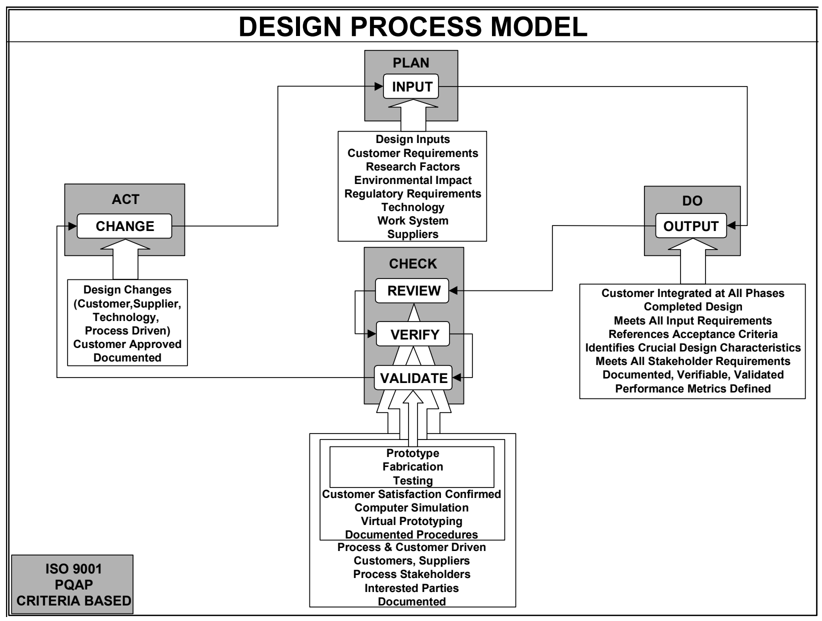
6.1a Design Processes. When a customer wants to buy an RIA product (e.g., artillery, spare parts, tools), they submit a request for cost estimate. This request usually comes with a technical data package/specifications describing item requirements in detail. The request is evaluated to decide if the customer's design and/or production work can be done, and if so, how much it will cost.

6.1a(1) When new product design is involved, the Engineering Services Directorate leads a project to translate customer requirements into production drawings from which RIA will manufacture the end product. The design process is modeled on the ISO 9001 design steps of input, output, review, verification, validation, and change (Fig. 6.1.1). Cross-functional teams of engineers, process and quality planners, and methods and shop personnel, as needed, are formed to concurrently develop customized designs and the efficient processes required to produce them. Computer aided design (CAD) technology may be utilized to facilitate/expedite the design process, and once complete, an automated Technical Data Mgt. (TDM) module is used to release production technical data to appropriate organizations. From technical drawings, planners create manufacturing, inspection, and packaging processes to make, control, accept, and protect component parts/ assemblies. Process developers work with shop personnel, utilizing their valuable input to develop clear/complete work instructions detailing the sequence of production and inspection operations for a particular customer order. For support services, see par. 6.2b(1).

6.1a(2) Changing customer requirements, identified by RIA during the request for estimate process (par. 3.1a(2)) or during In-Process Reviews held with customers, are addressed early on during the design development phase of the design process (Fig. 6.1.1). Changes made in response to changing requirements may include changes to designs, processes, materials, machines/equipment, quality requirements, warranty periods, and/or existing technologies.

By soliciting customers for changing or unique requirements up-front, RIA can properly plan to ensure customers will be satisfied with end products/services (see par. 3.1a(2) and 6.1a(3) for more examples). RIA also attempts to meet new or changed customer requirements in response to feedback received once a production order has been initiated (see par. 6.1b(5)).

6.1a(3) RIA also evaluates needs for new or improved technology, including e-technology, in response to changing requirements and technological advancements in the marketplace. When RIA doesn't have appropriate technology to meet new or changing customer requirements, RIA evaluates whether new or modified machinery/equipment would be cost effective. [Evaluation and purchases of new equipment is managed by the Capital Investment Program (CIP)]. Quality/manufacturing technology expositions are attended, visits are made to non-competitive companies to benchmark capabilities (e.g., Boeing, Litton, and John Deere to review SPC systems and related technologies), personal memberships are maintained in professional societies, and web sites and professional magazines are reviewed to seek out cutting edge machinery/equipment, software, and/or methods.



Furthermore, RIA has partnered with the Center for Manufacturing Regional Economic Development (CMRED). This allows RIA, local and regional businesses, and academia to work together to promote technology exchanges, benefiting all involved. Examples of new technology implemented as a result of surveying techniques/partnerships include a Flexible Robotic Arc Welding System, a FARO Arm (reverse engineering), a Rapid Prototyping Machine, and advanced SPC software. In addition, RIA has designed/developed its own "leap-ahead" technologies. Examples include Hydraulic Artillery Simulators.

6.1a(4) As addressed in par. 6.1a(1), when new product design is required, cross-functional teams are formed to develop the design. This process involves all applicable stakeholders up-front, and consequently ensures that all appropriate data are considered. Use of CAD technology has further enhanced design quality and reduced process cycle time.

Design documents are also reviewed by all appropriate stakeholders prior to their release to ensure they meet design input requirements, contain or make reference to acceptance criteria, and identify characteristics of the design that are crucial to safe and proper functioning of the product. Once the design has been reviewed, it may be verified against similar, proven designs, if available, and ultimately validated through testing of the end product. Any required design changes are then incorporated and the design process model cycles again.

6.1a(5) Customer requirements, process metrics, and a preventive approach to meeting/exceeding standards are routinely used during the design, development, and execution phases at RIA. Before production begins on an item not previously manufactured, engineers and process/quality planners determine which item characteristics are most critical to meeting customer requirements, and therefore most important to monitor/control. Process planners develop a process control plan (PCP) to monitor and control the production of each of these characteristics. RIA extensively uses SPC, a continuous improvement plan, and lessons learned to prevent defects and minimize variation. Manufacturing is able to control special processes by rigorously adhering to process instructions or indirect parameter controls. A Prototype Manufacturing Facility tests proposed manufacturing processes and determines whether or not parts can be successfully and economically produced to proposed designs

6.1a(6) RIA uses several methods, modeled by the plan-do-check-act cycle, to review/test products, services, and process designs. Planners develop manufacturing processes based on professional knowledge and archived, similar plans, using input from process users and industrial partners. At initial usage, operators implement process capability studies to verify the written process can be used "as-is" to consistently make good parts. They also verify tools and equipment necessary to perform the job are available and all dimensional requirements can be met. If there are problems, the operator notifies the planner real-time through "redlining" (electronically online). See also par. 6.1a(5). For support services, see par. 6.2b(4-5).`

Best practice technologies include:

♦CAD/CAM (Computer Aided Design /Manufacturing). RIA's prototyping capability is facilitated/expedited using this technology.

♦Predictive Machine Maintenance. Equipment is monitored using state-of-the-art systems which signal needed repairs/adjustments prior to products/processes being affected.

♦Test Simulation Facility. Firing is simulated without use of live ammunition, resulting in reduced costs, quicker turn-around time, and timely corrective action. This designed system is being exported to other Government facilities.

6.1b Production/Delivery Processes. RIA's mission is supported through application of a process

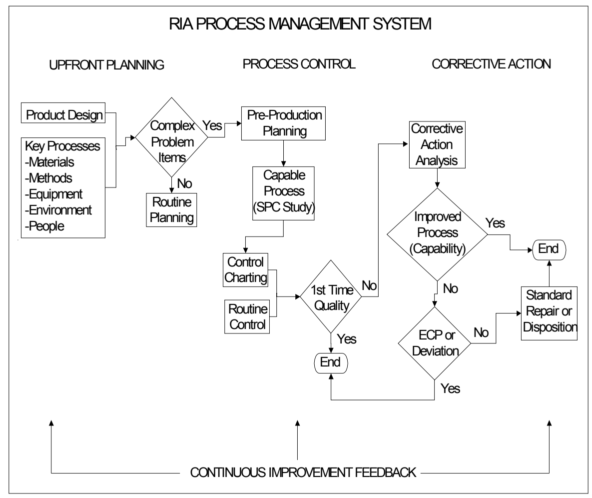


Figure 6.1.2. RIA Process Management System.

management system composed of planning, systems support, process control, corrective action, and feedback (Fig. 6.1.2). This system provides a continuous evaluation of process performance and essential feedback required to maintain customer design requirements.

6.1b(1) RIA's key production/delivery processes are identified in Fig. 6.1.3 and Fig. 1.0. A process measurement plan for each product/service is constructed to identify critical process points and provide verification of meeting customer requirements, centered around cost, quality, and timeliness. Fig. 6.1.4 describes specific mechanisms used by RIA's process management (Fig. 6.1.2) and data collection systems (Fig.s 4.1.1 and 4.1.2). RIA's key process management principles are: 1) Improve producibility through simplifying product/ process designs; 2) Build-in quality up-front through process/quality planning, utilizing customer input; 3) Focus on preventing defects through use of up-front training, SPC, lessons learned, and internal/external customer feedback; and 4) Use statistical techniques to reduce process variation/improve quality, reduce costs, and shorten process cycle times.

6.1b(2) A primary element of RIA's process control system is configuration management.
Engineering Change Proposals, Technical Data Releases, specific manufacturing revisions, change requests, and other configuration management controls ensure customer requirements are met at every step of design and manufacture. Additionally, implementation of SPC techniques in support of the manufacturing mission, with almost 2,300 characteristics monitored to date, facilitates control and improvement of production and administrative processes. RIA's SPC program has evolved significantly to state-of-the-art levels, and was recognized by a U.S. Navy sponsored survey team as a Best Manufacturing Practice. The program includes real-time analysis by the operator at the machine to control process variation by eliminating problems as they occur. Our process surveillance program verifies and improves process performance in manufacturing through daily audits of production operations. These audits help ensure that process instructions are followed and technical and customer requirements are met. Audit findings are referred to process owners for corrective action. Data generated through audits is also reviewed at the QSR. Support services are measured to assess operational performance, determine areas for improvement, effect process improvement, and achieve optimum performance. Every organization at RIA documents systems/processes in the form of work procedures (i.e., regulations, SOPs, desk procedures, etc.). These procedures are reviewed and concurred with by all process owners prior to implementation. Employees are trained up-front to ensure the procedures are understood.

6.1b(3) Key measures used to control/improve RIA's product/service processes are summarized in Fig. 1.0 (page 1), and include indicators such as productivity; process capability (SPC); efficiency; utilization; acceptance rate; scrap/rework/repair costs; manufacturing quality costs; percent on-time/average late; receipts/shipments on time; performance against budget; safety performance; audit findings; and customer satisfaction survey results/feedback, to name a few. When in-process measures reflect unfavorable trends or customer complaints or negative feedback is received (e.g., Quality Deficiency Reports), the corrective action module of RIA's process management system is employed to halt and reverse the trends and/or correct the cause of the customer's dissatisfaction.

Key Production/Delivery Processes	RIA KEY AREAS	
	Industrial	Base Operations
Customer requirements review/Design development	X	X
Planning	X	X
Production	X	
Assembly	X	
Packaging	X	
Delivery/Shipping	X	X
Customer feedback review	X	X

6.1b(4) As stated in par. 6.1a(5), process planners develop PCPs to monitor/control production characteristics. PCPs provide detailed information regarding process characteristics to be controlled and the specific control methods to be utilized; i.e., Product Assurance (inspection), Dimensional Control (inspection and documentation), or SPC (control charting). The PCP also specifies who will perform the inspection and the sampling frequency to be used. As mentioned previously, a primary objective of RIA's process management system is to prevent defects from occurring in the first place, thus, minimizing costs associated with scrap, repair, and rework. The use of SPC/sampling plans within this system minimizes overall costs associated with inspection. Our process surveillance program (par. 6.1b(2)) also helps to reduce product non-conformances and related costs by ensuring operators/inspectors have and are using correct/accurate information, equipment, etc.

6.1b(5) RIA closely monitors relevant output data to determine the success of design and manufacturing processes. Data may include SPC information, inspection results, cycle time data, customer feedback, etc. Several methods are employed to review output data and develop change proposals/requests for either individual operations or entire operating systems; e.g., system change requests, "Redlining" (real-time, internal customer feedback), SPC chart analyses, etc. The underlying goal is to incorporate process performance improvements related to quality, cost, and timeliness whenever and wherever possible. As production/improvement projects proceed, in-process reviews are held to discuss project implementation status. During reviews, customer requirements are addressed, with direct input from customers as appropriate, ensuring design/production process outputs remain acceptable. For example, during production of the Forward Repair System, RIA held frequent meetings with customers to review product/process designs, incorporate improvements, and reduce costs, resulting in improved customer satisfaction.

The process management system provides continuous inter-linked product and service performance feedback from the following records/reports: Inspection & Test, Laboratory Test, First Article Test, Simulation Test, and Process/Product Audit. The use of improvement teams, challenge goals, and our commitment to training, create a sustained level of continual improvement at RIA. Examples follow:

♦Contact Maintenance Truck Heavy (CMTH). RIA implemented numerous design and process improvements due to customer input, design modeling, and comparative analysis.
♦Fabrivision Inspection Machine. RIA procured a machine to perform two-dimensional inspections of critical characteristics. Used in conjunction with computerized, interactive production equipment, this enhancement has led to reduced set-up costs, part moves, and scrap/rework, and increased quality/efficiency.

When RIA successfully implements a process or product/service improvement, information is shared with other potential users, both internal and external, so they too may benefit. An example of information sharing is the historical files related to process plans and SPC analyses. These files are referred to by planners, SPC personnel, production control staff, operators, etc., when developing/revising processes, verifying process improvements made as a result of SPC, determining which machines are most capable of producing conforming products, identifying what problems and related improvements were made during previous process runs, etc.

MEASUREMENT PLANS	DATA SUPPORT SYSTEMS	CONTROL TECHNIQUES	FEEDBACK MECHANISMS	CORRECTIVE ACTION
Process Control Plans	Defense Civilian Personnel Data	Statistical Process Control	SPC Control Signals	Engineering Change Proposals
Standards	Non-Conforming Material Reporting	Surveillance System	Non-Conformance Findings	Process Adjustments
Specifications	Computer Integrated Manufacturing	First Piece Audits	Customer Complaints	Employee Training
Regulations	On-Line Estimating	Standing Operating Procedures	Logistics Status Reviews	Requests for Deviation
Laws	Standard Army Automated Contracting	First Article Testing	Quality Status Reviews	Process Action Teams
Contracts	Installation Mission Review	Physical Configuration Audits	Production Status Reviews	Contract Modifications
Installation Service Support Agreements	Group Technology		Review & Analysis	Value Engineering Proposals
	Standard Depot Manufacturing Cost		Customer Field Teams	
	Computer Aided Process Planning		Correction Requests	
	Master Production Scheduling		Redlining	
	Distributed Shop Floor Control			
	Technical Data Management			
	SIFS			
	CAD/CAM			
UPFRONT PLANNING		**PROCESS CONTROL**		**CORRECTIVE ACTION**

Appendix D

Army Communities of Excellence

Introduction to ACOE

The Army Communities of Excellence Program (ACOE) uses the Army Performance Improvement Criteria (APIC) as the basis for evaluation and submission in the ACOE award competition. ACOE focuses on improvement in services and facilities, in working and living conditions and the environment. The result is renewed sense of pride and accomplishment in every member of the community. The byproduct of this program is designed to increase performance and productivity as the Army focuses its resources toward the common goal of readiness. Installation management supports the readiness of our fighting forces and its concepts are an integral part of the APIC.

The appendix is to be used as guidance for installations to additionally focus on activities that are not defined by the criteria in its present form.

The following installation management system and supporting reports/results have been emphasized in the appendix.

Activity Based Costing (ABC) ***Item 4.1***/*Page A-3:* Activity Based Costing is a requirement to participation in the ACOE Award program and many questions have come about on how to demonstrate the use of ABC in the ACOE application. The guidance provide at a minimum one Item within the criteria the installations efforts in ABC can be demonstrated.

The following databases contain data that are critical elements to different reports delivered to higher headquarters for decisions that effect the operations of installations. The intent is to understand use of the databases and to focus on the integrity, accuracy and completeness of installation specific data to create accurate reports for decision-making at installation and higher headquarters.

- Real Property Plans and Analysis Systems (RPLANS) ***Item 4.2/*** *Page A-4*
- Army Strategic Inventory Plan (ASIP) ***Item 4.2/*** *Page A-4*
- Real Property Inventory (RPI***) Item 4.2/****Page A-4*
- Geographic Information System (GIS***) Item 4.2/*** *Page A-4*

The guidance given focuses on the Items in Category 4.0 of the criteria and should prompt the installation to include specific text on how these systems are handled along with all other data systems controlled by the installation.

Activity Based Costing

Guidance for understanding how ABC is used within the community is included in Item 4.1 a. (2). It is incorporated within the criteria item to demonstrate how and where ABC could be addressed as an element of the criteria.

4.0 Measurement, Analysis and Knowledge Management (90 pts.)

The **Measurement, Analysis and Knowledge Management** Category examines HOW your installation/community's selects, gathers, manages, and improves its data, information, and KNOWLEDGE ASSETS.

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

Approach-Deployment

Describe how your organization measures, analyzes, aligns, and improves its PERFORMANCE data and information at all levels and in all parts of your installation/community.

Within your response, include answers to the following questions:

a. Performance Measurement

(1) **How** do you select, collect, align, and integrate data and information for tracking daily operations and for tracking overall organizational PERFORMANCE? **How** do you use these data and information to support organizational decision-making and INNOVATION?

(2) How is Cost Management/Activity Base Costing (ABC) data used to support operations and installation/community management decision-making?

(3) **How** do you select and ensure the EFFECTIVE use of KEY comparative data and information to support operational and strategic decision-making and INNOVATION?

(4) **How** do you keep your PERFORMANCE measurement system current with business needs and directions? **How** do you ensure that your PERFORMANCE measurement system is sensitive to rapid or unexpected organizational or external changes?

b. Performance Analysis

1. What ANALYSES do you perform to support your SENIOR LEADERS' organizational PERFORMANCE review?
   What ANALYSES do you perform to support your organization's strategic planning

2. **How** do you communicate the RESULTS or organizational-level ANALYSIS to work group and functional-level operations to enable EFFECTIVE support for decision-making?

Notes: *Refer to the notes for Item 4.1 in the body of the APIC criteria*

RPLANS, ASIP, RPI and GIS

Note N3 gives guidance to which data/reports/databases need to be considered when reviewing the installations information management capabilities. Emphasis is specific here as these data areas feed into specific reports such as the Installation Status Report (ISR) used at higher headquarters.

Information and Knowledge Management (45 pts.) **Approach-Deployment**

Describe how your installation/community ensures the quality and availability of needed data and information for employees, suppliers and partners, and CUSTOMERS. Describe how your organization builds and manages its KNOWLEDGE ASSETS.

Within your response, include answers to the following questions:

a. Data and Information Availability

(1) **How** do you make needed data and information available? **How** do you make them accessible to employees, suppliers and partners, and CUSTOMERS, as appropriate?

(2) **How** do you ensure that hardware and software are reliable, secure, and user friendly?

(3) **How** do you keep your data and information availability mechanisms, including your software and hardware systems, current with business needs and directions?

b. Organizational Knowledge

(1) **How** do you manage organizational knowledge to accomplish

- The collection and transfer of employee knowledge
- The transfer of relevant knowledge from CUSTOMERS, suppliers, and partners

(2) **How** do you ensure the following properties of your data, information, and organizational knowledge:

- timeliness
- reliability
- security
- accuracy
- confidentiality

Notes:

N1. Data availability (4.2a) are of growing importance as the Internet, e-business, and e-commerce are used increasingly for business-to-business and business-to-consumer interactions and as intranets become more important as a major source of organization-wide communications.

N2. Data and information access (4.2a[1]) might be via electronic or other means.

N3. (4.2b (2)) should address key installation databases and systems such as RPLANS, ASIP, RPI and GIS**.**