Army Performance Improvement Criteria

(APIC)

1999

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LEADING CHANGE

The specific requirement for all services to become the most efficient organizations possible had its inception in 1988. The Director of Management published AR 5-1 Total Army Quality (TAQ) to emphasize the importance of improving performance and efficiency across the board. To enhance TAQ, the Army Performance Improvement Criteria (APIC) were published in 1995 as the Army's strategic framework for leading change. Based on the Malcolm Baldrige National Quality Award Criteria for Performance Excellence and the Presidential Quality Award Criteria, the APIC enhances Total Army Quality in three specific ways. First, it serves as a working tool for strategic planning, organizational assessment, and training. Secondly, it raises the organization's performance expectations and standards. Finally, it establishes common performance criteria to facilitate communication and sharing among Army organizations, business, and industry.

The Office of the Chief of Staff, Army, Strategic Management and Innovations Division intends to expand the use of the APIC by providing the Total Army a business tool to continuously improve its ability to generate combat power. As outlined in Army Vision 2010, The Department of the Army works to gain full spectrum dominance as the land component member of the joint warfighting team. Directly or indirectly, every Army organization contributes to the Army's ability to conduct prompt and sustained operations on land throughout the entire spectrum of conflict. The APIC helps Army leaders to efficiently manage their resources to deter war and in the event of war, win.

The 1999 APIC provide actual examples of self-assessments for each category. We removed references to notional examples included in previous editions. Using "real world" examples makes the 1999 APIC a "How To" document and a means of sharing best management techniques, strategies, and performance practices. The criteria in the boxes on pages 18-64 for each assessment category remain reiterations of the 1999 Malcolm Baldrige Criteria for Performance Excellence as published by the National Institute of Standards and Technology of the Department of Commerce.

The Strategic Management and Innovations Division (SMID) would like to thank the Secretary of the Army and Chief of Staff of the Army for their personal commitment to the revolution in business affairs and dedication to Total Army Quality. The applications for the 1999 President's Quality Award (PQA) Program from XVIII Airborne Corps and Fort Bragg, Fort Carson, the U.S. Army Corps of Engineers, Huntsville District, and Watervliet Arsenal are the source documents for the examples of organizational self-assessments of this edition. We appreciate their permission to use their self-assessments. We also thank the U. S. Army Construction Engineering Laboratory (CERL) for developing the "Cliffnotes for Leaders" on the APIC for Performance Excellence, which we include on pages 109-116.

CONTENTS

1999 CRITERIA: CORE VALUES, CONCEPTS, AND FRAMEWORK

APIC relationship to the Malcolm Baldrige National Quality Award Criteria for Performance Excellence.

The Malcolm Baldrige National Quality Award Criteria for Performance Excellence and the PQA Criteria form the basis for the Army Performance Improvement Criteria (APIC). The APIC rewords the Criteria to fit the unique nature of the Army Mission. It uses the applicable business principles embedded in the Criteria to continuously improve the Army's ability to efficiently create combat power in peacetime and war. The APIC connects the elements of combat power (maneuver, fire power, protection, and leadership) created by Army TDA organizations in peacetime to the elements of combat power created by Army TO&E units during war and operations other than war. Efficiently managed child day care centers, post range operations, digitized Army classrooms, acquisition operations, etc., enable individual soldiers and tactical units to accomplish their missions before, during, and after war.

Criteria Purposes

The Army Performance Improvement Criteria enhances Total Army Quality in three ways:

- Provides a systematic, disciplined approach to deal with the dynamics of change by providing a working tool for strategic planning, conducting organizational assessments, analysis, training, and performance improvement planning.
- Raises the organization's performance expectations and standards by improving performance practices and capabilities.
- Establishes common performance criteria to facilitate communication and sharing of the best management techniques, strategies, and performance practices among Army organizations, federal agencies, business, and industry.

The Strategic Management and Innovations Division (SMID), Office of the Chief of Staff, provides the APIC to Army organizations to conduct organizational self-assessments and measure continuous improvement.

APIC GOAL:

To improve the overall effectiveness and efficiency of Army organizations in delivering continuous value to customers, resulting in mission success.

Core Values and Concepts

The Criteria are built upon a set of core values and concepts. These values and concepts are the foundation for integrating key performance requirements within a results-oriented framework. These core values and concepts are:

Customer-Driven Quality
Customers judge quality. Thus, quality must take into account all product and service features and characteristics that contribute value to customers and lead to customer satisfaction, preference, and retention.

Value, satisfaction, and preference may be influenced by many factors throughout the customer's overall experience in using the organization's products and services. These factors include the organization's relationship with customers that helps build trust, confidence, and loyalty.

Customer-driven quality addresses not only the product and service characteristics that meet basic customer requirements, but also includes those features and characteristics that enhance them and differentiate products and services from competing offerings. Such enhancement and differentiation may be based upon new or modified offerings, combinations of product and service offerings, customization of offerings, rapid response, or special relationships.

Customer-driven quality is thus a strategic concept. Customer requirements drive the organization's strategic plan of how it will realize its goals—how it will achieve performance results that lead to customer satisfaction, recognizing the inherent differences in relationships with different categories of customers. Processes are developed to meet customer needs, measurement systems are developed to track progress, and information is collected and used to improve work processes and the products and services delivered to customers. In high performing organizations, everyone in the organization shares the vision, has a sense of community and commitment to a common purpose of meeting customer requirements, and works together to create an alignment of the goals of the organization.

Customer-driven quality also demands awareness of developments in technology and of competitors' offerings, and rapid and flexible response to customer and mission requirements.

Customer-driven quality means much more than defect and error reduction, merely meeting specifications, or reducing complaints. Nevertheless, defect and error reduction and elimination of causes of dissatisfaction contribute to the customer's view of quality and are thus important parts of customer-driven quality. In addition, the organization's success in recovering from defects and mistakes ("making things right for the customer") is crucial to building customer relationships and to customer retention.

Leadership
An organization's senior leaders need to set directions and create a customer orientation, clear and visible values, and high expectations. Reinforcement of the values and expectations requires personal commitment and involvement. The leaders' basic values and commitment need to address all stakeholders and include areas of public responsibility. The leaders need to guide the creation of strategies, systems, and methods for achieving excellence, stimulating innovation, and building knowledge and

capabilities. The strategies and values need to guide all activities and decisions of the organization. The senior leaders need to commit to the development of the entire work force and should encourage participation, learning, innovation, and creativity by all employees.

Through their ethical behavior and personal roles in planning, communications, review of organizational performance, and employee recognition, the senior leaders serve as role models reinforcing values and expectations, and building leadership and initiative throughout the organization.

Continuous Improvement and Learning

Achieving the highest levels of performance requires a well-executed approach to continuous improvement and learning. The term "continuous improvement" refers to both incremental and "breakthrough" improvement. The term "learning" refers to adaptation to change, leading to new goals and/or approaches. Improvement and learning need to be "embedded" in the way the organization operates. The term embedded means that improvement and learning: (1) are a regular part of daily work; (2) are practiced at individual, work unit, and organizational levels; (3) seek to eliminate problems at their source; and (4) are driven by opportunities to innovate and do better, as well as by problems that must be corrected. Sources of improvement and learning include employee ideas; research and development; customer input; best practice sharing; and benchmarking, or other comparative performance information.

Improvement and learning include: (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; and (6) enhancing the organization's performance in fulfilling its public responsibilities and service as a good citizen.

Thus, improvement and learning are directed not only toward better products and services but also toward being more responsive, adaptive, and efficient--giving the organization additional performance advantages.

Employee Participation and Development

An organization's success in improving performance depends increasingly on the knowledge, skills, innovative creativity, and motivation of its work force. Employee success depends increasingly on having opportunities to learn and to practice new skills. Organizations need to invest in the development of the work force through education, training, and opportunities for continuing growth. Opportunities might include job rotation and increased pay for demonstrated knowledge and skills. Workforce education and training programs must take advantage of available and emerging advanced technologies, such as electronic support systems, computer-based learning, distance learning and satellite broadcasts. Increasingly, training, development, and work units need to be tailored to a diverse work force and to more flexible, high performance work practices.

Major challenges in the area of workforce development include: (1) integrating human resource management--selection, performance, recognition, training, and career advancement; (2) developing, cultivating, and sharing the organization's knowledge that is possessed by its employees; and (3) aligning human resource management with business plans and strategic change processes. Addressing these challenges requires acquisition and use of employee-related data on knowledge, skills, satisfaction, motivation, safety, and well being. Such data need to be tied to indicators of organizational or unit performance, such as customer satisfaction, customer retention, and productivity. Through this approach, employee contributions may be better integrated and aligned with business directions.

Fast Response

Success in an era of downsizing, reduced budgeting, increasing operational deployments and global challenges demands ever-shorter cycles for introductions of new or improved products and services. Also, faster and more flexible response to customers is now a more critical requirement. Major improvements in response time often require simplification of work/task organizations and work processes. To accomplish this, the time performance of work processes should be among the essential process measures. Other important benefits can be derived from this focus on time: time improvements often drive simultaneous improvements in organization, quality, cost, and productivity. Hence, it is beneficial to integrate response time, quality, and productivity objectives.

Design Quality and Prevention

To achieve high performance, organizations need to emphasize design quality--problem and waste prevention achieved through building quality into products and services and efficiency into production and delivery processes. Design quality includes the creation of fault-tolerant (robust) or failure-resistant processes and products. Costs of preventing problems at the design stage are lower than costs of correcting problems that occur "downstream." Accordingly, organizations need to emphasize opportunities for innovation and interventions "upstream"--at early stages in processes. This approach yields the maximum cost benefits and takes the greatest advantage of improvements and corrections. Such upstream intervention also should take into account the organization's suppliers.

Increasingly, design quality includes the ability to incorporate information gathered from diverse sources and data bases that combine factors such as customer preference, alternative offerings, societal changes, and external research findings and developments. Therefore, an emerging element of performance excellence is the strategic use of integrated information systems to enable electronic performance networking and to improve and measure mission performance. Government and industry alike face, and in many cases have solved, information management challenges by developing enterprise information systems; that is, systems that operate across entire organizations of unique and diverse functional elements.

From the point of view of public responsibility, the design stage is a critical decision point. The government organization's responsibility is to be proactive; i.e., beyond compliance.

Design decisions affect process waste streams and the composition of municipal and industrial wastes. The growing demands for a cleaner environment mean that organizations' design strategies need to include environmental factors. Effective design strategies should anticipate growing environmental demands and related issues and factors.

Long-Range View of the Future

Successful pursuit of an organization's goals and mission requires a strong future orientation and a willingness to make long-term commitments to key stakeholders--customers, employees, suppliers, the public, and the community. Organizations should anticipate many factors in their strategic planning efforts, such as customers' expectations of products and services; new business or mission opportunities or the increasingly global challenges; technological developments; changing expectations of Congress, the executive branch and special interest groups; changing customer segments; evolving regulatory requirements, community/societal expectations; and thrusts by alternative service and product providers. Short- and long-term plans, strategic objectives, and resource allocations need to reflect these commitments and changes. Major components of such a long-term commitment include developing employees and suppliers and fulfilling public responsibilities.

Management by Fact

Army organizations depend upon the measurement and analysis of performance. Such measurements must derive from the organization's strategy and provide critical data and information about key processes, outputs, and results. Many types of data and information are needed for performance measurements and improvement. Performance areas included are: customer, product and service; operations, market, and competitive comparisons; and supplier, employee, and cost and financial.

Analysis refers to extracting larger meaning from data and information to support evaluation, decision-making, and operational improvement at all levels within the organization. Analysis entails using data to determine trends, projections, and cause and effect—that might not be evident without analysis. Data and analysis support a variety of organization purposes, such as planning, reviewing overall performance, improving operations, and comparing organization performance with others working in similar environments or with "best practices" benchmarks.

A major consideration in the use of data and analysis to improve performance involves the selection and use of performance measures or indicators. Performance measures or indicators are measurable characteristics of products, services, processes, and operations the organization uses to track and improve performance. The measures or indicators selected 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 activities with the organization's goals. Through the analysis of data from the tracking processes, the measures or indicators themselves may be evaluated and changed to better support such goals. For example, measures selected to track product and service quality may be judged by how well improvement in these measures correlates with improvement in customer satisfaction.

Partnership Development
Organizations need to build internal and external partnerships to better accomplish their overall goals.

Internal partnerships might include those that promote labor-management cooperation, such as agreements with unions. Agreements 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 work units to improve flexibility, responsiveness, and knowledge sharing.

External partnerships might be with customers, suppliers, and education organizations for a variety of purposes, including education and training. An increasingly important kind of external partnership is the strategic partnership or alliance with other government organizations with similar or complementary missions. Such partnerships might offer access into areas of interest or a basis for training opportunities or new products or services. Partnerships also might permit the blending of an organization's core competencies or leadership capabilities with the complementary strengths and capabilities of partners, thereby enhancing accomplishment of each partner's mission.

Internal and external partners should develop long-term objectives, thereby creating a basis for mutual investments. Partners should address the essential requirements for success, means of 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 of developing employees.

Public Responsibility and Citizenship
An organization's leadership needs to stress its responsibilities to the public and needs to practice good citizenship. These responsibilities refer to basic expectations of the organization--business ethics and protection of public health, safety, and the environment. Health, safety, and environmental considerations include the organization's operations as well as the life cycles of its products and services. Organizations also need to address factors such as resource conservation and waste reduction at the source. Planning related to public health, safety, and the environment should anticipate adverse impacts that may arise in facilities management, production, distribution, transportation, use, and disposal of products. Plans should seek to prevent problems, to provide a forthright response if problems occur, and to make available information and support needed to maintain public awareness, safety, and confidence. Organizations should not only meet all local, state, and federal laws and regulatory requirements, they should treat these and related requirements as opportunities for continuous improvement "beyond mere compliance." This requires the use of appropriate measures in managing performance.

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, health care in the community, environmental excellence, resource conservation, community service, improving operating practices, and sharing non-proprietary information. Leadership as an organization citizen also entails influencing other organizations, private and public, to partner for these purposes.

Results Focus

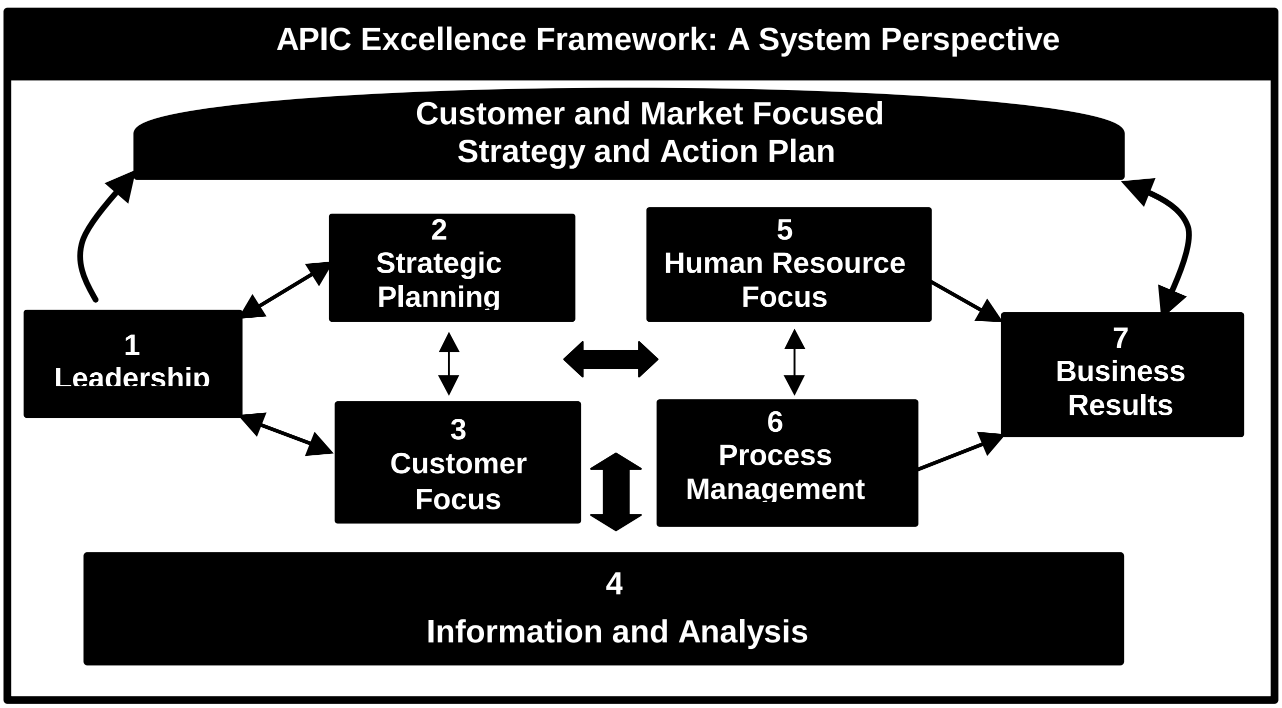
An organization's performance measurements need to focus on key results. Results focus on creating and balancing value for all stakeholders--customers, employees, suppliers and partners, the public, and the community. To meet the sometimes conflicting and changing aims that balance implies, organization strategy needs to explicitly include all stakeholder requirements. This will help to ensure that actions and plans meet differing stakeholder needs and avoid adverse impact on any stakeholders. The use of a balanced composite of performance measures offers an effective means to communicate short- and long-term priorities, to monitor actual performance, and to marshal support for improving results.

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 Information and Analysis
5 Human Resource Focus
6 Process Management
7 Business Results

The framework connecting and integrating the Categories is given in the figure below.



The framework has three basic elements, from top to bottom:

Strategy and Action Plans
Strategy and Action Plans (top of figure) yield the set of customer and mission focused performance requirements, derived from short- and long-term strategic planning, that must be met and exceeded for the organization's strategy to succeed. Strategy and Action Plans guide overall resource decisions and drive the alignment of measures for all work units to ensure customer satisfaction and mission success.

System
The system is comprised of the six APIC Categories in the center of the figure that define the organization, its operations, and its results.

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 must set organizational direction and seek future opportunities for the organization. If the leadership is not focused on customers, the organization as a whole will lack that focus.

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

All actions point toward Business Results--a composite of customer, financial, and operational performance results, including human resource results and public responsibility.

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). Leadership must keep its eyes on Business results and must learn from them to drive improvement.

Information and Analysis

Information and Analysis (Category 4) is critical to the effective management of the organization and to a fact-based system for improving organizational performance and competitiveness. Information and analysis 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 17.

Areas to Address

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

KEY CHARACTERISTICS OF THE CRITERIA

1. The Criteria focus on organization results.

The Criteria focus on the key areas of business performance, given below.

Organization performance areas:
(1) customer focused results;
(2) financial and market results;
(3) human resource results;
(4) supplier and partner results; and
(5) business effectiveness 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 long-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:

- specific tools, techniques, technologies, systems, measures, or starting points;
- that an organization should or should not have departments for quality, planning, or other functions;
- how the organization itself should be structured; or
- that different units in an organization should be managed in the same way.

These factors are important and are likely to change as needs and strategies evolve. Hence, the Criteria do emphasize that such factors be evaluated as part of the organization's performance reviews.

The Criteria are non-prescriptive because:

(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) Selection of tools, techniques, systems, and organizational structure usually depends upon factors such as organization type and size, the organization's stage of development, and employee capabilities and responsibilities.

(3) 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 approach to maintaining organization-wide goal alignment.

The systems approach to goal alignment is embedded in the integrated structure of 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 the organization's 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 speed, innovation, and decentralized decision making.

A systems approach 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, taking into account internal and external results; and

(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 against 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 the results composite described in the box 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 1998 CRITERIA

The Criteria continue to evolve toward comprehensive coverage of strategy-driven performance, addressing the needs of all stakeholders--customers, employees, stockholders, suppliers and partners, and the public. The 1999 Criteria further strengthen the systems view of performance management and place a greater emphasis on the alignment of key components of the performance management system. The roles of data, information, and analysis in measuring and managing performance are emphasized. Increased focus has been given to all aspects of organizational and employee learning and knowledge sharing, as well as to segmentation of markets, customers, and employee groups to improve information gathering and decision making.

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

- The number of Items has been reduced from 20 to 19.

- The number of Areas to Address has been reduced from 29 to 27.

- All Items have been rewritten as questions to enhance clarity and readability.

- The Glossary of Key Terms is referenced at the end of the first Item that references each new Glossary term.

- The Scoring Guidelines have been revised and expanded to better link scoring dimensions to Criteria requirements.

- The order of presentation of material in the Criteria booklet has been changed to facilitate use of the Criteria for self-assessment and to place together all the material related to application for the Award.

Significant changes are:

Category 1 — Leadership

- Item 1.1 is now Organizational Leadership instead of Leadership System. This change is intended to emphasize the role of senior leaders in setting direction and guiding the organization. Area 1.1b, Organizational Performance Review, has been moved to this Item from 1998 Item 4.3 to emphasize the senior leaders' role in and responsibility for performance review.

- Item 1.2 is now Public Responsibility and Citizenship instead of Organization Responsibility and Citizenship. This change is intended to better emphasize the organization's responsibilities to the public and to its key communities.

Category 2 — Strategic Planning

- Item 2.1 is now Strategy Development, with two key purposes: (1) a description of the strategy development process, and (2) a statement of the key current strategic objectives that result from that process.

- Item 2.2 is now Strategy Deployment, with emphasis on the important steps in deploying strategy: developing and identifying action plans to address the organization's strategic objectives, identifying key performance measures to track progress, and deploying the action plans and performance measures.

Category 3 — Customer Focus

- Item 3.2, Customer Satisfaction and Relationships, now has two Areas to Address, reduced from three in 1998. 1999 Area 3.2a, Customer Relationships, combines the 1998 Areas that dealt with accessibility, complaint management, and relationship building. This change is intended to recognize the importance of accessibility and successful complaint management as components of building a positive relationship with customers.

Category 4 — Information and Analysis

- This Category now contains two Items, reduced from three in 1998. Category emphasis has shifted to focus on organizational performance measurement and analysis as the purposes for data and information gathering.

- Item 4.1, Measurement of Organizational Performance, replaces Items 4.1 and 4.2 from 1998. The Item emphasizes the key information and data, including comparative and benchmark information and data, needed for an effective performance measurement system and for alignment of performance throughout the organization.

- Item 4.2 is now Analysis of Organizational Performance instead of Analysis and Review of Company Performance (Item 4.3 in 1998). The review function, as stated above, is now in Item 1.1.

Category 5 — Human Resource Focus

- Item 5.1, Work Systems, has been expanded in scope also to include: how managers and supervisors motivate employees, a description of the employee performance management system, and a description of recruitment and hiring practices.

- Item 5.3, Employee Well-Being and Satisfaction, has been modified to include consideration of the needs of a diverse work force.

Category 6 — Process Management

- Item 6.3, Supplier and Partnering Processes, has been strengthened through identification of the key products and services purchased from suppliers/partners and through a focus on how effective interaction with suppliers and partners is ensured.

Category 7 — Business Results

- Item 7.1 is now Customer Focused Results instead of Customer Satisfaction Results. This change is intended to include all results that indicate the organization's success in all aspects of the customer's experience. These results include direct measures of satisfaction and dissatisfaction, indirect measures such as loyalty and positive referrals, and measures of product and service performance.

- Item 7.5 is now Organizational Effectiveness Results instead of Organization-Specific Results. This change is intended to focus attention on those operational performance results that affect achievement of organizational effectiveness.

Scoring Guidelines

- The Scoring Guidelines have been revised to provide a better description of the performance attributes that accompany increasing APIC/PQA/ACOE scores, and hence increasing performance system maturity.

- Scores are presented in 20% ranges to provide greater definition and differentiation of performance.

- Scoring range descriptors have been added that emphasize performance system alignment in both the approach/deployment and results dimensions.

- Specific approach/deployment descriptors have been added that emphasize the growing performance system maturity that results from cycles of evaluation, improvement, and organizational learning.

1999 APIC—ITEM LISTING

Categories/Items		Point Values
1 Leadership		**125**
1.1 Organizational Leadership	90	
1.2 Public Responsibility and Citizenship	35	
2 Strategic Planning		**95**
2.1 Strategy Development	45	
2.2 Strategy Deployment	50	
3 Customer and Market Focus		**95**
3.1 Customer and Market Knowledge	45	
3.2 Customer Satisfaction and Relationships	50	
4 Information and Analysis		**95**
4.1 Measurement of Organizational Performance	45	
4.2 Analysis of Organizational Performance	50	
5 Human Resource Focus		**95**
5.1 Work Systems	35	
5.2 Employee Education, Training, and Development	30	
5.3 Employee Well-Being and Satisfaction	30	
6 Process Management		**95**
6.1 Product and Service Processes	50	
6.2 Support Processes	20	
6.3 Supplier and Partnering Processes	25	
7 Business Results		**400**
7.1 Customer Focused Results	125	
7.2 Financial Performance Results	50	
7.3 Human Resource Results	75	
7.4 Supplier and Partner Results	75	
7.5 Organizational Effectiveness Results	75	
TOTAL POINTS		**1000**

Note: The Scoring System used with the Criteria Items in an APIC assessment can be found on pages 102-106.

1999 ARMY PERFORMANCE IMPROVEMENT CRITERIA

The examples that follow each item clarify, illustrate, and act as starting points for discussion and thought concerning the use of the Army Performance Improvement Criteria (APIC). Also, the examples do not respond to all aspects of the item. <u>Examples show only a technique for self-assessment and do not represent a 100% score</u>. Refer to the Scoring section, the Description and Comments section, and the Glossary of Key Terms for further guidance. The uniqueness of Army organizations precludes the use of a "one-size-fits-all" response methodology. These criteria focus on answering the "how" and "what" questions, as they relate to organizational approach, deployment, and results.

1 Leadership (125 pts.)

The ***Leadership*** Category examines how your organization's senior leaders address values and performance expectations, as well as a focus on customers and other stakeholders, empowerment, innovation, learning, and organizational directions. Also examined is how your organization addresses its responsibilities to the public and supports its key communities.

1.1 Organizational Leadership (90 pts.) Approach - Deployment

Describe how senior leaders guide your organization and review organizational performance.

Within your response, include answers to the following questions:

a. Senior Leadership Direction

(1) How do senior leaders set, communicate, and deploy organizational values, performance expectations, and a focus on creating and balancing value for customers and other stakeholders? Include communication and deployment through your leadership structure and to all employees.

(2) How do senior leaders establish and reinforce an environment for empowerment and innovation, and encourage and support organizational and employee learning?

(3) How do senior leaders set directions and seek future opportunities for your organization?

b. Organizational Performance Review

(1) How do senior leaders review organizational performance and capabilities to assess organizational health, competitive performance, and progress relative to performance goals and changing organizational needs? Include the key performance measures regularly reviewed by your senior leaders.

(2) How do you translate organizational performance review findings into priorities for improvement and opportunities for innovation and reinvention?

(3) What are your key recent performance review findings, priorities for improvement, and opportunities for innovation? How are they deployed throughout your organization and, as appropriate, to your suppliers/partners and key customers to ensure organizational alignment?

(4) How do senior leaders use organizational performance review findings and employee feedback to improve their leadership effectiveness and the effectiveness of management throughout the organization?

Notes:

N1. Organizational performance results should be reported in Items 7.1, 7.2, 7.3, 7.4, and 7.5.

N2. Senior Leaders are normally defined as the organization's highest ranking official and those reporting to that official.

Item responses are assessed by considering the Criteria Item requirements and the maturity of your approaches, breadth of deployment, and strength of your improvement process relative to the Scoring System. Refer to the Scoring System information on pages 102-106.

For definitions of the following **key terms**, see pages 76-79: alignment, innovation, measures, performance, and value.

For additional description of this Item, see page 80.

Example 1.1.a (Shows only a technique for assessment. It does not represent a 100% score.)

"Our senior leadership's commitment to Total Army Quality (TAQ) provides the methodology and conceptual framework for our leadership system. We believe that the key to realizing the promise of sustained excellence embodied in TAQ is the commitment of the leadership, soldiers, and civilian employees to executing our strategic plan. Our plan is designed not just to influence behavior at the installation, but to be the driver and the template for critical decision-making.

The primary driver for change and continuous improvement is our senior leadership. First and foremost, they reinforce the 'learn' philosophy that provides for common focus and direction. As such, all of our organizations are represented and the needs and expectations of all our key stakeholders can be taken into account. Secondly, they are personally committed to continuous improvement in every aspect of our key processes -- quality is simply embedded in their way of life. Thirdly, our senior leaders 'lead by example.' Through their daily interactions with all of our stakeholders, from customers to employees, suppliers, partners, and our local communities, they establish and convey our direction and explore future opportunities.

Our senior leaders employ a systematic, encompassing leadership system. The primary instrument they use to provide us with direction is our Strategic Plan (SP) -- a "blueprint" for our future. It includes topics that are very important to us, such as our mission, vision, values, and strategic goals and objectives. Our Commanding General has reinforced the desired direction of movement of our organization in deploying a symbolic picture that visually expresses an inspiring vision that all of our stakeholders can identify. Our vision

statement is an over arching view of what we desire to be--it represents the ideal state-of-being for the future of our installation.

Given our diversity of units and myriad needs of key stakeholders, our senior leaders developed and deployed a mission statement with a much broader focus than any previous time in our past. It reads: "Operate an efficient and effective installation... a power projection platform... dedicated to the training, mobilization, deployment and sustainment of combat-ready forces, while providing a caring environment for all in a climate of cooperation and partnership with civilian and military neighbors.

In our military units, the "chain-of-command" serves as the primary method of communicating with soldiers. Our military leaders employ multiple methods of communicating values, direction, expectations, and commitment to learning and improvement to their soldiers. These methods include unit newsletters, command briefings, personal counseling, efficiency reports, social functions, and personal feedback.

Our senior leaders communicate and reinforce values by "walking the talk" - by their role modeling and spending time interacting with our stakeholders. Our values are very important to us and serve as a guideline for shaping our corporate culture and our way of doing business." (Fort Carson, CO self-assessment for 1999 PQA application)

HQDA Board of Examiners feedback comments on the above example:

"Leadership is exercised through a fully deployed system comprised of two major components: the Strategic Plan, which sets organizational direction, and the Continuous Improvement Structure (CIS), which is the forum for organizational performance review and analysis. A board of senior leaders from the command group's Executive Steering Committee (ESC) heads each component, which also includes key stakeholders. To facilitate continuous improvement, the system is aligned along six key processes through five Quality Management Boards (QMBs). To ensure a strong customer focus and to provide a forum for learning and continuous improvement, most QMBs typically include key stakeholders and customers.

Leaders communicate values and promote learning in a variety of ways to include handouts, tri-fold brochures, wallet cards, vision posters, published plans, and articles in the "Mountaineer" newspaper. Leaders also use several methods to help promote wide dissemination of their message to include, but not limited to, off-site workshops, quality-related training, sensing sessions, Town-Hall meetings, and chain teaching. How leaders communicate values, directions, expectations, customer focus, and learning is portrayed in various tables in their assessment application.

The leadership system is further improved through the utilization of an annual Organizational Self-Assessment (OSA) as well as annual employee surveys for civilians and annual command climate surveys for soldiers."

Example 1.1.b (Shows only a technique for assessment. It does not represent a 100% score.)

"The Quality Management Structure provides the overarching systematic process to analyze and review the progress of our strategic goals and strategies throughout the organization.

Data throughout our organization is integrated, analyzed, and used in decision making processes at all levels. The key measures (shown in tables and figures) provide us a balanced approach to analyzing critical success measures with which to strategize improvement efforts.

Our leaders routinely review and analyze the direct relationship between our key measures. Analysis of all our key measures produces strategic direction, decisions, and action plans to drive performance improvements…For example, a key measure for our Readiness key process is availability of training facilities. Our customer satisfaction survey indicated a lower satisfaction level for our training process by our reserve component customers. While the data on the availability shows an acceptable percentage, analysis of the customer satisfaction survey results indicated that they were high in demand and short in supply. Our initiative to increase the number of ranges, hence their availability to more customers, will drive an increase in satisfaction levels for both our active and reserve component customers.

Our Installation Redesign initiative is a primary example of how the relationship between our key measures is used to drive improvement efforts. Challenged by becoming more efficient with declining resources, a process action team conducted a thorough analysis of our current operational performance and satisfaction levels. All measures were reviewed and analyzed to find the common denominators that had the highest potential to drive improvements in all areas. The analysis showed that improvements in our measures were impeded by structural shortcomings such as functional organizations, stovepipe programs, lack of linkages, business processes not well defined, lack of strategic business planning, and deteriorating infrastructure. Those

shortcomings directly impacted virtually all of our key measures. Our new structure provided outcomes to increase customer satisfaction, operational performance, employee satisfaction, and financial performance.

Every level of our Quality Management Structure reviews the progress of our strategic goals and objectives by conducting periodical operational performance reviews. Our capstone forum is our executive level Semi-Annual Performance Review.

The Semi-Annual Performance Review is the Executive Steering Committee's principal review of our strategic performance. The Senior and Quality Management Boards using the standardized format of 'C' ratings with red, amber, green status provide the data reviewed. Performance measures regularly reviewed include our key and comparison measures and those supporting measures, which feed into them from the strategies and action plans of the Business Centers. Our key measures are defined in Figure 4.1.1. Examples of supporting measures are at Figure 2.2.1 and throughout Category 7. Green status key measures are not broken down; however, all amber and red status measures are cascaded down one more level to determine cause and effect.

Additionally, a detailed review and analysis of our financial status is conducted in the Programming Budget and Advisory Committee (PBAC) meetings. The PBAC is conducted monthly at the Business Center level and quarterly at the Senior Management Board and Executive Steering Committee levels.

All these forums are analytical in nature to gain the most insight from the results, whether good or bad, attained by our current strategies. Performance deficits are identified in these forums and additional guidance provided to redirect our efforts to attain the desired result. For example, an executive level PBAC served as the catalyst to reprogram dollars to increase the quality of our gyms and barracks. Due to the direct impact on readiness and the level of customer dissatisfaction, it was critical for us to fund these efforts; hence, dollars were reprogrammed (Figure7.2.1 and 7.2.12)." (XVIII Airborne Corps and Fort Bragg, NC self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"The semi-annual performance review integrates measurable information from levels of the organization into an aggregate indicator to give leadership a dashboard gauge of how well performance is meeting the key processes. The review also provides the same kind of indicator for junior levels in the organization to gauge how their performance supports key measures and how it compares to comparative information.

Senior leaders are provided a view of organization capabilities at the semi-annual performance reviews. Information presented is cascaded up from process goals and action plans throughout the organization and assess progress relative to strategic goals."

1.2 Public Responsibility and Citizenship (35 pts.) **Approach - Deployment**

Describe how your organization addresses its responsibilities to the public and how your organization 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? Include your key practices, measures, and targets for regulatory and legal requirements and for 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?

(3) How do you ensure ethical business practices in all stakeholder transactions and interactions?

b. Support of Key Communities

How do your organization, your senior leaders, and your employees actively support and strengthen your key communities? Include how you identify key communities and determine areas of emphasis for organizational involvement and support.

Notes:

N1. Public responsibilities in areas critical to your organization also should be addressed in Strategy Development (Item 2.1) and in Process Management (Category 6). Society impact results (outcomes) of the organization's mission and operations should be reported in Category 7, particularly overall financial and performance results (Item 7.2). Key intermediate results, such as results of regulatory/ legal compliance or environmental improvements or use of "green" technology should be reported as Organizational Effectiveness Results (Item 7.5).

N2. Areas of community support appropriate for inclusion in 1.2b might include efforts by the organization to strengthen local community services, education, the environment, and practices of trade, business, or professional associations.

For additional description of this Item, see page 81.

Example 1.2 (Shows only a technique for assessment. It does not represent a 100% score.)

"We take seriously our obligation to be good citizens and be involved with our community. We regard these areas as so critical to our success that two of our eight key processes, "Environment" and "Partnering," are directly linked to societal responsibilities and community involvement, respectively. This direct linkage has allowed us to have a proactive approach with these important areas as well as senior leader oversight, performance measures, standard practices, stakeholder feedback mechanisms, and a capability to anticipate and

quickly act on public concerns. As is illustrated in Table 0.5.1, p. v, the results of our approach are nothing short of phenomenal.

We believe that fulfilling our societal responsibilities depends largely on effective communication. To facilitate this, one of our key leaders, the Garrison Commander, serves a 60-day internship with the Colorado Springs community to gain insights into community problems and concerns. Our performance measures and to a large extent, our successes, are a direct result of our increased awareness and sensitivity to societal responsibilities. We are proud to be the first installation to partner in this fashion and to be a model for all Army installations.

As with any military installation, we are highly regulated. Being a part of the federal government does not put us outside the realm of civil laws. We are required to comply with every law, from state and federal environmental laws to local traffic regulations. We also adhere to various internal policies and guidelines in conducting our day-to-day business. Through our higher headquarters, Congress regulates our budget and manpower ceilings.

Installation values are the backdrop for leadership's communication of integrity and morals. Our corporate values mandate that we uphold the Governments Code of Ethics. Individual performance standards reflect our emphasis on ethics, addressing fraud, waste and abuse, expenditure of financial resources, and property accountability. We have mandatory training, required by Army regulations, for our employees on ethics, AIDS, equal employment opportunity, prevention of sexual harassment, hazardous material and waste handling, and occupational safety and risk management. Compliance of this training is monitored during scheduled and "on the spot" inspections by the responsible agencies (e.g., EO office).

The greatest single risk our organization has to the general public is in the environmental arena. We are especially proud of our award winning environmental programs. As a result of our excellent performance we have been consistently recognized by DA, DoD, and other environmental organizations over the past several years for our exceptional energy conservation, pollution prevention, and natural and cultural resource stewardship programs. We partner with the public through the Restoration Advisory Council to keep the public informed of the installation's environmental posture and future initiatives. As described in paragraph 2.1a(3) and depicted in Table 2.1.1, p. 9, risks are analyzed during the Situational Analysis Phase of Strategic Planning. Our processes are regularly reviewed with the goal of reducing costs, improving support, increasing efficiency, and minimizing any negative impacts to our surrounding communities.

Our senior leaders take a "hands-on," proactive approach in addressing issues that have a potential impact on the general public. Our CG provides a quarterly "Fort Carson Update" to keep our local community officials informed of issues which may impact their community and to solicit their input. Other senior leaders such as our Garrison Commander and our Environmental Director address specific concerns such as encroachment, noise, and waste disposal which are of major interest to our neighboring communities. Even within our own "military community" we hold "Town Hall" meetings and use wide variety of media to communicate and obtain feedback on many of the same issues that are of interest to our civilian neighbors.

Our planners have partnered with regional and national agencies to develop contingency plans that allow us to be proactive and to rapidly respond to public concerns. Examples of providing this support to our citizens include disaster relief, search and rescue, wildfire fighting, and counter-drug efforts.

Our leaders, soldiers, and civilian employees demonstrate, on a daily basis, their obligations to be good neighbors and community citizens. Our key process of "Partnering" has firmly established a systematic and comprehensive approach. Our strategic performance measures allow us to track our progress and to make meaningful contributions to our neighboring communities. Our community involvement "umbrella" extends to over 21 cities throughout Colorado. Our involvement covers a wide spectrum of activities ranging from senior leader information briefings to community officials to speaking engagements, presentations, civic projects, social activities, humanitarian assistance, and sponsoring specific caring and relief agencies.

Each of our battalion-sized units, (21) are aligned with a neighboring community. These units, all total, support over 400 civic events, projects, tours, and displays annually. These relationships not only strengthen our local communities, they provide us with a vast regional network of "listening posts." AR 360-61 establishes the guidelines for supporting community support requests. Requests are reviewed by the Staff Judge Advocate and G3 Tasking and approved by the Chief of Staff. More locally, our soldiers and employees participate in over 160 community organizations and agencies and contribute their valuable time in youth, social, environmental, and recreational programs. We are also proud of several of our very successful youth programs, including MentorTutor, Adopt-a-School, and Stay-in-School.

We have also strengthened our neighboring "military communities" with our partnering initiatives. Our hospital commander chairs a monthly forum consisting of the region's senior medical leaders and has pursued

an array of initiatives for consolidating medical resources and providing better services to our customers. The Joint Interservice Regional Support Group (JIRSG) explores even greater opportunities to partner for economies and efficiencies. The JIRSG Executive Steering Council is comprised of Fort Carson's Garrison Commander and installation commanders of the four area Air Force installations. Areas for partnering include civil engineering, airfield operations, contracting, law enforcement, education, communications, and support services. In short, as the area's largest employer we recognized the need to take the lead and have become a role model for community involvement." (Fort Carson, CO self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Fort Carson's proactive approach to organization responsibility and citizenship is enhanced through the direct linkage between two of the installation's eight key processes (Environment and Partnering) to its societal responsibilities and community involvement.

Fort Carson's involvement with Colorado communities covers a wide spectrum of activities. A community involvement "umbrella" extending over 21 cities permits the aligned (battalion-sized) military units to support over 400 civic events, projects, tours and displays. On the local post level, soldiers and civilians volunteer their time to participate in the activities of 160 community organizations and agencies, to include youth programs such as Mentor-Tutor, Adopt-a-School, and Stay-in-School.

Use of the quarterly "Ft. Carson Update" to advise the community on issues and to solicit input indicates senior leader involvement in anticipating public concerns.

Having the Garrison Commander serve a 60-day internship with the local Colorado Springs community facilitates communication and learning within the organization, and provides insight into community problems and concerns."

2 Strategic Planning (95 pts)

The ***Strategic Planning*** Category examines your organization's strategy development process, including how your organization develops strategic objectives, action plans, and related human resource plans. Also examined are how plans are deployed and how performance is tracked.

2.1 Strategy Development (45 pts.) **Approach - Deployment**

Describe your organization's strategy development process to strengthen organizational performance and competitive position. Summarize your key strategic objectives.

Within your response, include answers to the following questions:

a. Strategy Development Process

(1) What is your strategic planning process? Include key steps and key participants in the process.

(2) How do you consider the following key factors in your process? Include how relevant data and information are gathered and analyzed.

The factors are:

- customer and market needs/expectations, including new product/service opportunities
- your competitive environment and capabilities, including use of new technology
- financial, societal, and other potential risks
- your human resource capabilities and needs
- your operational capabilities and needs, including resource availability
- your supplier and/or partner capabilities and needs

b. Strategic Objectives

What are your key strategic objectives and your timetable for accomplishing them? In setting objectives, how do you evaluate options to assess how well they respond to the factors in 2.1a(2) most important to your performance?

Notes:

N1. The approach toward strategic planning outlined in this Category is intended to be consistent with and supportive of the strategic planning requirements of the Government Performance and Results Act.

N2. Strategic direction pertains to directions set by the senior leadership. For organizations whose strategies are developed by higher levels (e.g. Headquarters Department of the Army (HQDA), Headquarters of Major Army Commands (MACOM) or

Major Subordinate Commands (MSC), etc.), this item should describe how the organization provides input to the parent organization's strategy development process and how the organization's own strategy is developed consistent with that of higher levels.

N3. Strategy development refers to your organization's approach (formal or informal) to a future-oriented basis for major business and/or operating decisions, resource allocations, and organization-wide management. The process might include revenue or program growth as well as cost reduction thrusts. Such development might use various types of forecasts, projections, options, scenarios, and/or other approaches to addressing the future. Since Army/government organizations have various customers (mandated, entitled, voluntary), the strategic planning process should consider the different needs of segments of customer served to the extent applicable.

N4. The word strategy should be interpreted broadly. It might be built around or lead to any or all of the following: new products, services, and markets; revenue growth; cost reduction; business acquisitions; and new partnerships and alliances. Strategy might be directed toward becoming a preferred supplier, a low-cost producer, a market innovator, and/or a high-end or customized service provider. Strategy might depend upon or require you to develop different kinds of capabilities, such as rapid response, customization, market understanding, lean or virtual manufacturing, relationships, rapid innovation, technology management, leveraging assets, business process excellence, and information management. Responses to Item 2.1 should address the key factors from your point of view.

N5. Item 2.1 addresses overall organizational directions and strategy that might include changes in services, products, and/or product lines. However, the Item does not address product and service design; these are addressed in Item 6.1.

For a definition of the following **key term**, see page 79: process.

For additional description of this Item, see pages 82-83.

Example 2.1 (Shows only a technique for assessment. It does not represent a 100% score.)

"In the early 1990s, the Executive Board established our Strategic Planning Committee. This committee is comprised of the primary individuals responsible for the development and deployment of the Strategic Enterprise Plan and meets on a regular basis to review, analyze, make decisions and report on developments involving the Arsenal's business strategy. During 1997, the Committee convened for the purpose of establishing its FY98 Business Strategies, and to update the Strategic Enterprise Plan. This same committee is involved in the continuous improvement of the plan.

As a result of Watervliet's experience in Strategic Planning over the last six years, and its continued training in strategic planning techniques, the strategic planning process has become more effective, and has yielded a more robust and encompassing plan.

Watervliet uses a process model for its Strategic Planning initiatives and for the development of the Enterprise Plan. It is based on a model developed by Booz, Allen & Hamilton for the Air Force Quality institute, modified for WVA's purposes. The twelve-step process is defined as shown in Figure 2. 1. 1.

During 1997, members of the Strategic Planning Committee met to review and update the Strategic Enterprise Plan. Strategy sessions were held monthly and considered each of the factors described in Figure 2.1.2.

As part of the strategic planning decision making process, a review of the current markets, customers, market projections, and opportunities were examined. (Refer to Section 3.1 for a description of the markets). During the period of Mar 97-Sept 97 the Strategic Planning Committee designated key individuals to conduct an intensive investigation and assessment of potential market areas, market opportunities and their fit to the WVA strengths and overall strategic business objectives. Nine teams were formed to investigate nine target market areas and fully assess and evaluate the potential of each market, along with an independent facilitator to assist in the evaluation. Team member efforts were given top priority. The method for customer identification and market identification is explained in Section 3.1 Customer and Market Knowledge.

The results of the six-month marketing investigation were included in the strategic planning process in order to determine 'best fit' markets. Also included in the studies was the identification of typical suppliers and supplier resources needed to meet market and customer requirements. Watervliet's Procurement and Contracting Directorate reviewed the supplier information and contacted suppliers to ascertain their ability to meet market and customer requirements. This information was included in our marketing study and subsequently considered in the strategic planning process.

Market studies were performed in each of the areas to determine the Arsenal's competitive status in terms of product pricing, delivery, ability to meet customer technical requirements, technological capabilities needed to meet the market /customer requirements and understanding of customer values in each market area.

The Arsenal's systemic approach to risk analysis includes regular investigation of risk in current and future market endeavors, risk review during annual bud get meetings for capital expenditures, and threats identified in the Strengths, Weaknesses, Opportunities (SWOT), and Threats analysis section of the Strategic Enterprise Plan. The Arsenal's commitment to the marketing of non-mission products was evident in that two of the markets initially adopted, Rotary Forging/ Steel Conversion and Shipbuilding/ Propulsion Shafting (Refer to Section 3. la for all markets), required substantial investments in equipment and training of personnel. This presented a case for financial, market and societal risk that was resolved in the strategic planning process. Data was compiled from actual cost estimates and proposals to support an analysis of this case by the Strategic Planning Committee and, after investigation, the markets were approved and business risks incorporated into the overall market plan.

Included in the Strategic Plan is the Arsenal's vision to encourage individual and team potential and to develop an empowered work force which respects diversity and functions with a clear purpose for the future. Over the last six years, short and long term training requirements have been identified and incorporated in Arsenal training plans. An example is the skills needed to participate in new market areas such as Shipbuilding/ Propulsion Shafting. Here training needs were identified during market research for specialized manufacturing processes. Training was included in the Strategic Plan, budgeted and conducted on-site in preparation for a contract to produce Propulsion Shafts for U.S. Army Corps of Engineers vessels. Upon performance of the contract, the skills and process were documented through video for internal cross training.

Although WVA has been under a freeze on hiring authority for several years, it has been proactive in cross-training and re-skilling its workers. A variety of in-house training has been and continues to be available for workers. Additional information can be found in Section 5 Human Resource Focus.

Once identified, customer and market technical requirements are forwarded to the process-planning group for evaluation and to assess the ability to meet customer requirements. A thorough review of current Watervliet capabilities and technology is undertaken and matched to customer requirements. Also taken into account is the ability to utilize Benet Labs Research and Development facilities to meet or develop prerequisite technologies for each marketplace. The Arsenal has maximized the synergy of WVA and Benet Labs in the Strategic Enterprise Plan, citing it as a major strategy for entry into markets where unique, value-added engineering services such as reverse engineering and technical data package development/ prove-out are requirements or critical differentiating factors.

As the defense industrial base shrinks and there are limited resources for specialized materials, partnering concepts and supplier relationships have played a strong factor in Watervliet's Strategy Development Process. In fact, the Arsenal's vision statement, in part, states that we will "partner with Benet Laboratories and others to provide the technology, skills, facilities, and quality system to meet Defense Readiness Requirements."

One of the unique aspects of Watervliet's strategic planning process is our partnership with Benet. During early strategic planning sessions, it became apparent there were significant benefits, which could be obtained by both Watervliet and Benet by leveraging each other's talents and strengths. As a result, a Joint Strategic Planning Board, consisting of key WVA and Benet Laboratory decision makers was formed and joint strategic planning efforts were initiated, as shown in Fig. 2.1.3. The joint strategic planning process runs

parallel and compliments both the WVA and Benet Laboratories strategic planning process. In 1997, the Joint Strategic Planning Board developed and agreed upon a joint vision for the WVA/Benet site. This vision states: 'The Benet Laboratories and WVA Partnership will be recognized by our customers and the Department of Defense as:

- The world leader for research and development, manufacturing and field support of large caliber cannon.

- The enterprise of choice for selected armaments and complementary products.

- Providing exceptional value which creates growing demand for our products.'

As in our facility-unique strategic planning process, Strategic Objectives and supporting Critical Success Factors have been developed to assure our advancement toward this vision. Objectives are passed down through the organization and incorporated into each organization's execution plans and performance standards. The Joint Strategic Planning Board meets regularly and performance toward the objectives is monitored and evaluated. Action plans are modified based on changing circumstances and conditions.

In addition to Benet Labs, Watervliet's Strategic Plan outlines strategies for partnering with major prime weapon contractors and weapon system integrators as a sub-system supplier for mission markets and with major DOD shipyards and aircraft suppliers for non-mission markets.

Regarding suppliers, Watervliet has instituted a closer working relationship with its suppliers and has implemented network telecommunications directly to each supplier for faster turnaround with less administrative burden.

In the case of the nine marketing teams, the six month investigation resulted in four of the original, nine market areas being formally adopted in the Strategic Enterprise Plan, and earmarked for a formal marketing program. 'Me nine teams also laid the groundwork for the formation of an organizational restructuring that would permit a higher level of Arsenal commitment to the marketing and customer satisfaction effort."
(Watervliet Arsenal, self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Watervliet has various vendors that supply the organization, and has established partnerships with a wide diversity of organizations. There is evidence of how senior leaders assess supplier and partner capabilities when developing overall goals and targets and the competitive environment. The Joint Strategic Planning Board with Benet Laboratory evidences this. Therefore, it is clear how supplier capabilities are considered in the planning process or how the organization aligns supplier performance with the organizations strategic and performance goals.

There is evidence of how Watervliet takes into account risks in the development of the Strategic Plan. As an example, a commitment to the marketing of non-mission products was evident in that two of the markets required substantial investments in equipment and training or personnel. Data was presented to the Strategic Planning Committee, and after investigation, the markets were approved and business risks incorporated into the overall market plan.

Watervliet has outlined a sound systematic strategic development process that is responsive, develops the organization's view of the future, sets strategic direction, and translates these directions into a clear and actionable basis for communicating, deploying and aligning critical requirements."

2.2 Strategy Deployment (50 pts.) **Approach – Deployment**

Describe your organization's strategy deployment process. Summarize your organization's action plans and related performance measures. Project the performance of these key measures into the future.

Within your response, include answers to the following questions:

a. Action Plan Development and Deployment

(1) How do you develop action plans that address your key strategic objectives? What are your key short-and longer-term action plans? Include key changes, if any, in your products/services and/or your customers/markets.

(2) What are your key human resource requirements and plans, based on your strategic objectives and action plans?

(3) How do you allocate resources to ensure accomplishment of your overall action plan?

(4) What are your key performance measures and/or indicators for tracking progress relative to your action plans?

(5) How do you communicate and deploy your strategic objectives, action plans, and performance measures/indicators to achieve overall organizational alignment?

b. Performance Projection

(1) What are your two-to-five year projections for key performance measures and/or indicators? Include key performance targets and/or goals, as appropriate.

(2) How does your projected performance compare with competitors, key benchmarks, and past performance, as appropriate? What is the basis for these comparisons?

Notes:

N1. Strategy and action plans development and implementation 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 and analysis to support development of strategy, to provide a sound performance basis for performance measurements, and to track progress relative to strategic objectives and action plans;

- Category 5 for 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 action plans; and
- Item 7.5 for accomplishments relative to organizational strategy.

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

For definitions of the following **key terms**, see pages 76-78: action plans, measures and indicators.

For additional description of this Item, see pages 83-84.

Example 2.2 (Shows only a technique for assessment. It does not represent a 100% score.)

"Our overall organizational strategy is translated into eight key processes. Our directors and agencies convert our SP and the key processes as seen at Table, 2.2.1, p. 10, into supporting action plans through mid-level managers to activity members via their individual support forms: Total Army Performance Evaluation System (TAPES) Civilians, Non-Commissioned Officers (NCOs), and Officers.

Directorate/agency action plans and human resource plans are linked to the Strategic Plan, and key business processes.

By utilizing the Strategy Planning Process the senior leaders and directors are able to determine which directorates and agencies own each key process and which directorates and agencies support the various key processes (Tables 2.2.1, p. 10 and 2.2.2,). Then actions plans are developed by the process owners and support agencies and aligned with the appropriate process. We systematically analyze these plans and review performance at a variety of forums listed in Table 1.1.5, p. 5. Since we have customer participation in these senior leader forums, we are able to utilize customer input in our approach to designing action plans. This allows for action plans that not only support our key processes but at the same time builds and enhances customer relationships. The new Garrison Commander plans to begin a directorate semi-annual training brief, similar to the units' quarterly training brief. This review will allow him oversight of action plan progression, as well as, other key factors.

Our human resource plans, which were developed from the 1996 Fort Carson Human Resource Development (HRD) plan, are aligned with the appropriate key processes as determined by the Strategic Plan. We have created a human resource guidance letter which allows the CG to semiannually communicate, throughout the organization, his vision and goals as they relate to HRD to meet the vision of the Strategic Plan. This approach eliminates the need to annually update a large and segregated HRD plan and allows for rapid communication and improvement of human resource issues as needed.

The differences between short and long term goals is based on what current leadership can directly influence here and now, as well as the development of long term goals based on known and projected factors. These decisions of influence are made on how quickly they will assist new leaders in the future.

We have made significant progress in designing our performance measurement system to take into account our rates of improvement relative to our peers and competitors as seen in category 4.0. We project where we want to be in the future based on our past performance and that of our peers/competitors. We additionally take into account goals of our higher headquarters to project current and future goals as illustrated in Table 2.2.3, p. 12, and with our performance results in Category 7.0, p. 36. Our Commanding General never wants our employees to be satisfied with the status quo. He wants employees to believe and understand that their audience is not captive. We aspire to become, by the end of this century:

- ***The most efficiently run installation in FORSCOM.***
- ***The premier provider of quality trained/ready/deployable soldiers.***
- ***A "Quality of Life" rated among the best in the Army that will allow our soldiers to be fully***

prepared, physically, emotionally, and mentally for whatever is required of them.

We are currently on target for reaching these visions of our future. This is evident in our company specific results listed in item 7.5, p. 45." (Fort Carson, CO, self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"How measures and goals relate to key processes as well as an articulation of strategies for improving performance are noted on Table 2.2.3. Both short and long term goals are spelled out. A two-five year projection of key performance factors with comparisons to competitors is included.

Directorate action plans are linked to the Key Business Processes and are aligned with the overall installation strategy. Action plans are deployed down through the organization through mid-level managers to activity members via their individual support forms: Total Army Performance Evaluation System (TAPES).

Ft Carson has assigned process owners to each of the action plans. The process owner has responsibility for developing and aligning the plans. Fort Carson developed a system of regularly scheduled reviews to analyze the plans and assess their performance."

3 Customer Focus (95 pts.)

The ***Customer 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 their satisfaction.

3.1 Customer and Market Knowledge (45 pts.) Approach - Deployment

Describe how your organization determines short- and longer-term requirements, expectations, and preferences of customers and markets. Describe also how the organization uses this information to understand and anticipate needs and to develop business opportunities.

Within your response, include answers to the following questions:

a. Customer and Market Knowledge

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

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

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

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

Notes:

N1. This item addresses external customers only—those outside the organization. Responses to this Item should take into account the differing requirements of various categories of customers often served by Army/government organizations, such as mandated and entitled customers in addition to the traditional voluntary customer. See the Glossary of Key Terms for a more complete definition of customers and to better understand the distinction between external and internal customers.

N2. The organization's products and services might be provided to end users via other organizations such as other Army organizations, other DoD agencies, private contractors, non-profit organizations, nonappropriated fund organizations. Therefore, "customer groups" should take into account the requirements and expectations of both the end users and these other organizations.

N3. Product and service features (3.1a(3)) refer to all-important characteristics and to the performance of products and services throughout their full life cycle. The focus should be on features that bear upon customer preference and repurchase or support loyalty—for example, those features that differentiate products and services from competing (or similar government) offerings. Those features might include factors such as price, value, delivery, customer or technical support, or the program marketing/outreach relationship. Some organizations must also consider non-competitive factors such as fairness and mandated services to entitled customers.

N4. Information about customers and markets is requested as key input to strategic planning (Item 2.1). However, strategic plans could also result in a need for new or additional customer market information, new ways to gather information and/or new customers and segments from which to gather information.

For definitions of the following **key term**, see page 77: customers

For additional description of this Item, see pages 85-86.

Example 3.1 (Shows only a technique for assessment. It does not represent a 100% score.)

"Our customer markets are segmented by product line as shown in the Overview, table 1. To develop those product lines, we operate within limits set outside our local organization. Our charter, our ten areas of expertise, and the HQUSACE Board of Directors define those limits. Law, regulation, and manpower ceilings limit our areas of competition. For example, without specific authority, we are not allowed to compete with private industry. In addition, HQUSACE regulates new work distribution for the Corps of Engineers. Within those basic boundaries, we use the following five strategies to gather market information and to develop, segment, and market our product lines:

1. We segment each product line into three levels of customer groups for further analysis (figure 7.1-2).

Command group - - Highest level of an organization; the top leadership of the organization we support. Concerned with policy and overall execution. Deals with all aspects of the program and how the program relates to other agencies.

Program group - - Deals with fiscal performance and execution of tasks at the program level. Programs are generally large and diverse (usually spanning the United States) and are direct-funded efforts.

Project group - - Deals with fiscal performance and execution of tasks. In contrast to programs, projects are more narrowly focused, with shorter, defined time limits.

2. We identify changing market needs and consider competitors' products and services through industry expositions, technology forums, and technical working groups.

3. We study the military market for areas that could benefit from our services and for which there may be no other provider or we are the center of expertise. As a result, we are developing the support for other markets with Corps districts, especially in the area of facilities O&M, where we have implemented the most efficient process in the federal government (figures 7.5-1 through -6).

4. We identify new work for current customers' growing needs through product line listening strategies (table 3.1-2, second column) and from question 17 on our customer satisfaction survey (table 7. 1 - 1). We also develop growth projections based on historical workload data (figures 7.2-16, -18, -19).

5. We develop leads on potential customers from existing customers. To further identify new opportunities, our customer satisfaction survey asks customers if they know of other organizations that could benefit from our

products and services (table 7. 1 - 1, # 19). Nearly 35 % of the customers returning our survey responded yes. Currently, we are contacting those potential customers.

During strategic planning, leaders and product line teams use that information to create our business action plans (figure 2.1-1, table 2.2-2).

Figure 3. 1 -1 shows our corporate process for determining customer requirements, product and service features, and the listening strategies in table 3.1-2. First, we hold partnering meetings with customers to determine their technical needs and communication preferences. We then document customer requirements in MOA's and PMP's; clarify and reinforce them through further partnering sessions (such as the Chem Demil ERG) and customer visits; track them through IPR's, LIR's, and PRB's (L 1 a(l) and figure 4. 1 - 1); and modify them through configuration management, as needed (6. 1 a). Performance measures for key requirements are used to determine if we met requirements (table 4. 1 - 1).

Also, our annual customer survey provides information on customer likes and dislikes.

To determine long-term requirements, we:

- Analyze DOD guidance, the program objective memorandum (POM), and federal legislation.

- Attend industry expos, technology forums, and technical working groups.

- Collect customer requirements through MOA's and PMP's as shown in figure 3. 1 - 1.

- Query current customers on the level of service required in the next five years (table 7. 1 - 1, # 17).

Such information assists product lines in determining long-term goals during business planning (2.2a and table 2.2-2). During strategic planning as described in 2. 1, leaders consider long-term customer retention (figures 7.1-9, 7.2-16) and customer feedback (figures 7. 1 -1 through -8).

Our ability to anticipate customer and market needs has resulted in new customers and expanded work with current customers. In March 1998, Boeing Corporation obtained the contract for the Ballistic Missile Defense Program and announced that they will use Huntsville Center as the subcontractor for central management of the facilities design and construction. In July 1998, facilities construction for the Russian Demil Program was transferred to us per customer request. In July 1998, as part of reengineering, HQUSACE transferred the energy O&M privatization mission of the Center for Public Works to us.

Keeping listening and learning approaches current.

Through the process shown in figure 3. 1 - 1, we update the listening and learning strategies in table 3.1-2 as customer requirements change. Improvement in listening and learning strategies are also implemented through our complaint management system (figure 3.2- 1).

Through annual strategic planning, we assess market knowledge processes and form action plan teams to develop or strengthen this area (table 2.2- 1, teams 2, 3, 5).

Through our PQA/APlC gap analysis (figure 1. 1-2), we established a Quality Assessment Team (QAT) staffed with product line representatives. One QAT initiative is to share, review, and evaluate real-time customer satisfaction collection processes." (U.S. Army Engineering and Support Center, Huntsville self-assessment 1999 PQA application)

<u>HQDA Board of Examiners' feedback comments on the above example:</u>

"The organization has a systematic approach to segment its customers. Their customized listening and learning approaches gather information from these segments to support the organization's business needs and develop future market opportunities.

Competitor product and services information, gained from industry expositions, technology forums, technical working groups, and military markets, is used to gain market knowledge and future customer needs.

The organization obtains information on potential new customers through their use of a customer satisfaction survey system, where current customers are queried with regard to their referrals to potential new customers' opportunities.

The organization has a process to evaluate and improve their listening and learning strategies as their customer requirements change. This requires assessment of their market knowledge processes during their annual strategic planning, evaluation of their various PQA/APlC gap analyses, and input from their Quality Assessment Team.

The organization determines and projects product and service features by product line listening and learning strategies. Configuration management systems, customers survey analysis, market studies, and participation in expositions, forums, and technical groups is also used for validation. The organization's analysis using customer satisfaction, dissatisfaction, and retention information is used to drive process improvements and planning for short and long-term requirements."

3.2 Customer Satisfaction and Relationships (50 pts.)　　Approach - Deployment

Describe how your organization determines the satisfaction of customers and builds relationships to retain current business and to develop new opportunities.

Within your response, include answers to the following questions:

a. Customer Relationships

(1) How do you determine key access mechanisms to facilitate the ability of customers to conduct business, seek assistance and information, and make complaints? Include a summary of your key mechanisms.

(2) How do you determine key customer contact requirements and deploy these requirements to all employees involved in the response chain?

(3) What is your complaint management process? Include how you ensure that complaints are resolved effectively and promptly, and that all complaints received are aggregated and analyzed for use in overall organizational improvement.

(4) How do you build relationships with customers for repeat business and/or positive referral?

(5) How do you keep your approaches to customer access and relationships current with business needs and directions?

b. Customer Satisfaction Determination

(1) What processes, measurement methods, and data do you use to determine customer satisfaction and dissatisfaction? Include how your measurements capture actionable information that reflects customers' future business and/or potential for positive referral. Also include any significant differences in processes or methods for different customer groups and/or market segments.

(2) How do you follow up with customers on products/services and recent transactions to receive prompt and actionable feedback?

(3) How do you obtain and use information on customer satisfaction relative to competitors and/or benchmarks, as appropriate?

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

Notes:

N1. Customer relationships (3.2a) might include the development of partnerships or alliances.

N2. Customer satisfaction and dissatisfaction determination (3.2b) might include any or all of the following: surveys, formal and informal feedback from customers, use of customer account data, and complaints.

N3. Customer satisfaction measurements might include both a numerical rating scale and descriptors for each unit in the scale. Effective (actionable) customer satisfaction measurements provide reliable information about customer ratings of specific product, service, and relationship features, the linkage between these ratings, and the customer's likely future actions —repurchase and/or positive response or referral. Product and service features might include overall value and price.

N4. Customer satisfaction and dissatisfaction results should be reported in Item 7.1. Information on operational measures that contribute to customer satisfaction or dissatisfaction should be reported in Item 7.5. For example, information on trends and levels in measures and/or indicators of complaint handling effectiveness, such as complaint response time, effective resolution, and percent of complaints resolved on first contact, should be reported in Item 7.5.

For additional description of this Item, see pages 86-87.

Example 3.2a (Shows only a technique for assessment. It does not represent a 100% score.)

"Determining and deploying customer contact requirements. We determine customer contact and reporting requirements during initial partnering sessions and revise requirements through IPR's or other customer reviews (figure 3. 1 - 1). The primary customer access methods listed in table 3.1-2, column 3, are based on customer requirements. All employees serving a specific customer become knowledgeable of the contact requirements through team meetings and MOA's/PMP's.

Evaluating and improving customer contact performance. Our primary method for evaluating customer contact performance is our annual customer survey, specifically questions 1, 4, and 9. Corporately, we have improved our rating for those items since 1995 when we implemented Baldrige as our quality improvement tool. Customer satisfaction data are also analyzed by command level, by product line, and by PM. In that way, we pinpoint where the specific problem originates and take corrective action. Last year, because we had an increase in dissatisfied responses to question 9, "keeps you informed," we required PM's to contact customers at least once a week. As a result, we cut the number of dissatisfied responses in half (figure 7.1-8).

Product lines have also developed surveys to obtain real-time customer satisfaction data at key project milestones and during product/service delivery.

Through all of our surveys, product lines make improvements in products, services, or communication with the customer. One such improvement is OE's formal customer service plan implemented in March 1997. It established procedures for conducting business with customers. A customer service packet was sent to all OE customers in late May 1997 and is sent to all new customers. The packet contains OE information, including a listing of 24-hour-a-day customer contact numbers and a "new customer" needs survey. Project managers then meet with the customer, discuss each survey question, and establish goals.

Our Survey Team also uses PQA/APlC feedback to improve our corporate survey every year (figure 1. 1-2). Since 1995, we have added several questions and a customer satisfaction index (CSI). In FY98, we implemented a process to validate the CSI. Next year, to capture more data on competitors, we will add the question "How do we compare to others who have provided you similar products or services?"

Complaint management: Figure 3.2-1 shows the flow of our complaint management process. As the primary customer points of contact, PM's receive complaints through the communication methods in table 3.1-2, our management process in figure 3. 1 - 1, or product line surveys. PM's analyze complaints and ensure that problems are resolved either within the team or through higher levels. Customers are included in and approve the resolution. Data are aggregated through LIR's and PRB's.

To ensure whether complaints are answered promptly and satisfactorily, we use our annual corporate customer satisfaction survey. Our Survey Team conducts the survey and collects the data. That team then

analyzes those data by the Center, command group (table 3. 1 -1), product line, and individual PM, aggregating and reporting findings to the PM and the PRB. All customers who rated us below 3 in any category are contacted within two days (figure 7.1-8). In addition, our directors send letters to respondents, staffed through the commander for signature. The letters address corrective actions on specific issues. For all scores below 3, PM's develop improvement plans that become part of their business action plans and are briefed at the PRB.

Since 1995, we have increased our customers' satisfaction in providing timely service and flexibility in responding to customer needs (figure 7. 1 - 1, #5 and #8). We scored 4. 1 out of 5.0 in listening to and resolving customer concerns (figure 7. 1 - 1, #4), better than the Corps average (3.85) and the average of military districts (3.85) (figure 7.1-3).” (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

<u>HQDA Board of Examiners’ feedback comments on the above example:</u>

“A comprehensive complaint management system is in place, which aggregates, analyzes, and communicates information for use throughout the organization.

An annual customer satisfaction survey is used, as the Center-wide tool, to determine individual customer satisfaction, and satisfaction levels for market segments. This provides the opportunity to determine areas for improvement, rank customer needs, compare those needs to similar providers, obtain customer referrals, and seek future customer needs.

Loyalty and customer relations are strengthened through alignment of work design with internal and external customer service, development of operational action plans, and 360-performance review.

The organization utilizes customer reviews and annual PQA/APlC gap analyses to improve their customer access methods and implement action plans for relationship management and customer satisfaction. Objective and reliable information on customers' satisfaction, relative to its competitors, is obtained and used by the organization from analysis or Corps-wide results received from headquarters.”

<u>Example 3.2b (Shows only a technique for assessment. It does not represent a 100% score)</u>

“Customer satisfaction determination Annual External Customer Survey. Our annual customer satisfaction survey process as described in 3.2a is the Center-wide tool for determining customer satisfaction. Survey results are acted upon as shown in figure 3.2- 1, with low scores addressed through improvement plans. Our annual customer satisfaction survey data are analyzed and used in several ways:

- *To determine customer satisfaction Center-wide (figs. 7.1-1, -3).*
- *To determine customer satisfaction for market segments (figs. 7.1-2, -5).*
- *To determine areas of improvement (fig. 7.1-8).*
- *To rank customer needs (fig. 7.1-6).*
- *To compare to similar providers (figs. 7.1-3, -4).*
- *To obtain customer referrals (table 7. 1 - 1, questions 18 and 19) as described in 3. 1 a(l).*
- *To seek future customer needs (table 7. 1 - 1, question 17) as described in 3.1a(l).*

360 feedback. Another tool for customer service satisfaction is our 360 review (I. la(2), 5.1b). Employees in the GS/GM 13-15 group must include external customers as raters.

Customer retention and referrals. Figure 7.2-16 shows how our customer base has grown and developed since 1969. As described in 3.1a(l), we also track customer retention and referrals through our customer satisfaction survey questions (table 7.1-1; figure 7.1-9).

Other Indicators. In addition to data obtained through surveys and the process shown in figure 3. 1 - 1, product lines use the following specific indicators to measure customer satisfaction:

- MACOM and Operational Forces Support Product Lines. Since FY90, our Energy Program has grown from $800K to its current level of $39M. Also, the Energy Team received three DOE Federal Energy Awards in 1997 for energy conservation, and HQUSACE expanded the Energy mission by 32 FTE. For our Ranges program, one customer satisfaction measure is our growing range design market share, which increased 240% from FY92 to FY98, and an increase in distribution of RTLP automation products (figure 7.2-18). The Legacy Program grew from less than $ 1 M in FY96 to over $ 1 OM.

- Ordnance and Explosives Product line. Figure 7.2-18 shows program growth for this product line.

- Medical Program Product Line. Through our MACOM, our primary customer has designated Huntsville Center as the Corps' central manager for Army medical facilities renovation. Also, our customer base continues to grow as more Corps districts use our contracts. Figure 7.2-19 shows program growth.

- Ballistic Missile Defense (BMD) Program Product line. Because of our responsiveness, a private firm, Boeing Corporation, selected us to manage facility design and construction for the BMD Program (figure 7.2-19).

- Chemical Demilitarization. In July 1998, facilities construction for Russian Demil was transferred to us by customer request.

Product lines seek feedback on recent transactions through the IPR's or partnering meetings (figure 3. 1 - 1). Such regularly scheduled reviews with customers and suppliers ensure that the customer is satisfied with project progress at every phase. Some product lines find it useful to seek customer feedback after product delivery through real-time surveys at key milestones and at product delivery. Also, we use daily dialogue, weekly conference calls, and visits to customers. For significant problems, a senior manager calls or visits the customer. If it is serious enough, the commander calls or visits the customer.

We determine customer satisfaction relative to similar providers by comparing our annual customer satisfaction survey results Corps-wide and with other Corps military districts and MSC's (figure 7.1-3, -4). In 1995, we developed our first customer survey. Because HQUSACE adopted our survey for Corps-wide use, we have an objective and parallel method for comparing customer satisfaction data to similar providers. Because Boeing recently hired us (3. 1 a(2)), we now have a mechanism for collecting satisfaction comparisons to private industry through our annual survey.

Our customer satisfaction survey shows the level of customer loyalty: 94% said that we would be their choice for future work, over 90% said they would recommend us to other organizations, and nearly 40% stated that they knew of other organizations that would benefit from our services (table 7. 1 - 1). We also view the high return rate on survey responses as a measure of customers' faith that we will act on their feedback (See also figure 7.1-7):

Table 3.2-1. Customer survey return rate

Fiscal Year	*Return Rate*
1996	*50.9%*
1997	*44.0%*
1998	*49.6%*

(U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Objective and reliable information on customers' satisfaction, relative to its competitors, is obtained and used by the organization from analysis or Corps-wide results received from headquarters.

Annual customer surveys, customer complaints, and other indicators are used to determine customer satisfaction and dissatisfaction levels for all customer and market groups. All measurements the organization uses captures actionable information that reflects future customer needs and seeks positive referrals."

4 Information and Analysis (95 pts)

The ***Information and Analysis*** Category examines your organization's performance measurement system and how your organization analyzes performance data and information.

4.1 Measurement of Organizational Performance (45 pts.) Approach - Deployment

Describe how your organization provides effective performance measurement systems for understanding, aligning, and improving performance at all levels and in all parts of your organization.

Within your response, include answers to the following questions:

a. Measurement of Organizational Performance

(1) How do you address the major components of an effective performance measurement system, including the following key factors?

- selection of measures/indicators, and extent and effectiveness of their use in daily operations
- selection and integration of measures/indicators and completeness of data to track your overall organizational performance
- selection, and extent and effectiveness of use of key comparative data and information
- data and information reliability
- a cost/financial understanding of improvement options
- correlations/projections of data to support planning

(2) How do you keep your performance measurement system current with business needs and directions?

Notes:

N1. The term information and analysis refers to the key metrics used by your organization to measure and analyze performance. 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. The main types of measures and indicators called for in Item 4.1a are those which are key to the organization; therefore, they should also be linked to the organization's operations, systems and processes described in the Organization Overview and in Category 6.

N3. Deployment of data and information might be via electronic or other means. Reliability [4.1a(1)] includes reliability of software and delivery systems as well as data accuracy.

N4. Comparative data and information include benchmarking and competitive comparisons. Benchmarking refers to processes and results that represent best practices and performance for similar activities, inside or outside the organization's industry. Competitive comparisons refer to performance relative to competitors in the organization's markets.

For additional description of this Item, see page 88.

Example 4.1 (Shows only a technique for assessment. It does not represent a 100% score.)

"We depend on the management and effective use of data and information to evaluate our key processes and drive performance. We are acutely aware of the value of information and use every opportunity to compile, analyze, and improve how we share important information with our employees, customers, suppliers, and partners. The majority of key management information is established by Army regulations. In many cases Army and FORSCOM level information systems have been established to measure performance. We are proud of our local efforts to quantify quality of life measurements and of our systematic approach to providing visibility of performance data at the installation level - - a system we call the Balanced Score Card (BSC) (Figure 4.1.1).

Fort Carson has moved beyond the traditional directorate level approach for the gathering and analysis of performance data, to a more versatile multi-forum approach embodied in the Continuous Management System. During our strategic planning off-sites we formulated a series of cross-functional goals, objectives and performance measurement standards to serve as performance indicators in each of the key business processes.

As a result of these off-site conferences, a series of tasks, sub-tasks, standards and performance measurements were developed to capture the critical success factors in each of the key processes. Each task/sub-task was assigned to a lead agent to measure and report performance on a scheduled basis. The BSC is the tool that we use to provide installation level access to the results of this performance data (Figure 4.1.1).

Our Strategic Plan (SP) drives how we define our business approach toward succeeding in our environment. The eight key processes we identified in our SP drive the selection of operational, financial, customer satisfaction and quality performance measures at our senior leadership off-sites. Our approach in developing information and data requirements was to take maximum advantage of existing standards and reports as specified in military doctrine and regulation. These measurements and standards were captured and presented as the main types of data that we collect. These are listed in Column E of Table 4.3.2, p. 21. Each column in this table summarizes how the various types of performance data are aligned with our key processes. Our BSC, when fully deployed, will contain an overall performance rating of our eight key processes. This linkage is critical in how we manage data, maintain alignment with our strategic goals, and assess our overall progress.

Figure 1.1.1, p. 2, provides an overview of how the data that forms our strategic performance measures are aligned with the overall goals and objectives of the organization. Figure 1.1.2, p. 2, further illustrates how performance data is deployed to our various stakeholders both functionally and cross-functionally. The performance data evaluated in the Continuous Management System (Figure 1.1.1, p. 2) and reported in the BSC is available to members of the organization. Table 4.1.1 summarizes how our performance data is managed at each level of our organization.

Many of our most important performance measures rely on peer comparisons. We view other FORSCOM installations as our peers, especially those installations under the III Corps, as our first and best choice for comparative analysis. This data helps us set goals, determine what level of performance is possible, and to adopt some of the practices of the most successful organizations in our industry. Our basis for comparative analysis is not to take away market share or resources from other installations, but to ensure we are making the best possible use of the resources that have been entrusted to us by the taxpayer.

Since we do not have "industry analysts" in our business, we rely on obtaining objective data from our higher headquarters such as III Corps, FORSCOM, and Department of the Army. During our annual Organizational Self-Assessment, we actively and systematically determine our comparative data needs and pursue peer comparisons to help establish benchmarks and stretch targets for continuous improvement of our key

processes. As illustrated on our performance results charts (Category 7.0, p. 36), we address whether a peer comparison is appropriate for that particular measure. The organization chart at page vi depicts nine primary peers in our mission-related arena (Forts Dix and McPherson excluded). Column E, Table 4.3.2, p. 21, identifies the type of comparative data we analyze. Collecting our peers' performance data, assists us in analyzing our relative performance and value to our customers.

The type of performance data in each of our key processes drive who we compare our performance against. We choose organizations that are similar in size, have similar products and services, and operate in similar markets. We periodically review (i.e., senior leader off-sites, ESC meetings) our performance and establish goals and objectives based on performance data available form other installations or provided as Army, FORSCOM or III Corps averages. Our mission support business arena (i.e., our BASOPS services) relies on a wide variety of comparative data sources ranging from Army level surveys of MWR customer satisfaction, (Figure 7.1.5, p. 39), to more local competitive data comparisons such as those conducted by our commissary, post exchange, and recreation services (i.e., local market prices of goods and services).

Finally, the Quality & Reinvention Team makes extensive use of Centurion, ACOE and PQA submissions posted on the world wide web, as well as other business and educational quality related sites, to help develop meaningful comparative and competitive standards for processes common to our peers and civilian industries. Our members who participate as Centurion examiners for other installations provide quality initiatives from other organizations to the Quality Council and ESC for consideration as improvements to our processes.

We review and analyze our peer and competitors' performance data as we set our own performance goals in many of our key processes. These reviews of the performance data are an integral part of each of the management forums listed in Table 4.1.2, p. 18. Current performance data and performance standards are also reviewed annually by senior leadership and by the Quality Council in order to ensure that our goals and standards remain meaningful. Regulation and higher headquarters direct many of our standards and goals. This enables our key and potential users to set realistic stretch targets and utilize innovative techniques for performance measurement. An example of this is the use of display standards which have been adopted from Eglin AFB, an organization cited as "best in class" for its performance measurement methodology (Category 7.0, p. 36).

We frequently evaluate the comparative data we use in a variety of forums. At the strategic level, we review this data during our Situational Analysis Phase of strategic planning (Column 2.1a(2), Table 2.1.1, p. 9). At the operational level, our directors and QMBs continuously evaluate the validity of comparative data collected and explore new methods for expanding the scope of collecting data on peers and competitors. Table 3.2.2, column g, p. 16, demonstrates our understanding that determining the level of customer satisfaction of our peers, and comparing ourselves to that data, is the most efficient way to evaluate and improve our data. This is a key concept in the Customer Satisfaction Plan that is currently under development." (Fort Carson, CO, self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

Performance data, action plans, and process owners are identified and subsequently linked to key processes. The key processes use the integrated information to form the balanced scorecard (BSC) providing multi-dimensional indicators that have layered importance throughout the organization. The BSC is used at the senior level to keep executives "out of the weeds."

Fort Carson determines its needs for and reviews comparative data during its annual Organizational Self Assessment. It pursues peer comparisons to help establish benchmarks and stretch targets for continuous improvement of its key processes.

Strategic goal alignment is tailored to be organizational-level specific for key process measurement at the top of the organization down to individual performance goals at the employee level. Each level feeds into the next to culminate in an aggregate measure that focuses senior leadership on appropriate overall key performance.

The organization has outlined a systematic approach to the evaluation and improvement of key process data collection efforts that continuously focuses information on organizational goals and priorities."

4.2 Analysis of Organizational Performance (50 pts.) **Approach - Deployment**

Describe how your organization analyzes performance data and information to assess and understand overall organizational performance.

Within your response, include answers to the following questions:

a. Analysis of Organizational Performance

(1) How do you perform analyses to support your senior executives' organizational performance review and your organizational planning? How do you ensure that the analyses address the overall health of your organization, including your key business results and strategic objectives?

(2) How do you ensure that the results of organizational-level analysis are linked to work group and/or functional-level operations to enable effective support for decision making?

(3) How does analysis support daily operations throughout your organization? Include how this analysis ensures that measures align with action plans.

Notes:

N1. Analysis includes trends, projections, comparisons, and cause-effect correlations intended to support performance reviews and the setting of priorities for resource use. Accordingly, analysis draws upon all types of data: customer-related, financial and market, operational, and competitive.

N2. Responses to this item might include information on the organization's annual performance reports developed pursuant to the Government Performance and Results Act, and performance measures and measurement systems developed for that purpose.

N3. Performance results should be reported in Items 7.1, 7.2, 7.3, 7.4, and 7.5.

For additional description of this Item, see pages 89-91.

Example 4.2 (Shows only a technique for assessment. It does not represent a 100% score.)

"Our Balanced Scorecard (BSC) system is the centerpiece for analyzing and reviewing our organization's overall strategic performance relative to our plans and attainment of strategic goals. It is "fed" by the process review forums listed in Table 4.1.2, p. 18, which form the bedrock of our performance review system.

As Table 4.1.2, p. 18, depicts, our eight key processes are intensely managed to ensure we are achieving our performance goals. Reallocations of resources inside process area can be made by the senior sponsor of the process (CG, DCG, DCS, GC), during the process management forum. This allows us the ability to respond immediately to perceived shortfalls. Table 4.3.2, p. 20-21, illustrates how performance data from all parts of our organization are integrated into the key processes and are analyzed to assess our performance in areas critical to our success. The analysis of this data produces an appropriate strategy (Column D) and action plans (Column F) to improve performance. In this way, individual facts and data are converted to relevant information and serve as a sound basis for action, making decisions, and establishing priorities.

In order to make good decisions, we need to integrate information and data from all areas of our organization. Table 4.3.1, p. 22 summarizes how this information and data is integrated, analyzed, and used to improve our decision making. Column A addresses principal performance measures and is divided into four categories. Columns B - D address how or what was analyzed and the decisions and results that emerged from the analysis. For example, little emphasis was traditionally given to measuring how effective we were at supporting mission-related customers. Customer satisfaction is now an important performance measure as indicated in Column E, Table 4.3.2, p. 21." (Fort Carson, CO, self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

The Balanced Scorecard methodology provides the installation's senior leaders with integrated macro-level information on each of the eight key processes to make necessary adjustments.

Process owners and front-line managers review organizational performance findings at several different forums and adjust priorities and resources from the information. Several methods have been identified to depict how these changes are disseminated throughout the organization to support the information.

5 Human Resource Focus (95 pts)

The ***Human Resource Focus*** Category examines how your organization enables employees to develop and utilize their full potential, aligned with the organization's objectives. Also examined are your organization's efforts to build and maintain a work environment and an employee support climate conducive to performance excellence, full participation, and personal and organizational growth.

5.1 Work Systems (35 pts.) **Approach - Deployment**

Describe how your organization's work and job design, compensation, career progression, and related work force practices enable employees to achieve high performance in your operations.

Within your response, include answers to the following questions:

a. Work Systems

(1) How do you design, organize, and manage work and jobs to promote cooperation and collaboration, individual initiative, innovation, and flexibility, and to keep current with business needs?

(2) How do your managers and supervisors encourage and motivate employees to develop and utilize their full potential? Include formal and/or informal mechanisms you use to encourage and support employees in job- and career-related development/learning objectives.

(3) How does your employee performance management system, including feedback to employees, support high performance?

(4) How do your compensation, recognition, and related reward/incentive practices reinforce high performance?

(5) How do you ensure effective communication, cooperation, and knowledge/skill sharing across work units, functions, and locations, as appropriate?

(6) How do you identify characteristics and skills needed by potential employees; how do you recruit and hire new employees? How do you take into account key performance requirements, diversity of your community, and fair work force practices?

Notes:

N1. The term employees refers to the organization's permanent, temporary, and part-time personnel, as well as any contract employees supervised by the organization.

Employees include managers and supervisors at all levels. Contract employees supervised by a contractor should be addressed in Item 6.3.

N2. The term work design refers to how employees are organized and/or organize themselves in formal and informal, temporary, or longer-term units. This might include work teams, process teams, customer action teams, problem-solving teams, centers of excellence, functional units, cross-functional teams, and departments — self-managed or managed by supervisors. The term job design refers to responsibilities, authorities, and tasks of individuals. In some work systems, jobs might be shared by a team, based upon cross-training.

N3. Compensation and recognition 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 recognition.

For a definition of the following **key term**, see page 77: high performance work.

For additional description of this Item, see pages 91-92.

Example 5.1 (Shows only a technique for assessment. It does not represent a 100% score.)

"Fort Bragg embarked upon a major organizational redesign effort that revolutionized the way we do installation business. The aim of Fort Bragg's installation redesign was to not just change our organizational structure, but more importantly, to change the way we do business. Our redesign initiative was particularly significant when considering that, despite numerous changes in the Army force structure, warfighting doctrine, and training methodology since the end of World War II, installation organizations and processes had remained virtually unchanged.

Under installation redesign, our directorates were restructured into five business centers. These business centers are customer focused, business driven, and process oriented in alignment with our key processes.

By combining elements from functional areas to operate along process lines, we encourage better communication, focus on performance objectives (through reviews described in Item 4.3b), and recognize and promote high performance achievers (organizations, teams, and individuals).

Employees throughout the organization receive training in team structure, dynamics, customer satisfaction and interpersonal skills to equip them to deal with customers and empower them to make appropriate decisions in service delivery. Multi-functional job descriptions were developed to enable employees to quickly respond to rapidly changing customer needs, whether in a deployment scenario or child care center. A team of personnelists throughout Army was brought on-site to restructure more than 358 position descriptions; 586 personnel were impacted by the changes. The results are team-oriented jobs that empower, train and educate, and promote equal opportunity. The success of our efforts, expressed through various feedback forums, is reflected in our employee satisfaction survey results (Figure 7.3.7).

As an example of our work and job redesign, Installation Warehousing in the Readiness Business Center is now a one-stop center, with employees working in teams empowered to provide for the needs of the commander of combat-ready soldiers as well as Business Center personnel. This allowed reprogramming of resources to other priority areas by reducing the number of in-stocks locally maintained. Just-in-time stock purchases from various suppliers resulted in reduced cycle time and warehouse space, destruction of World War II wood ahead of schedule, and incorporated a more robust competitive factor in the purchase of supplies to reduce customer costs.

Better communication is provided by the design of our work processes along process lines (Item 5.1a(l)) and through the expanded use of automation equipment. Knowledge and skills are shared and reinforced as addressed in Item 5.2a(4).

Although communication with coworkers receives high marks on our employee surveys, communication at all levels of the organization has been identified as an area for improvement. To correct this, we implemented

a communication improvement plan, which is reviewed during our performance reviews. Our survey results and improvement initiatives are published in the post newspaper and disseminated to the entire workforce via electronic mail. Further, the Commanding General and Garrison Commander have recurring meetings with the workforce to share our vision and strategy and address areas of concern; the Garrison Commander publishes a monthly newsletter on items of interest.

The Civilian Personnel and Advisory Center has enhanced work force communication through a myriad of innovative programs and automated features. Information about federal benefits, regulatory and statutory information, job qualification and classification standards, and job announcements is available electronically. "Why Wednesday" is a regularly scheduled informal on-site visit by personnelists to individual activities to provide employees the opportunity to voice concerns and receive on-the-spot answers. Statistics are maintained regarding issues raised, and training is provided in strategic personnel areas.

Our entire redesign effort is a direct result of our need to provide flexibility, rapid response, and learning in addressing changing customer and operational requirements. As addressed in Item 5.1a(l), jobs were reclassified to "generalists" instead of "specialists" to posture our employees to respond more rapidly to customer requirements, provide management flexibility in assigning duties, and provide employees the opportunity to learn and apply new skills. This approach often includes cross-training, formal training, job rotation, alternate work schedules, and changes in work locations.

Our civilian performance evaluation system provides the foundation for recognition of our employees and is linked to not only our organization's mission, but our strategic direction. Similar to the NCOER/OER system, Total Army Personnel Evaluation System is the formal method of documenting employee efforts and progress toward organizational goals. Supervisors meet with employees at least twice annually to chart the course for the employee based on our strategic direction. This formal program can and does lead to promotions, formal training assignments, and monetary and honorary awards. The military also ensures that soldiers receive evaluations, schools and awards. Both civilian and military awards are given in public ceremonies surrounded by team members.

The Civilian Personnel Advisory Center hosts an annual Installation Awards Ceremony. Awards for customer service and employee, supervisor, and executive of the year are presented by the Commanding General at a luncheon program. Criteria for the awards are based on organization and Baldrige values. In addition to the standard Department of the Army awards, awards presented to recognize our exceptional performers include XVIII Airborne Corps coins, "3-star notes," medals, certificates, and monetary awards. Team rewards are a special focus as we train teams and implement team-based processes. All organizational elements host Organization Days and other forums where employees and teams are recognized with rewards for their contributions. The nonappropriated fund work force has the opportunity to actively share in profits as they pursue performance excellence. This program closely links employee and organizational interests.

Our Quality Management Structure (QMS) ensures the systematic deployment, evaluation and use of our compensation and recognition system by being a viable part themselves and through continuous review through our QMS." (XVIII Airborne Corps and Fort Bragg self-assessment for 1999 PQA application)

<u>HQDA Board of Examiners' feedback comments on the above example:</u>

"The organization structured directorates into five business centers through redesign aligning them with the key processes. These centers provide a one-stop location with employees working in teams. The organization expects to benefit by increased efficiencies as the work force transitions into process oriented teams.

The organization, through multifunctional job descriptions, enables employees to be flexible and respond to the customer and operational requirements. Over 358 position descriptions were restructured to team-oriented jobs.

The Communication Improvement Plan and the Civilian Personnel and Advisory Center have instituted numerous methods to communicate knowledge and skill learning across the organization. Employee's concerns and issues are documented and provided as input to the strategic personnel areas.

Compensation and recognition is based on organization and Baldrige values. The organization is focusing on team awards as the team concept is implemented.

Nonappropriated fund personnel participate in profit sharing as an incentive to pursue performance excellence. This reinforces the overall performance and objectives of the organization."

5.2 Employee Education, Training, & Development (30 pts) Approach-Deployment

Describe how your organization's education and training support the achievement of your business objectives, build employee knowledge, skills, and capabilities, and contribute to improved employee performance.

Within your response, include answers to the following questions:

a. Employee Education, Training, and Development

(1) How does your education and training approach balance short- and longer-term organizational and employee needs, including development, learning, and career progression?

(2) How do you design education and training to keep current with business and individual needs? Include how job and organizational performance are used in education and training design and evaluation.

(3) How do you seek and use input from employees and their supervisors/managers on education and training needs, expectations, and design?

(4) How do you deliver and evaluate education and training? Include formal and informal education, training, and learning, as appropriate.

(5) How do you address key developmental and training needs, including diversity training, management/leadership development, new employee orientation, and safety, as appropriate?

(6) How do you address performance excellence in your education and training? Include how employees learn to use performance measurements, performance standards, skill standards, performance improvement, quality control methods, and benchmarking, as appropriate.

(7) How do you reinforce knowledge and skills on the job? Education and training delivery [5.2a(4)] might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

Note:

N1. Education and training address the knowledge and skills employees need to meet their overall work and development objectives.

N2. Education and training delivery [5.2a(4)] might occur inside or outside the organization and involve on-the-job, classroom, computer-based, distance learning, and/or other types of delivery (formal or informal).

N3. Other factors in Item 5.2a(5) might include effectiveness of incentives in promoting skill building, benefits and costs of the education and training, most effective means and timing for training delivery, and effectiveness of cross-training.

For additional description of this Item, see pages 92-93.

<u>Example 5.2 (Shows only a technique for assessment. It does not represent a 100% score.)</u>

"Our Strategic Training Plan directly addresses Fort Bragg Goal 5: Retain, develop, and empower a high quality workforce, transformed and motivated to respond to customers' needs. Although the plan relates directly to the following objectives of the Strategic Human Resource Plan, it also relates indirectly to other objectives by developing workforce skills, knowledge, and abilities necessary to meet those objectives.

- Objective 5.3: Develop and implement training to orient managerial practices to better communicate, motivate, and develop employees.

- Objective 5.9: Provide comprehensive training and education plans and programs for individual and team development.

Figure 5.2.1 lists some of the training conducted on Fort Bragg and its linkage to our installation strategic planning goals. All courses, with the exception of Officer and Noncommissioned Officer Professional Development (O/NCOPD), Primary Leadership Development Course (PLDC), and Basic NCO Course (BNCOC), are open to military and civilian members. Most of the remaining courses can be modified to reach audiences of managers, supervisors, and employees.

Our performance goals and objectives are also reflected in the myriad of soldier leadership training in the BNCOC, PLDC, and weekly Sergeants' Time training.

We view training as a service and "trained individuals" as the product; hence, we use the design process described in Figure 6.1.2 to design and improve our training program. An example is the design of our Employee Development Training Plan (EDTP). Using input from our organizational strategic plan, performance objectives, customers, and employee surveys/focus groups, our QMS developed an aggressive and comprehensive plan to address needs based on our redesigned work systems described in Item 5.1a. The result is an EDTP that includes both mandatory and optional training for each grade level of supervisory and non-supervisory personnel. With direct links to the Installation Strategic Plan goals (Figure 5.2.1), the Human Resource Plan, and input from all key stakeholders, the plan serves as a foundation for training initiatives and the basis for prioritizing, establishing, and reviewing training goals during our Semi-Annual Performance Reviews. Priorities were established and measures assigned based on employee desires (our "internal" customers), customer requirements, and work demands. Further, soldier training is linked with key performance objectives through their quarterly and semi-annual training briefs.

Education and training are delivered in a variety of ways. Classroom instruction remains the most frequently used method of instruction and is augmented with satellite, correspondence, and on-the-job training. On-site courses are plentiful, and additional topics are available through temporary duty and mobile training teams.

Attendance at the XVIII Airborne Corps and Fort Bragg Inprocessing Briefing is mandatory for all newly-arrived soldiers and optional for their family members. All new civilian employees are included in the briefing, which highlights a personal welcome by the Commanding General and Command Sergeant Major. A 19-minute film shows the Fort Bragg, airborne and special operations missions and identifies services and points of interest in the local community. The briefing culminates with a post tour.

Sergeant's Time, regularly observed on Wednesday mornings, is an opportunity of noncommissioned officers to conduct training on a variety of professional development, soldier skills, and military occupational skills. This training is directly related to the key process of readiness through the Mission Essential Task List.

We are developing a Distance Learning Lab to offer Continuing Education Courses to our civilian and military workforce. This will allow our employees to obtain higher level degrees and increase their value to the organization. Our Executive Steering Committee views these opportunities as absolutely necessary for the survival of the organization and our ability to retain highly trained employees.

Fort Bragg provides training through courses bought off the shelf, contracted with training vendors, and designed by our in-house staff. Centralizing civilian leadership training and professional development under Dragon University resulted in the elimination of duplicate courses, an increase in classroom utilization, and expansion in the scope of instruction. Dragon University provides the foundation for quality programs and

leadership and management development (Figure 5.2.2). Dragon University staff and adjunct faculty members teach courses.

All employees, military and civilian, have access to the eleven regionally accredited civilian institutions that conduct degree programs on Fort Bragg and Pope Air Force Base. The college programs offered through the Army Continuing Education System offer degrees through the graduate level.

Staff elements and military units have training coordinators or training officers who maintain catalogs and publicize opportunities from Dragon University and other sources. In addition to the Fort Bragg EDTP, catalogs are readily available at Dragon University and on the World Wide Web and Fort Bragg Bulletin Board System for organization members to identify training opportunities and maximize career progression. Training coordinators were trained in the implementation of the EDTP and maintain a data base on every employee with training they have taken, training that is needed, and training that employees desire based on personal considerations. Supervisors discuss organization and individual training needs to meet goals and objectives with the training coordinator and individually with employees.

One of our primary tools for reinforcement of the knowledge and skills gained by our employees is through on-the-job performance. Supervisors evaluate the effectiveness of the training on a recurring basis by evaluating employee performance and providing feedback. The professional development of individuals and groups is further enhanced by the sharing of information within teams and between members of the workforce. There are 80 questions on our employee survey. For two consecutive years, the two specific questions which were rated highest in satisfaction by both managers and employees were related to opportunities for on- the-job training and learning from coworkers. Another of our successful strategies for reinforcing training on the job is to provide "jus-tin-time" training. Providing training to individuals who will immediately apply those new skills to the job at hand enhances reinforcement and retention.

As a part of the training planning process, we developed methods for evaluating and improving our training. Our design process (Figure 6.1.1) includes evaluation and improvement as integral components. Methods of course evaluation include short-term and long-term evaluation mechanisms. Student learning is measured in many courses through written and performance testing. Results and performance impacts are captured and compared to other training organizations. Inputs from these evaluations are applied during the feedback step. An example is the implementation of training improvements based on the performance results of our team-based organizations.

The Senior Management Board (SMB) oversees the training improvement process. Dragon University is charged with implementing the necessary changes and improvements. The SMB considers guidance from the Executive Steering Committee, customers, and other stakeholders in initiating improvements. For example, our EDTP is evaluated and improved annually and as needed throughout the year.

Our senior leaders provide guidance and establish priorities in the military training plan through the units' quarterly and semi-annual training briefs and unit status reports. This feedback gives our QMS the insight to prioritize training resources, thereby ensuring units maintain requisite levels of training readiness.” (XVIII Airborne Corps and Fort Bragg self-assessment for 1999 PQA application)

<u>HQDA Board of Examiners’ feedback comments on the above example:</u>

“A variety of training methods have been implemented by the organization, i.e. Technical Training, Customer Service, Newcomers Briefing, Distance Learning Lab, and Mentoring. This training ensures training needs are met for all categories of employees.

Civilian training has been centralized at Dragon University. This has resulted in the expansion of the scope of instruction. This initiative ensures employees receive training that improves individual and organizational performance.

Supervisors reinforce training effectiveness by evaluating on-the-job performance and providing feedback to the employees. This ensures that skills learned in training are used on the job. This initiative maximizes organizational efficiency.

The organization has a Strategic Training Plan that aligns with strategic goals, fulfilling objectives that define taskings for action plans. The alignment of training to goals exhibited in Figure 5.2.1 is comprehensive and relational.

The organization uses a systematic approach to design and improvement of the training program. With input from customers, employees and focus groups developed the Employee Development Plan. The plan is stratified into mandatory and optional training. This action affords the employee and the supervisory guidance in setting training priorities.”

5.3 Employee Well-Being and Satisfaction (30 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

How do you address and improve workplace health, safety, and ergonomic factors? How do employees take part in identifying these factors and in improving workplace safety? Include performance measures and/or targets for each key environmental factor. Also include significant differences, if any, based on different work environments for employee groups and/or work units.

b. Employee Support Climate

(1) How do you enhance your employees' work climate via services, benefits, and policies? How are these enhancements selected and tailored to the needs of different categories and types of employees, and to individuals, as appropriate?

(2) How does your work climate consider and support the needs of a diverse work force?

c. Employee Satisfaction

(1) How do you determine the key factors that affect employee well-being, satisfaction, and motivation?

(2) What formal and/or informal assessment methods and measures do you use to determine employee well-being, satisfaction, and motivation? How do you tailor these methods and measures to a diverse work force and to different categories and types of employees? How do you use other indicators such as employee turnover, absenteeism, grievances, and productivity to assess and improve employee well-being, satisfaction, and motivation?

(3) How do you relate assessment findings to key business results to identify work environment and employee support climate improvement priorities?

Notes:

N1. Approaches for enhancing employees' work climate [5.3b(1)] might include: counseling; career development and employability services; recreational or cultural activities; non-work-related education; day care; job rotation and/or sharing; special leave for family responsibilities and/or for community service; home safety training; flexible work hours; outplacement; and retiree benefits (including extended health care).

N2. Specific factors that might affect employee well-being, satisfaction, and motivation [5.3c(1)] include: effective employee problem or grievance resolution; safety factors; employee views of management; employee training, development, and career opportunities; employee preparation for changes in technology or the work organization; work environment and other work conditions; workload; cooperation and team-work; recognition; benefits; communications; job security; compensation; and equal opportunity.

N3. Measures and/or indicators of well-being, satisfaction, and motivation [5.3c(2)] might include: safety; absenteeism; turnover; turnover rate for customer-contact employees; grievances; strikes; other job actions; insurance costs; worker's compensation claims; and results of surveys. Results relative to such measures and/or indicators should be reported in Item 7.3.

For additional description of this Item, see pages 93-94.

Example 5.3 (Shows only a technique for assessment. It does not represent a 100% score.)

"Our organization has a systematic, cross functional, prevention-based process for providing a safe and healthy work place. It is a fundamental requirement of any employer to ensure that employees can carry out their daily functions without fear of injury, inadequate equipment or proper training in life saving methods. We include this under our Quality of Life key process.

Our Goal 8 is to provide a safe and secure living, working, and training environment for the installation and community. Our Public Safety Business Center's Safety Division and Womack Medical Center's Occupational Health segment mission is to ensure that we achieve this goal. These offices provide education and monitoring in all areas of employee safety, health and wellbeing. Our priorities are prevention, training in a viable risk management system, and proper equipment for the job.

Our Safety Division also interacts with the tactical commander in deploying various programs to ensure our combat-ready soldiers are operating in as safe an environment as possible. Risk Management is taught to both civilian and military members of our organization and incorporated daily throughout the workplace. The United States Army Safety Center provides a variety of publications to promote safety awareness, and the Public Safety Business Center publishes countermeasures to reduce accidents. Safety representatives conduct regular inspections and work with local unions to provide safe working conditions for everyone.

The Occupational Health Program of the Preventive Medicine Activity developed a Health Hazard Information Management System, which includes a baseline inventory of all work areas on Fort Bragg. It identifies and quantifies all hazardous conditions that may cause injury or illness. This system supports the Job Related Medical Surveillance Program, whereby personnel placed in potentially hazardous working conditions receive an initial preemployment physical and specific screening tailored to the work place hazard. Employees are evaluated on a recurring basis, as determined by the type of work site health hazard or risk. Employees receive treatment of occupational illness and injury on an emergency and follow-up basis, as required.

Our Risk Reduction Program uses a comprehensive list of indicators to identify high-risk behavior among soldiers in order to maintain unit combat readiness. A crossfunctional team that tracks, assesses, and consolidates current risk behavior data manages the program. Existing data from several sources and a risk assessment questionnaire completed by soldiers are analyzed to identify high-risk behavior and intervention target areas. Successful intervention is accomplished through recurring Command Group emphasis, two-way communication, sense of leader concern, well defined commander expectations, leader commitment to early identification, a strong disciplinary posture, and a focus on prevention.

The Public Safety Business Center has crime prevention programs such as 396-EYES that are conducted in partnership with community crime stoppers, Drug Abuse Resistance and Education, and temporary safe havens for children. Department of the Army has noted that Fort Bragg is the only installation with a full-time military School Resource Officer in the on-post school system. This Military Policeman serves as a mentor to the students and provides classroom instruction on such topics as drug prevention, peer pressure, and gang awareness.

Fort Bragg strives to be a desirable place to work for its entire workforce. To support this goal, many facilities have opened their doors to civilian employees. Examples include: learning centers, libraries, fitness centers, golf courses, tennis courts, bowling alleys, auto craft shops, horseback riding stables, and rod and gun and parachute clubs. Many events, such as fairs, festivals, and concerts, are open to employees and the general public as well. Other services available to employees include personal, education and career counseling, college programs, and seminars. Once a year, the Civilian Personnel Advisory Center sponsors a health fair for our civilian personnel which offers personal wellness information as well as minor diagnostics. Medical services on Fort Bragg range from complete in-patient medical care for soldiers to occupational services and flu shots for civilian employees.

Federal employees enjoy a host of benefits at Fort Bragg including locality pay, compensatory time off, incentive cash awards, travel allowances, an employee assistance program, annual and sick leave, family and emergency leaves of absence, military leave, leave sharing, alternative work schedules, job sharing, training programs, overseas work assignments, health and life insurance, thrift savings (401K) plans, a bonus plan for hard-to-fill professional positions, and retirement benefits. Fort Bragg's annual Job Fair allows employees to explore career opportunities both within and outside Government service. The Army Career and Alumni Program provides counseling and referral services for transitioning soldiers.

In order to provide more quality and affordable housing to those who would otherwise be financially at risk, Fort Bragg implemented a policy to reallocate more on-post housing to lower enlisted grades (Figure 7.5.16). This increased availability of housing to lower enlisted soldiers by 652 units to date. Another initiative to ensure safe, secure housing for soldiers is the Mobile Home Inspection Program. Local mobile home parks must comply with Fort Bragg standards or they are placed off limits.

To further lessen the financial burden borne by a highly transient population, we negotiated with local utility providers to waive deposits for utilities which soldiers would otherwise have to pay out of pocket. Information on the program and assistance in completing applications is provided at the In/Out Processing Center.

The organization strives to energize employees by meeting their safety, social, recognition, and self-actualization needs through the various programs, services, and communication forums identified here and in Category 1. Communicated from senior leaders and first-line supervisors through informational forums and daily contact, our employee team shares in our values, vision, mission, goals, and the proud heritage of the XVIII Airborne Corps and Fort Bragg. Motivation is further provided in our redesigned team-based organizations, which enhance communication and provide opportunities for job sharing, cross training, and empowerment never before realized. Our EDTP is the road map for employees to succeed in their present job and to understand the steps necessary to be competitive for the next level of their career.

Fort Bragg administers a locally developed annual survey to civilian and military personnel to measure employee satisfaction and identify initiatives to improve the work place. We partner with the North Carolina Employment Security Commission to provide survey services at no cost to the installation. The local appropriated fund union (AFGE 1770) is also an integral part of this effort. A minimum of 733 military and civilian employees (35% of the workforce) is randomly selected to participate in the survey. We have achieved a minimum survey return rate of 53% (391) and a confidence rating of 95. Survey results are segmented by our two primary employee groups, supervisors/managers and nonsupervisors, based on the unique needs of each category. A total of 80 questions in three major areas (Leadership; Job Structure and Systems; and Performance and Development) are surveyed. These major areas are further broken down into 12 subsystems. These subsystems, centered around continuous learning, are linked to the objectives of our Strategic Human Resource Plan. Specific survey results are found in Item 7.3.

Specific areas are prioritized for improvement projects based on the rate of dissatisfaction among both employees and managers from the survey and other feedback sources balanced against our strategic direction. The three current areas for improvement are: rewards and recognition, education and training, and information flow. Action plans for each of these items were developed and deployed, and progress is monitored through our Quality Management Structure and Semi-Annual Performance Reviews.

The installation-wide customer satisfaction survey (Item 3.2b(l)) also assesses employee satisfaction with the services provided as the "internal" customer. In addition to the surveys, Fort Bragg also "takes the pulse" of the military and civilian workforce in other ways. The Inspector General conducts sensing sessions on a variety of topics as necessary. The Equal Opportunity and Equal Employment Opportunity Offices also conduct installation-wide sensing sessions on extremist activities and sexual harassment.

Suggestion programs provide another way of assessing employee involvement in improving the work environment. In addition to the traditional Army Suggestion Program, each of our organizational elements have

developed innovative programs for recognizing employees and teams for their suggestions." (XVIII Airborne Corps and Fort Bragg self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"A variety of activities provide services, benefits and products to support employees and soldiers. This maintains and increases morale and serves to increase productivity.

Senior leaders and first-line supervisors communicate through informal and formal forums. Several methods are used to provide motivation by meeting the employees' and soldiers' safety, social recognition and self-actualization needs. Team-based organizations enhance communication, opportunities for job-sharing, cross training, and job empowerment. The Employee Development Training Plan provides road maps for career progression.

A locally developed annual survey is used to identify initiatives to improve the workplace. The local union participates in this effort, which is administered at no cost to the organization by the state Employment Security Commission. Supervisor and non-supervisory personnel segment these survey results. Three major areas are involved (Leadership; Job Structure and Systems; and, Performance and Development.) These three areas are further broken down and directly linked to the objectives of the Human Resource Plan. The result is a sound, systematic approach to determining key factors that affect employee motivation, well-being, and satisfaction.

A variety of activities provide monitoring and maintenance of employee safety, healthfulness, and well being. It is possible that the organization may see an increase in productivity as a result.

The three major areas, Leadership; Job Structure and Systems; and Performance and Development identified in the organization's annual survey are further broken down into 12 subsystems centered around continuous learning and directly linked to the objectives of the Human Resource Plan. The subsystems are prioritized based on the levels of dissatisfaction, action plans are developed and deployed and progress tracked. The result is a sound, systematic approach.

Motivation to reach full potential is provided by senior leaders, managers, and first line supervisors through a variety of communication forums as shown in figure 1.1.2 and by addressing their safety, social, recognition, and self-actualization needs through numerous programs, services, and benefits."

6 Process Management (95 pts)

The ***Process Management*** Category examines the key aspects of your organization's process management, including customer-focused design, product and service delivery, support, and supplier and partnering processes involving all work units.

6.1 Product and Service Processes (50 pts.) **Approach - Deployment**

Describe how your organization manages key product and service design and delivery processes.
Within your response, include answers to the following questions:

a. Design Processes

(1) What are your design processes for products/services and their related production/delivery processes?

(2) How do you incorporate changing customer/market requirements into product/service designs and production/delivery systems and processes?

(3) How do you incorporate new technology into products/services and into production/delivery systems and processes, as appropriate?

(4) How do your design processes address design quality and cycle time, transfer of learning from past projects and other parts of the organization, cost control, new design technology, productivity, and other efficiency/effectiveness factors?

(5) How do you ensure that your production/delivery process design accommodates all key operational performance requirements?

(6) How do you coordinate and test design and production/delivery processes to ensure capability for trouble-free and timely introduction of products/services?

b. Production/Delivery Processes

(1) What are your key production/delivery processes and their key performance requirements?

(2) How does your day-to-day operation of key production/delivery processes ensure meeting key performance requirements?

(3) What are your key performance measures and/or indicators used for the control and improvement of these processes? Include how real-time customer input is sought, as appropriate.

(4) How do you improve your production/delivery processes to achieve better process performance and improvements to products/services, as appropriate?

(5) How are improvements shared with other organizational units and processes, as appropriate?

Notes:

N1. Some organizations are required to rely on processes mandated by their parent organization. Responses to this Category should reflect the organization's efforts to manage and improve its own processes within the parameters and guidelines established by higher headquarters, as well as any contributions by the applicant to improve the parent organization's mandated processes.

N2. Product and service design, production, and delivery differ greatly among organizations, depending upon many factors. These factors include the nature of the products and services, technology requirements, issues of modularity and parts commonality, customer and supplier relationships and involvement, and product and service customization. Responses to Item 6.1 should address the most critical requirements for your business.

N3. Responses to Item 6.1 should include how customers and key suppliers and partners are involved in design processes, as appropriate.

N4. Process evaluation and improvement [6.1a(4)] and [6.1b(3)] could include process analysis research and development results, benchmarking, use of alternative technology, and information from internal and external customers.

N5. Results of operational improvements in product and service design and delivery processes should be reported in Item 7.5. Results of improvements in product and service performance should be reported in Item 7.1.

For definitions of the following **key terms**, see pages 77-79: cycle time and productivity.

For additional description of this Item, see pages 94-96.

Example 6.1a (Shows only a technique for assessment. It does not represent a 100% score.)

"The management of key processes is critical to our organization's performance. We constantly explore new ways to improve our products and services. This provides increased value to our customers. Our process management system allows us to design, implement, evaluate, and improve our processes so we can adapt quickly and effectively to changing customer and market requirements.

Our key processes are the vehicles by which we achieve our strategic goals, accomplish our mission, and serve our customers. The centerpiece of our process design system is our Continuous Improvement Structure (CIS) as discussed in Item l.la(l), p. 2. Our Process Improvement Model (PIM), illustrated in Figure 6.1.1 below, provides us with an systematic approach for developing, designing, producing, and deploying new or improved processes. Our Executive Steering Committee (ESC), Quality Management Boards (QMB), and Process Action Teams (PAT) play a important role in the design of new or improved processes. The ESC provides strategic level oversight, review, and evaluation of process design. Each of our process owners, both the cross-functional QMBs and functional directors, provide continuous review and analysis of our key processes and respond to the need to revise or develop a completely new process. PATS, composed of relevant stakeholders, are formed to conduct research, design the process, and to forward recommendations back to the QMB and on to the ESC for review and consideration.

Table 3.1.1, p. 13, provides an overview of our customers' requirements as well as the many forums we use to collect input (listening and learning). Figure 2.1.1, p. 8, illustrates how our customer requirements drive our strategic planning process. Further, our CIS has what is essentially a "built-in" methodology for incorporating changing customer requirements into our product and service designs. Representatives from all of

our internal and external customer segments serve in varying capacities within our CIS. For example, major unit commanders are both ESC members and QMB chiefs. Thus, our customers, as well as other important stakeholders, are directly involved in incorporating requirements and new technology into the design of our processes. Whether a QMB or PAT member, or as a member of our many boards and advisory councils, our customers are involved in designing our processes to meet their needs or modifying them when new requirements or technology challenges the efficiency or appropriateness of the existing process. Our Training QMB, for example, devised a systematic way of incorporating internal and external customer satisfaction performance measures into our training key process -- not only improving the process, but also designing into the process their own unique requirements. An example is the initiatives to upgrade ranges and simulation facilities to accommodate the MlA2 tank acquisition.

Our strategic planning process and CIS ensures quality and performance requirements are 'designed in' to our processes. Figure 1.1.2, p. 2, Table 2.1.1, p. 9, and Table 3.1.1, p. 13 illustrate how we identify requirements and incorporate them into our process design. Our mechanisms for assessing whether our processes meet performance requirements are customer input, both during the design phase and introduction of new or enhanced products, services, and feedback from higher headquarters from annual inspections.

The structure of the CIS assures coordination during the transition from the design stage (PIM Step 4) to the deployment stage (PIM Steps 5 and 6). The CIS assures coordination because both the process owner and the customer are members of the QMB. As a QMB member, the process owner has an open channel to discuss design flaws, implementation challenges, and low performance with the process designers. The customer, key supplier, and partner, as QMB members, have an opportunity to directly contribute in the transition of a new process from design to deployment and even to modify the process as it is being deployed. The customer, supplier, and partner report their degree of satisfaction with the product through the QMB to the ESC throughout the process.

We continuously evaluate and improve our design processes so we can improve our products and services. Our CMS and BSC enable us to evaluate the performance of our processes. As new processes are developed or existing processes revised they are incorporated into this formal performance measurement system. This system ensures that performance requirements are both designed into new processes and periodically assessed. In addition, the Fort Carson Office of Internal Audit and our higher headquarters, III Corps, conduct a series of annual inspections to evaluate process improvements and accomplishments. Inspection results are reported to higher headquarters and the commanding general. In addition, the hospital and dental activities are independently inspected by their national leadership, as are the commissary and Post Exchange. These feedback mechanisms provide information from both internal and external customers. In addition, ESC and other scheduled command group meetings allow for the ease of transferring learning from one company unit or project to another, further reducing cycle time." (Fort Carson, CO self-assessment for 1999 PQA application)

<u>HQDA Board of Examiners' feedback comments on the above example:</u>

"The installation has a sound, systematic system in place to manage changing customer requirements and technology. Customers and stakeholders are directly involved in designing processes to meet their needs or modifying them when new requirements or technology challenges the efficiency or appropriateness of existing systems.

Fort Carson shows how they identify requirements (Figures 1. 1.2, and Tables 2.1.1 and 3.1.1). The mechanism used for assessing that processes meet performance requirements are customer input, both from the design phase and introduction of new and enhanced products and services, and feedback from higher headquarters' annual inspections.

In that process owners, customers, suppliers and partners are part of the QMB, the structure of the CIS assures coordination during the transition from the design phase to deployment. Each have the opportunity to directly contribute at all phases of design through deployment and to modify the process as it is being deployed.

The Continuous Improvement Structure and Process Improvement Model provide a clear and systematic approach to incorporating changing customer requirements into product and service designs.

Customer input both during the design phase and feedback from higher headquarters annual inspections are mechanisms used in assessing whether processes meet performance requirements.

Involving the customer, key suppliers, and partners as QMB members provides these groups an opportunity to discuss design flaws, implementation challenges, and low performance with the process designers. This involvement also provides the opportunity for these groups to directly influence the process transition, deployment, and modification ensuring trouble free introduction and delivery of products and services.

Identification of specific process and output indices for evaluating and improving the design process are outlined at figure 6.1.1. Customers, suppliers, and partners are involved in the evaluation and improvement process.

Key process and support process measures are identified and customer interactions displayed. The installation identifies information which provides clear linkages between key process, process measures, and requirements.

Example 6.1b (Shows only a technique for assessment. It does not represent a 100% score.)

"We use a systematic approach in managing our key processes to maintain process integrity and ensure our products and services meet operational as well as customer requirements. The responsibility for managing our processes rests with the process owners, but also extends to personnel associated with each process from first-line supervisors to senior leaders. Our processes are formally reviewed using our CMS and BSC to ensure process integrity to identify areas requiring process improvement, and as a forum for sharing information and continuous learning.

We use eight key processes to measure and improve our products and services. They are designed based on the unique needs of our various customer segments and are systematically linked across our organization and relate directly to those of our higher headquarters. Figure 1.1.2, p. 2 provides an overview of how our processes are aligned. The first four key processes primarily support our most important business area -- providing combat-ready forces. They include training, mobilization, deployment, and sustainment. Our last four key processes relate primarily to the wide range of services we provide as a "home to the force" and include resource management, environmental stewardship, partnership, and quality of life. Table 6.11, p. 33, lists our key processes and their specific requirements. The following paragraphs briefly describe each of our key processes.

Train the Force. This key process is defined as all areas related to the training readiness of our soldiers and their units. It extends from individual soldier proficiency in basic war-fighting tasks up to and including brigade-size unit proficiency. Key elements include units having access to training facilities to meet their annual training requirements and the post assisting units in maintaining readiness requirements by requiring quarterly and annual assessments.

Mobilize the Force. This process includes all areas related to our ability to rapidly mobilize reserve component forces. Key elements include mobilization training, conducting mobilization exercises to test our plans, providing unit-specific support, validating mobilization readiness of units, and ensuring that we have the infrastructure to meet our customers' current and projected mobilization needs.

Deploy the Force. This process focuses on our capability to rapidly deploy forces anywhere they are needed by our customers. The key element of this process is our installation's power projection infrastructure such as our railhead complex, staging facilities, command and control systems, and partnering arrangements with the Air Force for airfield usage that allow us to deploy forces away from post in accordance with directed time schedules.

Sustain the Force. This key process covers a wide range of activities that all focus on maintaining high levels of vehicle, equipment, and personnel readiness. This process is continuous in that we must sustain our forces before, during, and after deployments. Key areas include maintenance, calibration support, General Support level repair, fuel, rations, individual equipment issue, dental and medical care, personnel replacement, transportation, supply, major end items, property accounting, and information technology.

Manage Resources. This key process is concerned with all aspects of the management of fiscal, property, and manpower resources. Key areas include allocation of financial resources, budgeting, and civilian manpower authorizations. In addition to being a key process, the management of our limited resources extends to and is integrated into every other key process.

Conserve the Environment. This key process focuses exclusively on areas related to environmental conservation. Key areas include ensuring that we have continued access to training areas, comply with federal, state, and local regulations, properly dispose of and recycle our resources, conserve energy, and increase our environmental awareness.

Enhance Community Partnership. This key process includes all partnering activities. Key areas include cost of community housing partnerships, infrastructure supplies and services, amount of charitable contributions and contractor QC ratings. It also includes "adopting" schools, communities, and partnering with our local sister service installations to realize cost savings through volume purchases, and pursuing other partnering activities in our local community.

***Improve Quality of Life*. This key process includes a very broad rang activities that provide quality of life to our soldiers, their families, military retirees, and our civilian work force. Key areas are housing, financial services, medical and dental care, law enforcement, transportation, infrastructure and facilities, recreation, retail goods, and communications.**

The ESC maintains process integrity by reviewing performance data provided by the QMBs to assess whether our products and services are meeting operational and customer requirements. Based on customer and process owner input, the ESC determines if the process is performing to standard and meeting performance requirements. If the ESC deems that the process is inadequate then the process owners initiate our PIM, appoint a PAT to research the process, and make recommendations to the ESC for corrective action. The ESC reviews the new or modified processes during subsequent meetings and directs corrective action as needed. Table 3.1.1, p. 13, lists our primary customer interaction forums. Table 6.1.1, p. 33, provides a description of key in-process measurements. Customer satisfaction is measured in a systematic process through the completion of an annual broad-based quality of life survey and through individual QMBs completing surveys within their area of responsibility. In addition, directorates complete narrowly based customer satisfaction surveys within their own areas of focus.

Our CMS and BSC provide us with a systematic way of evaluating our product and services. Our CIS is designed to continuously improve our processes, respond to changing customer needs, and increase our operational performance. The ESC uses the BSC and CMS to evaluate our products and services. Whenever one of our products does not meet the expected performance level, the process owner appoints a PAT, which conducts an analysis of the process using the PIM to uncover possible design flaws. The PAT designs methods to improve the product or service. Then the process owner presents recommendations for improvement to the ESC for approval. Techniques our process owners use to improve our products and services include competitive comparisons, modeling, technical research, alternative technology and direct customer input. Because our CIS consists of cross-functional teams, the transfer of learning to other process owners and throughout the organization flows both quickly and naturally, greatly reducing cycle time by expediting transfer of knowledge between work units." (Fort Carson, CO self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"*The installation has a mature performance measurement system (CMS and BSC) to periodically evaluate and improve their products and services. This ensures that performance requirements are built into the new processes as they are deployed. Internal and external audits are conducted annually by the installation and higher headquarters. Independent inspections on the medical and dental activities are also conducted. The feedback mechanisms provide information from customers (internal and external) in addition to ESC and scheduled command meetings. This allows for the ease of transferring learning from one part of the organization to another, which results in reduced cycle time.*

Key processes are designed based upon the unique needs of various customer segments and are systematically linked across the installation. Key processes directly relate to those of higher headquarters.

Key process and support process measurements and controls are depicted so they can be referenced and managed across criteria elements. Key processes and requirements are defined and process relationships to customers are clearly portrayed in the application.

The ESC maintains process integrity through its reviews to determine if the process is performing to standard and meeting performance requirements. If inadequate, process owners initiate the PIM, appoint a PAT to research the process, and make recommendations to the ESC. The ESC, in turn, reviews recommendations and directs corrective action. Customer satisfaction is measured by a systematic process through the completion of various surveys.

Use of the CMS and BSC by the ESC and PATs to fully evaluation and redesign processes/products and implement improvements is clear in the application and shows approach and deployment of the evaluations and redesigns."

6.2 Support Processes (20 pts.) **Approach - Deployment**

Describe how your organization manages its key support processes.

Within your response, include answers to the following questions:

a. Support Processes

(1) What are your key support processes?

(2) How do you determine key support process requirements, incorporating input from internal and/or external customers, as appropriate? What are the key operational requirements (such as productivity and cycle time) for the processes?

(3) How do you design these processes to meet all the key requirements?

(4) How does your day-to-day operation of key support processes ensure meeting key performance requirements? How do you determine and use in-process measures and/or customer feedback in your support processes?

(5) How do you improve your support processes to achieve better performance and to keep them current with business needs and directions, as appropriate? How are improvements shared with other organizational units and processes, as appropriate?

Notes:

N1. Support processes are those that support the organization's products/services design and delivery processes, and business operations. For many organizations, this might include information and knowledge management, finance and accounting, facilities management, research and development (R&D), administration, and sales/marketing. The key support processes to be included in Item 6.2 are unique to each organization and how it operates. Focus should be on the most important processes not addressed in Items 6.1 and 6.3. Together, Items 6.1, 6.2, and 6.3 should cover all key operations, processes and activities of all work units.

N2. Process evaluation and improvement (6.2a(5)) could include process analysis and research, benchmarking, use of alternative technology, and information from internal and external customers.

N3. Results of improvements in key support processes and key support process performance results should be reported in Item 7.5.

For additional description of this Item, see pages 96-97.

Example 6.2 (Shows only a technique for assessment. It does not represent a 100% score.)

"Our support processes are designed, managed, and improved in much the same manner as our key processes. Support processes include a wide array of functional activities that may not be directly related to our key processes, but play a critical role in the daily operations of our organization. Owners of supporting processes rely more on informal feedback, assessment of performance along functional lines, and routine staff and higher headquarter's interaction.

Support process owners determine their key requirements and incorporate customer input using the same mechanisms and listening and learning forums (Table 3.1.1, p. 13) as is done with our key processes. They also receive feedback from higher headquarters via inspection results and responses to mandatory monthly and quarterly reports. Incorporated into the design of our support processes are various regulations, command guidance, and customer requirements.

We design our support processes using both functional teams and cross-functional PATs. These teams follow the PIM in researching performance requirements, incorporating customer needs, and designing or modifying each support process. This team approach includes process evaluation and data gathering on customer needs and process measurements. Working in teams and cross-functionally at the earliest stages of design provides us with supporting processes that are coordinated, responsive to needs, and well deployed throughout the organization. Supporting process owners validate performance requirements through customer feedback and formal performance assessments.

Table 6.1.1, p. 33, lists our key support processes and their requirements. They range from financial to facilities management and each has unique requirements.

As with our key processes, the performance of our supporting processes are formally assessed and results are compared against established goals and standards. Table 1.1.5, p. 5, provides a list of forums we use in managing our support processes. In addition to these forums, process owners are continuously gathering performance data and analyzing performance. In this manner, deviations from desired performance levels are identified and addressed immediately. Front-line managers initiate actions such as training, performance counseling or work redesign to correct faulty in-process performance to include cycle time. Systematic root causes of substandard performance are reported through supervisor channels to appropriate levels for information and action.

Our support processes are continually monitored and evaluated to ensure they are meeting performance standards and customer requirements. Table 1.1.5, p 5, is an overview of the various forums we use to evaluate and improve these processes. These forums also provide an excellent vehicle for transmitting lessons learned to all organizations on post. Evaluation and improvement methods include: 1) internal/external reviews and audits e.g., manpower teams) 2) activity based costing, 3) research and analysis (e.g., PATs), 4) competitive comparisons (i.e. comparing TDY claim processing cycle time), customer input mechanisms (e.g., sensing sessions) and 5) alternative technologies (e.g., automated inventory control Key process owners are responsible for ensuring that performance metrics are aligned with installation goals and that the support processes satisfy operational and customer requirements." (Fort Carson, CO self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Support process owners determine their key requirements and incorporate customer input using the same mechanisms and listening and learning forums (Table 3. 1. 1) as is done with their key processes. They also received feedback from higher headquarters via inspection results and responses to mandatory monthly and quarterly reports.

Fort Carson provides a description of key support processes along with measures and standards for determining performance, as well as evaluation strategies and improvement approaches.

Fort Carson has shown how it manages support processes and how it ensures they best meet operational and customer requirements.

The installation's evaluation and methods used include internal/external reviews and audits,' ABC, research and analysis (PATs), competitive comparisons, customer input mechanisms, and alternative technologies to meet or improve performance standards.

Customer forums and accompanying narrative show a systematic approach and deployment using customer interactions and measures to meet operational and customer requirements.

Installation-specific results noted in category 7 provide information that is critical to the element and reinforces the management of processes explained in preceding elements.

The Process Improvement Model utilizing cross-functional teams provides evidence that support processes have an approach for measuring the degree to which customer quality and operational performance requirements are being met for the products they produce and the services they provide for internal and external customers.

6.3 Supplier and Partnering Processes (25 pts.) Approach - Deployment

Describe how your organization manages its key supplier and/or partnering interactions and processes.

Within your response, include answers to the following questions:

a. Supplier and Partnering Processes

(1) What key products/services do you purchase from suppliers and/or partners?

(2) How do you incorporate performance requirements into supplier and/or partner process management? What key performance requirements must your suppliers and/or partners meet to fulfill your overall requirements?

(3) How do you ensure that your performance requirements are met? How do you provide timely and actionable feedback to suppliers and/or partners? Include the key performance measures and/or indicators and any targets you use for supplier and/or partner assessment.

(4) How do you minimize overall costs associated with inspections, tests, and process and/or performance audits?

(5) How do you provide business assistance and/or incentives to suppliers and/or partners to help them improve their overall performance and to improve their abilities to contribute to your current and longer-term performance?

(6) How do you improve your supplier and/or partner processes, including your role as supportive customer/partner, to keep current with your business needs and directions? How are improvements shared throughout your organization, as appropriate?

Notes:

N1. Supplier and partnering processes might include processes for supply chain improvement and optimization, beyond direct suppliers and partners.

N2. If your organization selects preferred suppliers and/or partners based upon volume of business or criticality of their supplied products and/or services, include selection criteria in the response.

N3. Results of improvements in supplier and partnering processes and supplier/partner performance results should be reported in Item 7.4.

For additional description of this Item, see pages 97-98.

Example 6.3 (Shows only a technique for assessment. It does not represent a 100% score)

"We rely on a variety of suppliers and partners who supply us with goods and services and allow us to accomplish our mission. Section 3 of the Overview, p. iii and Table 0.3.2, p. iv, introduced our key partners and major suppliers. Table 6.3.1, p. 35, provides, in more detail, our key suppliers and partners and our performance requirements for them. We have two broad categories of suppliers and partners: those directed by DoD and Army policies and those selected by our organization. Those selected by us are generally service and administrative supply vendors from the private sector. Figure 6.3.1, p. 35, depicts our supplier and partner process design.

Our CIS and PIM provide us with a systematic approach for designing supplier and partnering processes to meet our performance requirements and to help suppliers and partners meet these requirements. Table 2.1.1, p. 9, Column 2.1a(6), provides evidence of how we incorporate supplier and partner data into the situational analysis phase of our strategic planning process. The design of most of our supplier and partnering processes, to include their selection, are established by federal statutes or military regulations, especially in the areas of logistics and procurement. We do, however, directly influence the design of our local vendors and service providers. Our functional area and/or process owners use the CIS and PIM to design, evaluate, and improve the products and services of our supplier and partners.

Contracts are the primary means of communicating our performance requirements and ensuring they are met. They allow us to clearly articulate performance requirements and performance measures (i.e., quality, timeliness, and cost). Performance requirements for some suppliers/partners are communicated in Inter-Service Support Agreements (ISSAS) and Memorandums of Agreements (MOAs). We ensure that suppliers and partner's meet our requirements by using the performance measures depicted in Table 6.3.1. We tailor evaluations of supplier and partner performance and feedback mechanisms to the type of products and services received. For example, because of the impact repair parts quality and cycle time have on unit readiness, suppliers immediately receive Quality Deficiency Reports when shortfalls occur.

We evaluate and improve supplier and partner performance through informal feedback from process owners, analysis of business results, and by feedback mechanisms provided in our contracts. Most contracts are written to reward good performance. Under the cost plus method of contracting, for example, we evaluate supplier performance in writing each month. This evaluation looks at accomplishments as well as areas that need improvement. Meetings are also used to address specific areas of concern. We take advantage of every opportunity to educate suppliers and partners on our performance requirements. Communication with our partners and our suppliers builds trust and provides us an opportunity to evaluate the quality of services and products offered by suppliers. We also evaluate and improve contractor performance by proactively administering contracts with discussions, meetings, and correspondence with our contractors. This communication also provides the Fort Carson leadership with data useful in the preparation of documents such as the Command Budget Estimate and the Commander's Mission Accomplishment Estimate in support of contingency deployments." (Fort Carson, CO self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Fort Carson's CIS and PIM provide a systematic approach for designing supplier and partnering processes to meet performance requirements and to help suppliers and partners meet those requirements. Table 2. 1.1 provides the evidence of how they incorporate supplier and partner data into the situational analysis phase of their strategic planning process.

The organization evaluates and improves supplier and partner performance through informal feedback from process owners, analysis of business results, and by feedback mechanisms provided in contracts. They evaluate supplier performance in writing each month, and conduct meetings to address specific areas of concern.

A well-developed process for determining suppliers, developing supplier processes, formulating agreements and modifying agreements with customer supplier input is shown (Figure 6.3. 1).

A mature, well-deployed process for ensuring requirements are met, including key measures, performance levels, and a feedback loop is show in narrative and Table 6.3. 1.

Evaluation/Improvements in supplier and partnering processes are well developed with extensive charting of progress with suppliers and partners (7.5) noted."

7 Business Results (400 pts)

The ***Business Results*** 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, supplier and partner results, and operational performance. Also examined are performance levels relative to competitors.

7.1 Customer Focused Results (125 pts.) **Results**

Summarize your organization's customer focused results, including customer satisfaction and product and service performance results. 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 and/or indicators of customer satisfaction, dissatisfaction, and satisfaction relative to competitors?

(2) What are your current levels and trends in key measures and/or indicators of customer loyalty, positive referral, customer-perceived value, and/or customer relationship building, as appropriate?

(3) What are your current levels and trends in key measures and/or indicators of product and service performance?

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/or indicators of customer satisfaction relative to competitors and/or similar organizations inside or outside the Army/government might include objective information and data, such as customer-perceived value, from customers and independent organizations.

N3. Comparative performance of products and services and product/service performance measures that serve as indicators of customer satisfaction should be included in 7.1a(3).

N4. The combination of direct customer measures/indicators in 7.1a(1) and 7.1a(2) with product and service performance measures/indicators in 7.1a(3) provides an opportunity to determine cause and effect relationships between product/service attributes and evidence of customer satisfaction, loyalty, positive referral, etc.

N5. Item 7.1 should only include results of performance in satisfying customers external to the organization itself. This includes results in satisfying higher headquarters and other units within the parent organization, which are separate from the applicant organization itself. Results of performance in satisfying internal customers should be reported in other items (i.e., results of efforts to satisfy organization members should be reported in Item 7.3, Human Resource Results, and results of efforts by internal support functions to satisfy their customers within the organization should be reported in Item 7.5 Organization Effectiveness Results.)

For additional description of this Item, see pages 98-99.

Example 7.1 (Shows only a technique for assessment. It does not represent a 100% score)

"Our primary means of evaluating external customer satisfaction is our annual external customer survey below. Our customers rated our efforts on a scale of 1 (lowest) to 5 (highest). Results are reported in figures 7. 1 -1 through -10.

Table 7. 1 -1 External Customer Survey Questions

How Well Huntsville Center:

1. Seeks your requirements, priorities, and expectations and incorporates them into our service
2. Manages your projects effectively
3. Treats you as an important member of the team
4. Solicits, listens to, and resolves your concerns
5. Provides timely services
6. Delivers quality products and services
7. Delivers products and services at reasonable cost
8. Displays flexibility in responding to your needs
9. Keeps you informed

Rate Huntsville Center's.

10. Project management performance
11. Funds management and cost accounting performance
12. Architect-Engineer contracts performance
13. Engineering design quality performance

Rate the following.

14. Huntsville Center would be your choice for future project/services
15. Your overall level of customer satisfaction

We asked four new questions in FY98:

16. Why did you select Huntsville Center?
17. Will the services you require of us be more, the same, or less in the next 5 years?
18. Based on your experience with Huntsville Center, would you recommend us to other organizations/agencies?
19. Do you know of other organizations/agencies that could benefit from our products & services?

As figure 7. 1 -1 shows, our customer satisfaction has improved since FY95. Quality continues to be our highest rated area and cost our lowest. Eleven of the fifteen items were as high or higher. Ratings on five items are higher than ever before. See Overview (paragraph 10a) and item 3.2b(l) for how we use satisfaction data to drive improvements.

Figure 7.1-2 segments satisfaction results by command level as described in table 3.1-1.

Figure 7.1-3 shows our external customer survey results compared to the USACE average and to Corps districts with large military programs as stated in 4.2a(2).

Figure 7.1-4 shows our external customer survey results compared to the USACE average for FY95, FY96, and FY 97 (4.2a(l),(2)).

Figure 7.1-5 segments customer satisfaction results by product line.

Figure 7.1-6 shows our Customer Satisfaction Index (CSI) compared to the average survey scores. Results show that we are responding appropriately to areas that customers think the most important. Our customers rated the quality of our products and services higher than those of similar providers (figure 7.1-3).

Figure 7.1-7 shows the response rate from our FY95, FY96, FY97, and FY98 surveys. Excluding the initial survey (FY95) response rate, our response rate has been steady. We re-reviewed our customer list each year, ensuring that it reflects our customer base (3.2c(l)).

Figure 7.1-8 shows the number of dissatisfied responses from our FY95, FY96, FY97, and FY98 surveys. Of the 139 surveys returned by our customers in FY98, 21.6% had at least one negative rating (below 3). Negative responses were given immediate attention (3.2a(l)). We use dissatisfaction data to make improvements in our products, services, and processes.

Figure 7.1-9 shows Huntsville Center's customer retention and new customer percentages.

Our product lines review the results of the external customer survey and use the data for setting marketing goals.

Figure 7. 1 - 10 shows customer retention data for the Ranges program of our MACOM Support Product line.

Figure 7. 1 -11 shows our internal customer survey for FY97 and FY98. Results are used to improve internal communication and services (6.2a(5)).” (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

<u>HQDA Board of Examiners' feedback comments on the above example:</u>

“The organization determines customer satisfaction through direct survey and customer retention. Direct feedback from customers indicate favorable customer satisfaction and dissatisfaction trends between 1995 and 1999 (Figures 7. 1 -1 and 7.1-8).

Organization customer satisfaction results in comparison to like organizations and the USACE average reflects favorable performance with indications of the organization gaining a position as a leader among its USACE peers. Figures 7.1-3 and 7.1-4 show the organization performance as meeting or surpassing the USACE and peer averages in most rated areas.”

7.2 Financial Performance Results (50 pts.) **Results**

Summarize your organization's key financial and overall performance results, segmented by market segments, as appropriate. Include appropriate comparative data.

Provide data and information to answer the following questions:

a. Financial Performance Results

(1) What are your current levels and trends in key measures and/or indicators of financial performance, including aggregate measures of financial return and/or economic value, as appropriate?

(2) What are your current levels and trends in key measures and/or indicators of marketplace performance, including business growth, new markets, and other indicators of market performance, as appropriate?

Notes:

N1. Item 7.2 should include only top-level results showing aggregate measures overall organizational performance. These results are typically captured in the agency's performance plan goals or similar strategic planning documents. For organizations whose strategic plans are part of a higher-level organization's strategic plan, Item 7.2 might address: (a) top-level results which contribute to achieving the parent organization's strategic plan, and/or (b) locally developed goals and objectives which the organization uses to guide and measure progress toward attainment of its own measures of overall performance.

N2. Responses to 7.2a(1) might include aggregate financial measures such as return on investment, measures of cost benefit and cost effectiveness, budget and resource utilization indicators, and other fiscal responsibility, liquidity and financial activity measures such as asset utilization, operating margins, profitability, profitability by market/customer segment, debt to equity ratio, and value added per employee.

N3. Responses to 7.2a(2) might include non-financial measures of operating and/or program performance used to define the overall level of performance achieved by the activity or program, such as progress in meeting performance outcomes, and goals and objectives established to meet the requirements of the Government Performance and Results Act.

N4. For those organizations involved in market-type activities, key results presented in response to 7.2 are often measured in terms of financial and market performance, as they are in private sector commercial activities. For others who do not operate in a market environment, non-financial and non-market measures 7.2a(2) may be the most useful measures of operating and/or program performance. Accordingly, organizations are given flexibility to report results as appropriate.

For additional description of this Item, see page 99.

Example 7.2 (Shows only a technique for assessment. It does not represent a 100% score.)

"Responding to our customers' concerns about costs (figure 7. 1 - 1), we changed the way we do business in order to improve our efficiency. Methods used for controlling costs include:

- ***Setting and reviewing rates, establishing goals, and taking corrective action in our Business Meetings and PRB's (1. 1 a(l), figure 4. 1 - 1).***
- ***Empowering employees through our team structure to make decisions at the lowest practical level (5. 1).***
- ***Educating the work force on managing the cost of doing business.***
- ***Eliminating and reclassifying overhead positions and supervisory levels (figure 7.3-11).***
- ***Emphasizing chargeability (figures 7.2-8, -9).***
- ***Ensuring adequate funding early (figure 7.2- 10).***
- ***Establishing a Contracting Directorate (CT) overhead account (figure 7.5-29).***
- ***Monitoring workload and manpower utilization (figure 7.2-6 and table 7.5-3).***

As a result, we have increased our efficiency significantly since 1995 as reported in the Overview, table 3 [Financial & Operational]. Furthermore, we have the lowest distributed rates and per hour costs when compared to similar providers as shown in figures 7.2-1 through –7.

Figure 7.2-1 shows the downward trend in our general and administrative (G&A) overhead rates (Overview, table 3).

Total Labor Multiplier (TLM) is the indirect costs distributed to each direct labor dollar. Because TLM includes in-house labor, fringe benefits, G&A, departmental overhead, and base rate (figure 7.2-4), it is one of our major efficiency indicators. The total hourly charge is calculated by multiplying the TLM by the basic hourly pay rate. Because TLM is an industry standard, we use it to compare our performance to similar providers as defined in 4.2a(2). Figures 7.2-2 and -3 show that our design and P&PM TLM are best-in-class when compared to major Corps military districts. Figure 7.2-4 shows that since FY95 we decreased our engineering TLM rate by 18%, from $2.90 to $2.37, thus decreasing the hourly rate charged to our customers (Overview, table 3). Our directorates also track TLM's (figure 7.5-19, -20).

Figure 7.2-5 shows our design labor cost per hour compared to major design engineering contractors. Our low TLM enables us to keep our hourly labor costs down. As shown, we are very competitive with some of the top firms in the industry.

Figure 7.2-6 shows that the workload executed by each employee has increased dramatically since 1995. Workload per FTE between FY96-98 was 3 1 % higher than between FY93-95, indicating significant gains in efficiency (Overview, table 3). Figure 7.2-7 shows that we have the highest workload per FIE compared to Corps military districts. We attribute our ability to handle a larger workload, in part, to teaming (5. 1 a) and our innovative O&M process developed in-house to respond to customer requests (6. lb(3))

Design chargeability, the rate at which we charge directly to project accounts, is linked to controlling overhead rates. Figure 7.2-8 also shows that since FY95, our rate has been consistently higher than the industry average. Figure 7.2-8 shows that our chargeability improved from 58% in FY94 to 65% in FY98. Figure 7.29 shows that we have the highest chargeability rate of key Corps military districts. (NAB and SPK were not available.) We attribute our improved rates to our emphasis on obtaining project funds early in the fiscal year, thereby reducing charges to overhead and increasing direct charges by earlier work start dates as shown in figure 7.2- 10. By receiving our funds early, we can distribute work evenly across the fiscal year. That is one way we increase our efficiency.

Supervision and administration (S&A) is a construction industry standard for calculating the cost of construction management services. Figure 7.2-11 shows that our FY98 S&A rate for military construction is one of the lowest among the Corps' major subordinate commands. The Corps' full service S&A rates are among the best in industry.

Figure 7.2-12 shows that the initiatives we began in FY95 have enabled us to execute our programs with a much smaller percentage of our customers' money (Overview, table 3). We measure that efficiency as in-house percent of total expenditures. The slight increases in FY97 and FY98 are due to the costs of creating Chem Demil construction resident offices. The downward trend is expected to resume in FY99 once the construction is underway. Figure 7.2-13 compares our in-house percent of total expenditures to that of major Corps military districts.

Figure 7.2-14 shows our month-by-month expenditures since FY94. The smoother the slope, the more even the work distribution, a factor that adds to our efficiency and high chargeability.

Figure 7.2-15 shows the earliest (top curve) and the latest (bottom curve) that funds can be expended to meet our FY98 budget commitments. The middle line plots actual expenditures. If we stay within the "envelope" that means that we are operating to meet our schedules and budgets.

Because we are a totally reimbursable organization, our funding source is a customer base that is free to look elsewhere for products and services (Overview, para. 3). Figure 7.2-16 shows the ebb and flow of that base over time. Figure 2 in the Overview shows growth in responsibility. Throughout our history, in those areas which we are permitted to market (3. a(2) and 3.2b(2)), we maintain and increase market share through our ability to offer customers more for their money, quality technical expertise, and responsive cycle time through innovative contracting.

Figure 7.2-18 shows the growth trend for Chem Demil, OE, and MACOM Support product lines. The large projected increase for Chem Demil is due to construction starts at three new sites. Our strategic planning identified the FY01 Chem Demil downturn. Therefore, we are preparing a proposal for the two follow-on Alt Tech II plants. The increase in MACOM support is due to the transfer of the CPW mission and the growth in ESPC (3. 1 a(2)). OE workload is projected to remain steady as we substitute advanced technology for our current processes. We also plan to migrate the less sophisticated and less dangerous work to Corps districts.

Figure 7.2-19 shows our Medical and BMD growth trends since FY92. The FY99 increase for BMD is due to Boeing Corporation's hiring us as the facilities design and construction manager for the "Star Wars" program (3.1a(2)). Results for our operations plan action plans developed during strategic planning are reported in table 2.2-1, column 4. [operational]" (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"The organization's performance in cost reduction shows a favorable trend. Administrative cost shows a favorable trend over the past eight years and results in organization performance in the Total Labor Multiplier (TLM) shows the organization leading its Corps military districts and the USACE average results (Figures 7.2-1, 7.2-2 and 7.2-3).

Program expenditure measures (Figure 7.2-12, 13, and 14) reflect positive trends in efficiency. Comparisons are also made to Corps Military Districts showing organizational performance to be exceeding other districts. Results indicate budgets and schedules are being met.

Market growth is showing a positive increase (Figures 7.2-16 through 7.2-19) based on marketing strategies identified in 3. La(2). Market place results show trends from 1969 through projections for 1999."

7.3 Human Resource Results (75 pts.) **Results**

Summarize your organization's human resource results, including employee well-being, satisfaction, development, and work system performance. Segment your results by 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 and/or indicators of employee well-being, satisfaction and dissatisfaction, and development?

(2) What are your current levels and trends in key measures and/or indicators of work system performance and effectiveness?

Notes:

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

N2. Appropriate indicators of employee satisfaction well-being and effectiveness might include safety, absenteeism, turnover for customer-contact employees, grievances, strikes, worker compensation, on-the-job performance improvements, and the results of employee surveys. For additional information regarding the appropriate measures of employee well-being and satisfaction, also see Notes to Item 5.3. Appropriate measures and/or indicators of employee development might include innovation and suggestion rates, courses completed, learning, and cross-training.

N3. Appropriate measures and/or indicators of work system performance and effectiveness might include job and job classification simplification, job rotation, work layout, and changing supervisory ratios.

For additional description of this Item, see page 99-100.

Example 7.3 (Shows only a technique for assessment. It does not represent a 100% score.)

"Figure 7.3-1 shows the comparison of our climate surveys conducted in FY95 and FY97. We attribute slightly higher scores to improvements in our quality structure.

Fig. 5.3-1 shows determination of employee satisfaction and actions taken.

Figure 7.3-2 compares supervisor and employee internal climate survey results. The figure shows that the supervisors and employees correlate on category but vary on rating level.

Figure 7.3-3 shows our climate survey results for each internal organization. Major changes were instituted in the lowest rated organizations as explained in 5.3c(l), (2).

Figure 7.3-4 shows an upward trend in sick leave usage, which we attribute to three factors: several seriously ill employees last year, the implementation of the Federal Employee Retirement System (FERS), and the implementation of the Family Leave Act. The figure also shows the sick leave rate for FY97 and FY98 with

the family sick leave and extended sick leave numbers removed. Employees who overuse sick leave are counseled (5.3c(l), (2)).

As shown in figure 7.3-5, membership in our Health and Wellness Program has increased steadily each year since the LIFE Center opened. Currently, we are doing a comparative analysis on the Department of Transportation Volpe Fitness Center and the Corps of Engineers New England District (CENAE) Fitness Center. For the first year of operation, we had 37.45% participation in our program compared to CENAE's 36.20%. Our second year goal was 41%, which we exceeded. Over 50% of our work force now belong. In November 1996, we started a Health Augmentation Program in an effort to increase LIFE Center use (5.3b(l)).

Figure 7.3-6 shows that LIFE Center users had a significantly lower sick leave usage than those not using the facility.

Figure 7.3-7 shows how we compare with major USACE organizations in EEO case resolution.

Figure 7.3-8 shows a negative trend in the hiring of female personnel. That is due to two factors: (1) the gain in male employees through current construction hiring (a male-dominated field) and (2) our loss of female personnel through HR and RM centralization.

Figure 7.3-9 shows a small positive trend in minority representation in our work force.

Figure 7.3-10 shows comparison of percent of change in affirmative action hiring for minorities and women for grades 13 through 15.

Figure 7.3-11 shows our supervisor ratio compared to the DA goal. Our FY99 projected supervisor ratio is based on our current approved staffing plan and exceeds the DA goal. Our team structure helps us reach our goals (5.1a(1)).

Figure 7.3-12 shows our lost-time accident rate is better than the Corps-wide and Army rate. The Corps of Engineers maintains the best safety record in the industry. The lost-time frequency rate measures the rate of time lost from accidents per 100 man-years.

Figure 7.3-13 shows the number of employees certified by our ASG Program by level. ASG certification is a key measure for competency for our administrative support staff. Of our 137 administrative personnel, 115 (84%) have completed certification requirements at varying levels (5.2a(4)).

The 1991 Defense Acquisition Workforce Improvement Act (DAWIA) established certification-training requirements for our acquisition work force. Figure 7.3-14 shows that 82% of our current eligible work force is fully certified. (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

HQDA Board of Examiners’ feedback comments on the above example:

The organization's employee safety program reflects favorable results. Performance has consistently surpassed the USACE and Army average.

The organization presents some results for measures and/or indicators of employee well-being and satisfaction (e.g., sick leave usage (Figure 7.3-4 and 7.3-6), employee to supervisor ratio (Figure 7.3-11), and lost-time frequency rate (Figure 7.3-12). The organization's results in these areas reflect favorable performance levels and trends.

7.4 Supplier and Partner Results (75 pts.) **Results**

Summarize your organization's key supplier and partner results. Include appropriate comparative data.

Provide data and information to answer the following question:

a. Supplier and Partner Results
What are your current levels and trends in key measures and/or indicators of supplier and partner performance? Include your performance and/or cost improvements resulting from supplier and partner performance and performance management.

Note:

N1. Results reported in this Item should relate directly to processes and performance requirements described in Item 6.3.

For additional description of this Item, see page 100.

Example 7.4 (Shows only a technique for assessment. It does not represent a 100% score)

"Our major suppliers and partners are listed in table I and discussed in paragraph 9 of the Overview. We manage them through the processes outlined in 6.3 and in figures 6.3-1 and -2.

As a result of our PQA/APlC gap analysis, we created a Simplified Acquisition supplier rating system for purchases under $ 100,000.

Figures 7.4-8 and –9 show early-late start charts for construction at Umatilla and Anniston—the sites currently under construction. We use this chart to track the rate of placement against the earliest and latest start times. If the green line falls below the red line, the construction schedule and budget are at risk (6.3a(2)).

Figures 7.4-10 and –11 show the cumulative MILCON cost growth for the Umatilla and Anniston Chem Demil site. The goal is not to exceed the programmed amounts of $171.2 and $137.9 million respectively. The bottom dollar figures are the award amounts. The reduced cost growth shown in March-June for Umatilla resulted from a credit when one of four incinerators was cancelled, thus offsetting much of the cost growth (6.3a(2)).

Figure 7.4-12 shows that we track time growth in days for our Chem Demil sites as controllable, users-requested, and weather. Pine Bluff and Umatilla have had zero time growth, and Anniston has had a 0.41% increase in schedule because of weather." (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

"Organization management of suppliers reflect favorable levels. Performance of key suppliers to the organization's main business indicates favorable trends since 1992 (Figures 7.4-4 and 7.4-5).

Scheduling is one of the key supplier requirements identified in Figure 6.3-1. Results indicate suppliers for two chemical facilities reflect favorable performance levels (Figures 7.4-8 and 7.4-9)

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

Summarize your organization's key operational performance results that contribute to the achievement of organizational effectiveness. 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 and/or indicators of key design, production, delivery, and support process performance? Include productivity, cycle time, and other appropriate measures of effectiveness and efficiency.

(2) What are your results for key measures and/or indicators of regulatory/legal compliance and citizenship? What are your results for key measures and/or indicators of accomplishment of organizational strategy?

Notes:

N1. Results reported in Item 7.5 generally fall into two categories: (a) those which contribute to progress in meeting overall performance goals and objectives which the organization uses to measure how well it is doing, such as those described in Business Overview, and in Items 1.1, 2.2, 6.1, and 6.2, and/or overall results reported in Items 7.1 and/or 7.2; and (b) those which stand alone and are key performance measures, but are not reported in Items 7.1, 7.2, 7.3, or 7.4.

N2. Results reported in Item 7.5 should provide key information for analysis (Item 4.2) and review (Item 1.1) of organizational operational performance and should provide the operational basis for customer results (Item 7.1) and financial and market results (Item 7.2). Information presented here might be performance indicators used in an organization's annual performance plan as internal or intermediate measures of progress toward meeting overall performance goals and objectives established under the requirements of the Government Performance and Results Act.

N3. Regulatory/legal compliance results reported in Item 7.5 should address requirements described in Item 1.2.

For additional description of this Item, see page 100-101.

Example 7.5 **(Shows only a technique for assessment. It does not represent a 100% score.)**

"In our Medical product line, we have reduced the cycle time to meet our customer's requirements. Figure 7.5-1 shows that our simplified acquisition approach to contractor O&M services at Army and Air Force medical installations is three times faster for simple requirements and two times faster for minor engineering efforts. Ninety percent of the projects in this program fall into those two categories (6. lb(3)).

Figure 7.5-2 shows that through our innovative simplified acquisition approach, administrative costs are much less than for traditional methods, providing customers a lower total cost. Overall, the cost of a work plan and the administration of a project from inception to closeout is 13% of program amount (PA) versus the traditional 30%. We have saved the Medical customers $18.8M on 251 projects.

Further analysis shows how the work plan (design) cost as a percentage of placement cost varies with the project size and how our costs compare to the USACE military program average for the same work. Because of the cost associated with the smallest projects (<$ 100k), we use an even more efficient credit card process for those jobs.

In our MACOM Support product line, our energy O&M process provides services 200 days faster than the traditional contract method, as shown in figure 7.5-4. As a result, we increased our energy customers from five in FY94 to six in FY95 to seven in FY96 to nine in FY97 to 14 in FY98. (This is the same simplified process used for our Medical O&M, above.)

As figure 7.5-5 shows, we reduced the cost of awarding a contract from $140,000 to $20,000, and we reduced the time from 24 to 6 months for our ESPC's. The FY92-94 contracts were single solicitations for single contracts with detailed technologies and scopes of work. The FY95-96 contracts were single solicitations for single requirements type contracts (no scopes of work). The FY97-FY98 contracts were single solicitations for multiple indefinite delivery/ indefinite quantity contracts (no scopes of work).

Figure 7.5-6 shows the savings realized by using the Huntsville-developed simplified O&M process. Our energy program has saved $24.2M for 228 projects from FY92 through FY98 using the simplified process.

Under our MACOM Support Product Line, we acquire cots, bunks, lockers, etc., for our soldiers. As shown by figure 7.5-7, we were able to save our customers money over past budgets and provide more furnishing for our troops.

Figure 7.5-8 shows various technical and management costs per Chem Demil site as a percent of PA. The goal is not to exceed 8% for design and 5.7% for S&A. Tooele is complete. Anniston and Umatilla are under construction. Pine Bluff is designed, and the contract has been awarded. Design costs for the last three sites are higher because they are unique designs rather than clones.

Costs associated with managing construction of the Chem Demil sites include S&A, contingency, engineering during construction (EDC), and as-builts. Those costs are monitored to ensure there are no overruns. Figures 7.5-9 and -10 show construction management costs for our Anniston and Umatilla sites.

Figure 7.5-14 shows that our Range Program in our MACOM Support product line keeps the design cost well below our headquarters design cost performance curve.

Figure 7.5-15 shows how we are capable of designing facilities in less time than the traditional design process. This unprecedented responsiveness was a major reason Boeing chose Huntsville Center to do the facilities design and construction for "Star Wars" (3. 1a(2)).

Figure 7.5-21 shows the in-house percent of total expenditures by product line and project. The aggregate of this efficiency measure is shown in the Overview, table 3, and figure 7.2-12. We review these data for changes in trends during PRB's and analyze for root causes. Some areas require relatively more in-house work than others; however, similar projects should correlate. If they don't, corrective action may be needed.

We track all key directorates charges to overhead monthly to ensure even work distribution over the year and to limit charges to departmental overhead at the beginning of the year. Figure 7.5-25 shows that ED had a more even distribution of charges to overhead in FY97 than in previous fiscal years. At the first of FY98, we had a problem getting funding in-house for some programs, but because we monitored this chart, we corrected the problem within a month. All key directorates' distribution trends are similar.

Figure 7.5-26 shows a design index (DI) comparison of A-E designs. The DI is a number calculated by dividing the actual design cost by the target design cost. That number would be 1.0 if our actual cost equaled the target design cost. Therefore, DI's greater than 1.0 would mean that our actual design costs were above the target design costs, and a DI less than 1.0 would indicate we were below the target design costs. Most of our designs are below 1.0.

A survey of several in-house designs indicates that our cost-of-doing-business is well below the planning and design target set by HQUSACE. Figure 7.5-27 shows that our in-house design costs are below the HQUSACE target.

Using credit cards instead of traditional contracting methods to purchase in-house items saves administrative costs and decreases turnaround time. Figure 7.5-32 shows that our credit card purchases increased since May 1995. The goal is to buy 90% of small purchases by credit card. For FY98, purchases totaling $1.5M (95% of all eligible purchases) have been through credit cards, resulting in administrative cost savings of over $171K.

A measure of efficient use of resources is the number of contracts awarded per quarter. The more awarded early in the year the better. Figure 7.5-33 shows that we have successfully shifted the bulk of our contract awards from the third and fourth quarters to the first and second quarters. This represents a significant increase in efficiency and quality.

By competing contracts, we are able to provide the best products and services at the best price for our customers' specific requirements. The Army's goal is to compete 95% of all contract dollars. Figure 7.5-34 shows how we compare against the Army goal, the Corps of Engineers (CE), and the U.S. Army Space and Missile Defense Command (SMDC). Comparing our performance to local Army agencies, such as SMDC, shows how we are performing in relation to regional government agencies. Our drop is due to large, long-term standardized purchases of Chem Demil specialty equipment, which required us to sole source with the original manufacturers.

Figure 7.5-37 shows improvement in audit completion rates. From FY 90 through 93, the average number of audit reports issued per year was nine. To increase that average, AO restructured the scopes of audits and streamlined work processes. As a result, the average audit reports issued from FY94-98 increased to 18 per year as shown. The monetary benefits resulting from audits over the last five years have totaled over $10 Million. Because of AO's efficient work, it has been recognized for the last two years as the Best Audit Office for its size in the Army." (U.S. Army Engineering and Support Center, Huntsville self-assessment for 1999 PQA application)

HQDA Board of Examiners' feedback comments on the above example:

Several performance measures such as results on cycle time (Figures 7.5-38, 39), cost Figure 7.5-40), and contract averages (Figures 7.5-30 and 3 1) reflect positive performance in measuring progress in meeting organizational goals.

Organizational performance show favorable results (e.g., reduced costs for awarding contracts (Figure 7.5-5), shorter time for designing facilities (Figure 7.5-15), and reduced time to process a delivery order (Figure 7.5-3 1)).

The organization utilizes competing contracts to provide the best products and services at the best price for customers' specific requirements. Figure 7.5-34 shows how the organization compares against the Army goal, Corps of Engineers and the U.S. Army Space and Missile Defense Command. Thus, appropriate comparative data shows how they are performing in relation to regional and government agencies. Performance is above DA standard.

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.

Action Plans
Action plans refer to principal organization-level drivers, derived from short- and long-term strategic planning. In simplest terms, action plans are set to accomplish those things the organization must do well for its strategy to succeed. 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. Deployment of action plans requires analysis of overall resource needs and creation of aligned measures for all work units. Deployment might also require specialized training for some employees or recruitment of personnel.

An example of a strategic objective for a government organization supplying goods and services in competition with private-sector suppliers might be to develop and maintain a price leadership position. Deployment should entail the design of efficient processes, analysis of resource and asset use, and creation of related measures of resource and asset productivity, aligned for the organization as a whole. It might also involve the use of a cost-accounting system that provides activity-level cost information to support day-to-day work. Unit and/or team training should include priority setting based upon costs and benefits. Organization-level analysis and review should emphasize overall productivity growth. Ongoing competitive analysis and planning should remain sensitive to technological and other changes that might greatly reduce operating costs for the organization or its competitors.

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

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 which 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.

Customers

External customers are those who use or are directly affected by the organization’s products or services--those for whom the organization is in business. They can be grouped into classifications according to their relationship to the government as a supplier: voluntary, entitled and compelled users of the organization’s products and services. Voluntary users choose to use the product/service, such as visitors to national parks and users of government statistics. Entitled users have an automatic legal right to benefit from the program, such as recipients of social security benefits and users of veterans hospitals. Compelled users fall under the jurisdiction of government programs that are prescriptive in nature, where punitive action can be taken if users do not comply (e.g., prison inmates and taxpayers).

Internal customers refers to employees within the organization who receive goods and services produced elsewhere in the organization and act upon them in the production chain, ultimately leading to the organization’s final output of goods and services.

Cycle Time

Cycle time refers to responsiveness, and completion time measures--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 performance and competitiveness. Cycle time and related terms are used in the Criteria to refer to all aspects of time performance. Cycle time improvement could include time to market, order fulfillment time, delivery time, change-over time, and other key process times.

High Performance Work

High performance work refers to work approaches used to *systematically* pursue ever higher levels of overall organizational and human performance, including quality, productivity, and 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 work force, including work force bargaining units; cooperation among work units, often involving teams; self-managed/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 design of organizations, work, jobs, employee development, and incentives.

Innovation
Innovation refers to the adoption of an idea, process, technology, or product that is considered 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 breakthrough improvement and/or change.

Measures and Indicators
Measures and indicators refer 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).

Performance
Performance refers to output results 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.

Three types of performance are addressed in this Criteria booklet: (1) customer focused, including key product and service performance; (2) financial and marketplace; and (3) operational.

Customer focused performance refers to performance relative to measures and indicators of customers' perceptions, reactions, and behaviors, and to measures and indicators of product and service characteristics important to customers. Examples include customer retention, complaints, customer survey results, product reliability, on-time delivery, defect levels, and service response time.

Financial and marketplace performance refers to performance using measures of cost and revenue, 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, and other profitability and liquidity measures.

Operational performance refers to performance relative to effectiveness and efficiency measures and indicators. Examples include cycle time, productivity, waste reduction, and regulatory compliance. Operational performance might be measured at the work unit level, key process level, and organizational level.

Process
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 — 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 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
Productivity refers to measures of efficiency of the use of resources.

Although the term is often 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 or not the net effect of overall changes in a process—possibly involving resource tradeoffs — is beneficial.

Value
Value refers to the degree of worth relative to cost and relative to possible alternatives of a product, service, process, asset, or function.

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 seek to deliver value to all their stakeholders. This frequently requires balancing value for customers and other stakeholders, such as stockholders, employees, and the community.

1999 CRITERIA: ITEM DESCRIPTIONS AND COMMENTS

Leadership (Category 1)

Leadership addresses how the senior leaders guide the organization in setting directions and seeking future opportunities. Primary attention is given to how the senior leaders set and deploy clear values and high performance expectations that address the needs of all stakeholders. The Category also includes the organization's responsibilities to the public and how the organization practices good citizenship.

1.1 Organizational Leadership

This Item addresses how the organization's senior leaders set directions and build and sustain an organization conducive to high performance, individual and organizational learning, empowerment, and innovation. The Item asks how leadership takes into account all key stakeholders--customers, employees, suppliers, partners, Congress, the public, and the community. The Item also addresses how senior leaders review overall organizational performance and capabilities.

Area 1.1a calls for information on the major aspects of leadership--creating values and expectations; setting directions; projecting a strong customer focus; encouraging innovation; developing and maintaining an effective leadership structure; and effectively demonstrating, communicating, and deploying values, directions, expectations, and a strong customer focus. Setting directions includes creating future opportunities for the organization and its stakeholders. An effective leader promotes continuous learning, not only to improve overall performance, but also to involve all employees in the ongoing challenge to enhance customer value. To be successful, leadership must ensure that the organization captures and shares lessons. Communication by leadership is critical to organizational success. Communications need to include performance objectives and measures that help provide focus as well as alignment of work units and work processes.

Area 1.1b addresses the senior leaders' role in reviewing overall organizational performance, including using employee feedback to improve leadership effectiveness. This aspect of leadership is crucial, because reviews help to build consistency behind goals and allocation of resources. A major aim is to create organizations that are flexible and responsive--changing easily to adapt to new needs and opportunities. Through their roles in developing strategy and reviewing overall performance, senior leaders develop leadership and create an organization capable of adapting to changing opportunities and requirements. An important part of the senior leaders' organizational review is the translation of review findings into an action agenda--sufficiently specific so that deployment throughout the organization and to suppliers/partners and key customers is possible. The action agenda could include opportunities for innovation to gain a performance leadership position relative to competitors and/or other organizations with similar processes, products, or services.

1.2 Public Responsibility and Citizenship

This Item addresses how the organization integrates its values and expectations regarding its public responsibilities and citizenship into its performance management practices.

Area 1.2a calls for information on how the organization addresses three basic aspects of public responsibility in planning products, services, and operations: (1) making legal and regulatory requirements and risk factors an integral part of performance management and improvement; (2) being sensitive to issues of public concern, whether or not these issues are currently embodied in law; and (3) ensuring ethical behavior in all stakeholder interactions.

Fulfilling societal responsibilities means not only meeting all local, state, and federal laws and regulatory requirements, but also treating these and related requirements as opportunities for improvement "beyond mere compliance." This means that the organization should maintain constant awareness of potential public concerns related to its products, services, and operations.

Area 1.2b calls for information on how the organization practices good citizenship in support of its key communities, as a contributing member and as a positive influence upon other organizations. Opportunities for involvement and leadership include efforts by the organization, senior leaders, and employees to strengthen community services, education, health care, the environment, and practices of trade, business, and professional associations. *Levels of involvement and leadership are dependent upon organization size and available resources.*

Good citizenship activities include community service by employees, which is encouraged and supported by the organization. For example, organizations, their leaders, and employees could help to influence the adoption of higher standards in education by communicating employability requirements to schools. Organizations could partner with other businesses and health care providers to improve health in the local community by providing education and volunteer services to address public health issues. Also, organizations could partner to influence trade and business associations to engage in beneficial cooperative activities, such as sharing best practices to improve overall U.S. global competitiveness.

Strategic Planning (Category 2)

Strategic Planning addresses strategic and performance action planning and deployment of plans.

The Category stresses that customer-driven quality and operational performance excellence are key strategic issues that need to be integral parts of overall planning. Specifically:

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

- operational performance improvement contributes to short-term 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 the organization's strategic directions, thereby ensuring that improvement and learning reinforce organizational priorities.

The Strategic Planning Category examines how organizations:

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

- optimize the use of resources, ensure the availability of trained employees, and ensure bridging between short-term and longer-term requirements that may entail capital expenditures, supplier development, etc.

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

The requirements for the Strategic Planning Category are intended to encourage strategic thinking and acting--to develop a basis for a distinct competitive position in the marketplace. These requirements do not imply formalized plans, planning systems, departments, or specific planning cycles. Also, the Category does not imply that all 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 compete for limited resources. In most cases, priority setting depends heavily upon a cost rationale. However, there also might be critical requirements such as societal responsibilities that are not driven by cost considerations alone.

2.1 Strategy Development

This Item addresses how the organization develops its view of the future and sets strategic directions, and translates these directions into a clear and actionable basis for communicating, deploying, and aligning critical requirements. A description of how the organization develops strategic and performance plans to meet the provisions of the Government Performance and Results Act is appropriate for inclusion in this item.

The focus of the Item is on performance excellence and competitive leadership. Such leadership usually depends upon attainment of mission-related outcomes, goals and objectives, as well as operational effectiveness. This requires a view of the future that takes into account not only the current mission environment, markets or segments to compete in, but also how to adjust to changing requirements and how to compete. “How to compete” presents many options and requires understanding of the organization’s and competitors’ strengths and weaknesses. Operationalizing the strategy in the form of action plans is intended to highlight the importance of clear and measurable performance objectives. These objectives serve to guide the design and management of key processes. The objectives may also serve to align communications, human resource capabilities, compensation, and recognition systems with performance objectives. Although no specific time horizon is included, the thrust of the Item is sustained competitive and performance excellence leadership.

Area 2.1a 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 a view as possible. The main purpose of the Item is to provide a thorough and realistic context for the development of a customer-, market- and mission-focused strategy to guide ongoing decision making, resource allocation, and organization-wide management. An increasingly important part of strategic planning is projecting the future mission and/or the competitive environment. The purposes of such projections are to detect and reduce threats, to shorten reaction time, and to identify opportunities. Depending on the size and type of business, organizations might use a variety of modeling, scenario, or other techniques and judgments to project the competitive environment.

Area 2.1b addresses the organization’s strategic objectives--those that are to serve as the basis for strategy deployment. The Area also calls for information on how the strategic objectives are evaluated against the key factors spelled out in Area 2.1a.

2.2 Strategy Deployment

This Item addresses how the organization’s strategic objectives are translated into action plans and how they are deployed. The Item also calls for a projection of the organization’s performance. The main intent of the Item is effective translation and implementation of the organization’s directions, incorporating measures that permit clear communication and tracking of progress and performance. The organization strategy might include how the organization deploys strategic and performance plans to meet the major provisions of the Government Performance and Results Act.

Area 2.2a calls for information on how the organization’s action plans are developed and deployed. This includes spelling out key performance requirements and measures, as well as aligning work unit, supplier, and/or partner plans. Of central importance in this Area is how alignment and consistency are achieved--for example, via key processes and key measurements.

Alignment and consistency are intended also to provide a basis for setting and communicating priorities for ongoing improvement activities--part of the daily work of all work units. Performance measures are also critical to performance tracking. Critical action plan requirements include human resource plans to support the overall strategy. Examples of possible human resource plan elements are:

- redesign of work organizations and/or jobs to increase employee responsibility and decision making;

- initiatives to promote labor-management cooperation, such as partnerships with unions;

- initiatives to foster knowledge sharing and cross-functional interactions throughout the organization;

- creation or modification of compensation and recognition systems based on building shareholder value and/or customer satisfaction;

- creation of opportunities for employees to learn and use skills that go beyond current job assignments through redesign of processes or organizations;

- education and training initiatives, including those that involve developmental assignments to prepare future managers/leaders;

- creation of individual development and/or learning plans; formation of partnerships with educational institutions to develop employees or to help ensure the future supply of well-prepared employees; and

- introduction of distance learning or other technology-based learning approaches.

Area 2.2b calls for a two-to-five year projection of key measures and/or indicators of the organization's performance. It also calls for a comparison of projected performance versus targets and/or goals, as well as competitors and key benchmarks. This projection/comparison is intended to encourage organizations to improve their ability to understand and track dynamic, competitive performance factors. Through this tracking process, organizations should be better prepared to take into account their rates of improvement and change relative to competitors and relative to their own targets or stretch goals as a diagnostic management tool. In addition to improvement relative to past performance and to competitors, projected performance also might include changes resulting from new business and mission opportunities, product/service innovations, or other strategic directions.

Customer and Market Focus (Category 3)

Customer and Market Focus addresses how the organization seeks to understand the voices of customers and of the marketplace. The Category stresses relationships as an important part of an overall listening and learning strategy. Customer satisfaction results provide vital information for understanding 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

This Item examines how the organization determines current and emerging customer requirements and expectations. This information is intended to support marketing, business development, and planning. In a rapidly changing public service and competitive environment, many factors may affect customer preference and loyalty, making it necessary to listen and learn on a continuous basis. To be effective, such listening and learning need to have a close connection with the organization's overall mission and business strategy. For example, if the organization customizes its products and services, the listening and learning strategy needs to be backed by a capable information system--one that rapidly accumulates information about customers and makes this information available where needed throughout the organization or elsewhere within the overall value chain. A variety of listening and learning strategies are commonly used. Selection depends upon the type and size of the organization and other factors. Some examples are:

- close integration with key customers;
- rapid innovation and field trials of products and services to better link research and development (R&D) and design to the market;
- close tracking of technological, competitive, and other factors that may bear upon customer requirements, expectations, preferences, or alternatives;
- seeking to understand in detail customers' value chains and how they are likely to change;
- focus groups with leading-edge customers;
- training customer-contact employees in customer listening;
- use of critical incidents, such as complaints, to understand key service attributes from the point of view of customers and customer-contact employees;
- interviewing lost customers to determine the factors they use in their purchase decisions; and won/lost analysis relative to competitors.

This Item seeks information on how organizations recognize market segments, customers of competitors or similar organizations inside or outside the Army/government, and/or other potential customers. Accordingly, the Item addresses how the organization tailors its listening and learning to different customer groups and market segments.

For example, a relationship strategy might be possible with some customers, but not with others. Other information sought relates to sensitivity to specific product and service requirements and their relative importance or value to customer groups. This determination should be supported by use of information and data, such as complaints and gains and losses of customers.

This Item also addresses how the organization improves its listening and learning strategies, with a focus on keeping current with changing business needs and directions.

3.2 Customer Satisfaction and Relationships

This Item addresses how the organization effectively manages its interaction and follow-up with customers. Relationships provide a potentially important means for organizations to understand and manage customer expectations and to develop new business. Also, customer-contact employees may provide vital information to build partnerships and other longer-term relationships with customers.

This Item also addresses how the organization determines customer satisfaction and satisfaction relative to competitors. Satisfaction relative to competitors and the factors that lead to preference are of critical importance to managing in a competitive environment.

Overall, Item 3.2 emphasizes the importance of obtaining actionable information, such as feedback and complaints from customers. To be actionable, the information gathered should meet two conditions: (1) responses should be tied directly to key business processes, so that opportunities for improvement are clear; and (2) responses should be translated into cost/revenue implications to support the setting of improvement priorities.

Area 3.2a calls for information on how the organization provides easy access for customers seeking information or assistance and/or to comment and complain. The Area calls for information on how customer contact requirements are determined and deployed. Such deployment needs to take account of all key points in the response chain—all units or individuals in the organization that make effective interactions possible.

The principal issue in complaint management is prompt and effective resolution of complaints, including recovery of customer confidence. In addition, Area 3.2a addresses how the organization learns from complaints and ensures that design/production/delivery process employees receive information needed to eliminate the causes of complaints. Effective elimination of the causes of complaints involves aggregation of complaint information from all sources for evaluation and use in overall organizational improvement. The complaint management process might include analysis and priority setting for improvement projects based upon potential cost impact of complaints, taking into account customer retention related to resolution effectiveness.

Area 3.2a also addresses relationship building--how the organization builds loyalty and positive referral. Increasingly, business success, business development, and product/service innovation depend upon maintaining close relationships with customers. Approaches to relationship building vary greatly, depending on products/services and types of customers. Avenues to, and bases for, relationships often change quickly. Accordingly, this Area addresses how the organization evaluates and improves its customer relationship building and ensures that approaches are kept current with changing business needs.

Area 3.2b addresses how the organization determines customer satisfaction and dissatisfaction. Three types of requirements are considered:

- how the organization gathers information on customer satisfaction, including any important differences in approaches for different customer groups or market segments. This highlights the importance of the measurement scale in determining those factors that best reflect customers' market behaviors--repurchase, new business, and positive response to products and services.

- how the organization follows up with customers regarding products, services, and recent transactions to determine satisfaction and to resolve problems quickly; and

- how satisfaction relative to competitors and/or similar organizations inside or outside the Army/government is determined. Such information might be derived from organization-based comparative studies or independent studies. The purpose of this comparison is to develop information that can be used for improving performance relative to competitors or mission objectives and to better understand the factors that drive markets and mission accomplishment.

Information and Analysis (Category 4)

Information and Analysis is the main point within the Criteria for all key information to effectively measure performance and manage the organization, and to drive improvement of performance and competitiveness. In simplest terms, Category 4 is the "brain center" for the alignment of an organization's operations with its strategic directions. However, 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 of Organizational Performance

This Item addresses the organization's selection, management, and use of information and data for performance measurement in support of organizational planning and performance improvement. Overall, the Item represents a key foundation for a performance-oriented organization that effectively utilizes nonfinancial and financial information and data.

The Item examines the major components of an effective performance measurement system. It examines the selection and use of measures and indicators for tracking daily operations and those for tracking overall organizational performance. Alignment and integration of measures are viewed in terms of extent and effectiveness of use to meet organizational needs. Alignment and integration include how measures are aligned throughout the organization, how they are integrated to yield organization-wide measures, and how performance measurement requirements are deployed by the senior leaders to track work group and/or functional-level performance on key measures targeted for organization-wide improvement. Data and information reliability is an important component for monitoring operations and for data integration to assess overall performance.

Performance information and data could be especially advantageous in business networks, alliances, and supply chains. Responses to this Item should take into account such strategic use of performance information and data. Accordingly, "users" should then be interpreted as partners as well as organizational work units.

The Item calls for information on how competitive comparisons and benchmarking information are selected and used to help drive performance improvements. Included in effective selection and use of competitive comparisons and benchmarking information and data are: determination of needs and priorities; criteria for seeking appropriate information—from within and outside the organization's industry and markets; and use of information and data to set stretch targets and to promote major improvements in areas most critical to the organization's competitive strategy.

The major premises underlying the use of comparative information are: (1) organizations facing tough competition need to know "where they stand" relative to competitors and to best practices; (2) comparative and benchmarking information often provides impetus for significant ("breakthrough") improvement or changes and might alert organizations to competitive threats and new practices; and (3) organizations need to understand their own processes and the processes of others before they compare performance levels. Benchmarking information may also support business analysis and decisions relating to core competencies, alliances, and outsourcing.

Finally, the Item examines how requirements are met to keep the organization's performance measurement system current with changing business needs.

4.2 Analysis of Organizational Performance

This Item addresses organizational analysis of performance — the principal basis for assessing an organization's overall health. Analysis guides an organization's process management toward key business results and toward attaining strategic objectives. Despite their importance, individual facts and data do not usually provide a sound basis for actions or priorities. Action depends upon understanding cause/effect connections among processes and between processes and business results. Process actions may have many resource implications; results may have many cost and revenue implications as well. There is a critical need to provide a sound analytical basis for decisions since resources for improvement are limited and cause/effect connections are often unclear.

A close connection between analysis and performance review and between analysis and organizational planning helps to ensure that analysis is relevant to decision making. This Item is the central analysis point in an integrated performance measurement and management system. This system is built around financial and nonfinancial information and data.

The Item examines how information and data from all parts of the organization are analyzed to assess overall organizational health and to support daily operations.

Analyses that organizations perform to gain understanding of performance vary widely. Selection depends upon many factors, including organization type, size, and competitive position. Examples include:

- how product and service quality improvement correlates with key customer indicators such as customer satisfaction, customer retention, and market share;

- cost/revenue, cost/benefit, cost/effectiveness implications of customer-related problems and problem resolution effectiveness;

- interpretation of market share changes, where appropriate, 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/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;

- benefits and costs associated with improved organizational knowledge management and sharing;

- how the ability to identify and meet employee requirements correlates with employee retention, motivation, and productivity;

- cost/revenue and cost/effectiveness implications of employee-related problems and effective problem resolution;

- trends in individual measures of productivity, such as work force productivity;

- working capital productivity relative to competitors and/or similar organizations inside or outside the Army/government;

- individual or aggregate measures of productivity and quality relative to competitors and/or similar organizations inside or outside the Army/government;

- cost trends relative to competitors and/or similar organizations inside or outside the Army/government;

- relationships between product/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/revenue and cost/effectiveness implications and improvement potential;

- net earnings derived from quality/operational/human resource performance improvements;

- comparisons among organization 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 impacts of customer retention;

- cost/revenue implications of new market entry, including global market entry or expansion;
- market share versus profits;

- trends in aggregate measures such as total factor productivity; and

- trends in economic, market, and shareholder indicators of value.

An important part of the senior leaders' organizational review is the translation of review findings into an action agenda—sufficiently specific so that deployment throughout the organization, and to suppliers/partners and key customers is possible.

Human Resource Focus (Category 5)

Human Resource Focus addresses key human resource practices--those directed toward creating a high performance workplace and toward developing employees to enable them and the organization to adapt to change. The Category covers human resource development and management requirements in an integrated way, aligned with the organization's strategic directions. Included in the focus on human resources is a focus on the work environment and the employee support climate.

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

5.1 Work Systems

This Item addresses how approaches to work and job design, compensation, employee performance management, and recognition enable and encourage all employees to contribute effectively. The Item is concerned not only with current and near-term performance objectives, but also with individual and organizational learning--enabling adaptation to change.

This Item calls for information on work and job design. The basic aim of such design should be to enable employees to exercise discretion and decision making, leading to flexibility, innovation, knowledge and skill sharing, and rapid response to the changing mission and performance requirements. Examples of approaches to create flexibility in work and job design might include simplification of job classifications, cross-training, job rotation, and changes in work layout and work locations. Approaches also might entail using technology and changing the flow of information to support local decision making.

Effective job design and flexible work organizations are necessary but may not be sufficient to ensure high performance. High performance work systems require information systems, education, and appropriate training to ensure that information flow supports the job and work designs. Also important is effective communication across functions and work units to ensure a focus on customer requirements and to ensure an environment of encouragement, trust, and mutual commitment. In some cases, teams might involve individuals in different locations linked via computers or conferencing technology.

The Item calls for information on how managers and supervisors motivate employees and encourage employees to develop and utilize their full potential. Some high performance organizations are addressing these needs via career and learning objectives, developed jointly with employees.

The Item also addresses the important alignment of incentives with the achievement of key organizational objectives. The basic thrust of this is the consistency between the compensation and recognition and work structures and processes.

The Item calls for information on employee compensation and recognition--how they reinforce high performance job design, a focus on customer satisfaction, and learning. To be effective, compensation and recognition might need to be based, wholly or in part, upon demonstrated skills and/or evaluation by peers in teams and networks. Compensation and recognition approaches might include profit sharing and compensation based on skill building, use of new skills, demonstrations of self-learning, and knowledge sharing. The approaches might take into account linkages to customer retention or other performance objectives.

The Item addresses an increasingly important need of leading edge organizations: the ability to profile, recruit, and hire good employees. This requirement entails ensuring that work force diversity is reflective of the organization's community.

5.2 Employee Education, Training, and Development

This Item addresses how the organization develops the work force via education, training, and on-the-job reinforcement of knowledge and skills. Development is intended to meet ongoing needs of employees and a high performance workplace that must accommodate to change.

Education and training address the knowledge and skills employees need to meet their overall work and personal objectives and the organization's need for leadership development of employees. Depending upon the nature of the organization's work and the employees' responsibilities and stage of development, education and training needs might vary greatly. Examples include leadership and knowledge sharing skills, communications, teamwork, problem solving, interpreting and using data, meeting customer requirements, process analysis, process simplification, waste reduction, cycle time reduction, error-proofing, priority setting based upon cost and benefit data, and other training that affects employee effectiveness, efficiency, and safety. Education also might include basic skills such as reading, writing, language, and arithmetic.

The Item calls for information on how education and training are designed, delivered, reinforced, and evaluated, with special emphasis upon on-the-job application of knowledge and skills. The Item emphasizes the importance of the involvement of employees and their managers in the design of training, including clear identification of specific needs. This involves job analysis--understanding the types and levels of the skills required and the timeliness of training. Determining specific education and training needs might include use of organizational assessment or employee self-assessment to determine and/or compare skill levels for progression within the organization or elsewhere.

Education and training delivery might occur inside or out-side the organization and involve on-the-job, classroom, computer-based, distance learning, or other types of delivery. This includes the use of developmental assignments within or outside the organization to enhance employees' career opportunities and employability.

The Item also emphasizes the evaluation of education and training. Such evaluation might take into account managers' evaluation, employees' self-evaluation, and peer evaluation of value received through education and training relative to needs identified in design. Evaluation might also address factors such as the effectiveness of education and training delivery, impact on work unit and organizational performance, costs of delivery alternatives, and benefit/cost ratios.

Although the Item does not explicitly call for information on training for customer-contact employees, such training is increasingly important. It usually entails: (1) acquiring key knowledge and skills, including knowledge of products and services; (2) listening to customers; (3) soliciting comments from customers; (4) anticipating and handling problems or failures ("recovery"); (5) developing skills in customer retention; and (6) learning how to effectively manage expectations.

5.3 Employee Well-Being and Satisfaction

This Item addresses the work environment, the employee support climate, and how they are tailored to support the well-being, satisfaction, and motivation of all employees.

Area 5.3a calls for information regarding a safe and healthful work environment to show how the organization includes such factors in its planning and improvement activities. Important factors in this Area include establishing appropriate measures and targets and recognizing that employee groups might experience very different environments.

Area 5.3b calls for information on the organization's approach to enhance employee well-being, satisfaction, and motivation based upon a holistic view of employees as key stakeholders. The Area emphasizes the need to consider a variety of services, facilities, activities, and opportunities and to tailor these to the well-being, satisfaction, and motivation of all employees. Increasingly, the needs of a diverse work force have to be addressed.

Most organizations, regardless of size, have many opportunities to contribute to employee well-being, satisfaction, and motivation. 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; non-work-related education; day care; special leave for family responsibilities and/or for community service; home safety training; flexible work hours; outplacement; and retiree benefits, including extended health care.
Also, these services might include career enhancement activities such as skills assessments, helping employees develop learning objectives and plans, and conducting employability assessments.

Area 5.3c calls for information on how the organization determines employee well-being, satisfaction, and motivation. The Area recognizes that many factors might affect employees. Although satisfaction with pay and promotion potential is important, these factors might not be adequate to assess the overall climate for motivation and high performance. For this reason, the organization might need to consider a variety of factors that might affect well-being, satisfaction, and motivation, such as: effective employee problem or grievance resolution; safety; employee views of leadership and management; employee development and career opportunities; employee preparation for changes in technology or work organization; work environment; workload; cooperation and teamwork; recognition; benefits; communications; job security; compensation; equality of opportunity; and capability to provide required services to customers.

In addition to formal or informal survey results, other measures and/or indicators of well-being, satisfaction, and motivation might include safety, absenteeism, turnover, turnover rate for customer-contact employees, grievances, strikes, and worker's compensation claims. Factors inhibiting motivation need to be prioritized and addressed. Further understanding of these factors could be developed through exit interviews with departing employees.

Area 5.3c also addresses how the information and data on the well-being, satisfaction, and motivation of employees are actually used in identifying improvement priorities. Priority setting might draw upon human resource results presented in Item 7.3 and might involve addressing employee problems based on impact on organizational performance.

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 suppliers and partners, operational performance, cycle time, and evaluation and continuous improvement.

Flexibility, cost reduction, and cycle time reduction are increasingly important in all aspects of process management and organizational design. In simplest terms, flexibility refers to the ability to adapt quickly and effectively to changing requirements. Depending on the nature of the organization's strategy and markets, flexibility 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. Flexibility might demand special strategies such as implementing modular designs, sharing components, sharing manufacturing lines, and providing specialized training. Flexibility also increasingly involves outsourcing decisions, agreements with key suppliers, and novel partnering arrangements.

Cost and cycle time reduction often involve many of the same process management strategies as achieving flexibility. Thus, it is crucial to utilize key measures for these requirements in overall process management.

6.1 Product and Service Processes

This Item examines how the organization designs, introduces, produces, delivers, and improves its products and services. It also examines how production/delivery processes are operated and improved. The trouble-free introduction of new products and services is important to the management of these processes. This requires effective coordination, starting early in the product and service design phase. The Item also examines organizational learning through a focus on how learnings in one process or work unit are replicated and added to the knowledge base of other projects or work units.

Area 6.1a calls for information on the design of products and services, and their production/delivery processes. Aspects of this design include: (1) how changing customer and market requirements and technology are incorporated into product and service designs; (2) how production/delivery processes are designed to meet customer, quality, and operational performance requirements; and (3) how design and production/delivery processes are coordinated to ensure trouble-free and timely introduction and delivery of products and services.

Design approaches could differ appreciably depending upon the nature of the products/services--whether the products/services are entirely new, variants, or involve major or minor process changes. Responses should reflect the key requirements for the products and services. Factors that might need to be considered in design include: health; safety; long-term performance; environmental impact; “green” manufacturing; measurement capability; process capability; manufacturability; maintainability; supplier capability; and documentation. Effective design must also consider cycle time and productivity of production and delivery processes. This might involve detailed mapping of manufacturing or service processes and redesigning (“reengineering”) those processes to achieve efficiency, as well as to meet changing customer requirements.

Many organizations also need to consider requirements for suppliers and/or business 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 the organization’s products utilize parts, equipment, and facilities used for other products, coordination of resources might be a major concern, but might offer means to significantly reduce unit costs and time to market. This should be addressed in responding to Area 6.1a.

Coordination of design and production/delivery processes involves all work units and/or individuals who will take part in production/delivery and whose performance materially affects overall process outcome. This might include groups such as research and development (R&D), marketing, design, and product/process engineering.

Area 6.1b calls for information on the management and improvement of key production/delivery processes. The information required includes a description of the key processes and their specific requirements, and how performance relative to these requirements is determined and maintained. Specific reference is made to in-process measurements and customer interactions. This requires the identification of critical points in processes for measurement, observation, or interaction. The intent is that these activities occur at the earliest points possible in processes to minimize problems that may result from deviations from expected performance. 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 correction could involve technical and/or human factors. Proper correction involves changes at the source (root cause) of the deviation. Such corrective action should minimize the likelihood of this type of variation occurring anywhere else in the organization.

When customer interactions are involved, differences among customers must be considered in evaluating how well the process is performing. This might entail specific or general contingencies, depending on the customer information gathered. This is especially true of professional and personal services.

Area 6.1b calls for information on how processes are improved to achieve better performance. Better performance means not only better quality from the customers' perspective but also better financial and operational performance--such as productivity--from the organization's perspective. A variety of process improvement approaches are commonly used. These include: (1) sharing successful strategies across the organization; (2) process analysis and research (e.g., process mapping, optimization experiments, and error proofing); (3) research and development results; (4) benchmarking; (5) using alternative technology; and (6) using information from customers of the processes--within and outside the 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 ("reengineering") of processes.

6.2 Support Processes

This Item addresses how the organization designs, implements, operates, and improves its support processes. Support processes are those that support the organization's product and/or service delivery, but are not usually designed in detail with the products and services themselves, because their requirements usually do not depend significantly upon product and service characteristics. Support process design requirements usually depend significantly upon internal requirements, and they must be coordinated and integrated to ensure efficient and effective linkage and performance. Support processes might include finance and accounting, software services, sales, marketing, public relations, information services, personnel, legal services, plant and facilities management, research and development, and secretarial and other administrative services.

The Item calls for information on how the organization maintains the performance of the key support processes. This information includes a description of the key processes and their principal requirements, and a description of key in-process measurements and customer interactions. These principal requirements are similar to those described previously in Area 6.1b.

Item 6.2 also calls for information on how the organization evaluates and improves the performance of its key support processes. Four key approaches are: (1) process analysis and research; (2) benchmarking; (3) use of alternative technology; and (4) use of information from customers of the processes--within and outside the organization. Together, these approaches offer a wide range of possibilities, including complete redesign (“reengineering”) of processes.

6.3 Supplier and Partnering Processes

This Item addresses how the organization designs, implements, operates, and improves its supplier and partnering processes and relationships. It also addresses supplier and partner performance management and improvement. The term “supplier” refers to other organizations (public and private) and to other units of the parent organization that provide goods and services. Suppliers’ and partners’ goods and services may be used at any stage in the production, design, delivery, and use of the organization’s products and services. Thus, suppliers include services such as distributors, dealers, warranty repair services, transportation, contractors, and franchises, as well as those that provide materials and components. Suppliers also include service suppliers, such as health care, training, and education providers.

The Item places particular emphasis on the unique relationships that organizations are building with key and preferred suppliers, including establishing partnering relationships. For many organizations, these suppliers and partners are an increasingly important part of achieving not only high performance and lower-cost objectives, but also strategic objectives. For example, they might provide unique design, integration, and marketing capabilities.

Item 6.3 requests the key performance requirements for suppliers and partners. These requirements are the principal factors involved in the organization’s purchases, e.g., quality, delivery, and price. Processes for determining whether or not requirements are met might include audits, process reviews, receiving inspections, certification, testing, and rating systems.

Item 6.3 also requests information on actions and plans to improve the ability of suppliers and partners to contribute to achieving your organization’s performance goals. These actions and plans might include one or more of the following: improving your own procurement and supplier management processes (including seeking feedback from suppliers and internal customers); joint planning; rapid information and data exchanges; use of benchmarking and comparative information; customer-supplier teams; training; long-term agreements; incentives; and recognition. Actions and plans might also include changes in supplier selection, leading to a reduction in the number of suppliers and enhancement of partnership agreements.

Business Results (Category 7)
The Business Results Category provides a results focus that encompasses the customer's evaluation of the organization's products and services, overall financial and market performance, and results of all key processes and process improvement activities. Through this focus, the Criteria's dual purposes--superior value of offerings as viewed by customers and the marketplace, and superior organizational performance reflected in operational and financial indicators--are maintained. Category 7 thus provides “real-time” information (measures of progress) for evaluation and improvement of processes, products, and services, aligned with overall organizational strategy. Item 4.2 calls for analysis of business results data and information to determine overall organizational performance.

7.1 Customer Focused Results

This Item addresses the results of most significance to assessing the organization's customer-related performance--customer satisfaction, customer dissatisfaction, customer satisfaction relative to competitors, and product/service performance. The Item calls for the use of all relevant data and information to establish the organization's performance as viewed by the customer. Relevant data and information include: customer satisfaction and dissatisfaction; retention, gains, and losses of customers and customer accounts; positive customer referrals; customer complaints and warranty claims; customer-perceived value based on quality and price; and competitive awards, ratings, and recognition from customers and independent organizations. Relevant data and information also include product and service performance measures, especially those that serve as predictors of customer satisfaction.

These product and service features are derived from the customer-related Items 3.1 and 3.2 (“listening posts”). If properly selected, improvements in the features should show a clear, positive correlation with customer and marketplace improvement indicators. The correlation between product/service performance and customer indicators is a critical management tool--a device for defining and focusing on key quality and customer requirements and for identifying product/service differentiators in the market-place. The correlation might reveal emerging or changing market segments, the changing importance of requirements, or even the potential obsolescence of products and/or services.

Product/service performance appropriate for inclusion might be based upon one or more of the following: internal (organizational) measurements; field performance; data collected by the organization or for the organization; or customer surveys on product and service performance. Data appropriate for reporting include internal measurements and field performance, and data collected by the organization or other organizations through follow-up for attributes that cannot be accurately assessed through direct measurement (e.g., ease of use) or when variability in customer expectations makes the customer's perception the most meaningful indicator (e.g., courtesy).

7.2 Financial Performance Results

This Item addresses those factors that best reflect the organization's financial and overall operating and/or program performance. Measures reported in this Item will frequently be those key financial and non-financial measures tracked by senior leadership on an ongoing basis to gauge overall performance and are often used to determine performance effectiveness for senior leaders. These measures may often be found in an organization’s performance outcomes, and goals and objectives established to meet the requirements of the Government Performance and Results Act.

Measures of financial performance reported in Item 7.2a(1) may include, return on investment, fiscal stewardship, cost/benefit and cost/effectiveness measures, and other appropriate financial activity measures. Fiscal stewardship performance could include measures of value accruing to clientele or mission in relation to budget levels, or aggregate value to the Army for levels of budget resources.

Measures of overall operating and/or program performance would normally include non-financial outcomes, goals and objectives which are used by senior leaders to determine how well a program or activity is doing in achieving its intended objectives. These might also include measures useful to agency heads and other key stakeholders (Congress, Office of Management and Budget, the Executive Branch, public interest groups) in framing an assessment of what the program or activity is accomplishing. These measures might be the same as those incorporated in the organization’s performance outcomes, goals and objectives established as part of a strategic plan or annual performance plan developed pursuant to the Government Performance and Results Act.

Marketplace performance (item 7.2(3)) is intended primarily for those organizations that operate in a marketplace environment. Responses could include success in managing new products or services, business growth, new products and geographic areas entered, and other key market-related measures, as appropriate.

Comparative data for these measures might include Army or MACOM best, DoD best competitor, Army or MACOM average and appropriate benchmarks.

7.3 Human Resource Results

This Item addresses the organization's human resource results—those relating to employee well being, satisfaction, development, motivation, work system performance, and effectiveness.

Results reported could include generic and business- or organization-specific factors. Generic factors include safety, absenteeism, turnover, and satisfaction. Business- or organization-specific factors include results commonly used in the industry or related Army/government functions, or created by the organization for purposes of tracking progress. Results reported might include input data, such as extent of training, but the main emphasis should be placed on measures of effectiveness.

Results reported for work system performance should include those relevant to the organization and might include measures of improvement in job classification, job rotation, work layout, and changes in local decision making.

The Item calls for comparative information so that results can be evaluated meaningfully against competitors or other relevant external measures of performance. For some measures, such as absenteeism and turnover, local or regional comparisons also are appropriate.

7.4 Supplier and Partner Results

This Item addresses current levels and trends in key measures and/or indicators of supplier and partner performance. Suppliers and partners, both public and private, provide “upstream” and/or “downstream” materials and services. The focus should be on the most critical requirements from the point of view of your organization, or the “buyer” or other direct recipient of the products and services. Data reported should reflect results by whatever means they occur--via improvements by suppliers and partners and/or through selection of better performing suppliers and partners. Measures and indicators of performance should relate to the principal factors involved in your organization's purchases, e.g., quality, delivery, and price.

Data reported also should reflect how suppliers and partners have contributed to the organization's performance goals. Results reported could include cost savings; reductions in scrap, waste, or rework; and cycle time or productivity enhancements.

The Item calls for comparative information so that results reported can be meaningfully evaluated against competitors or other relevant external measures of performance.

7.5 Organizational Effectiveness Results

This Item addresses key performance results not covered in Items 7.1 through 7.4 that contribute significantly to the organization's goals--customer satisfaction, product and service quality, operational effectiveness, and financial/program performance. The Item encourages the use of any unique measures the organization has developed to track performance in areas important to the organization.

Results should reflect key process performance measures, including those that influence customer satisfaction. Measures of productivity and operational effectiveness in all key areas—product/service delivery areas and support areas--are appropriate for inclusion. Results of compliance with regulatory/legal requirements should be reported.

Measures and/or indicators of operational effectiveness could include the following: environmental improvements reflected in emissions levels, waste stream reductions, by-product use, and recycling; responsiveness indicators such as cycle time, lead times, and set-up times; process assessment results such as customer assessment or third-party assessment (such as ISO Standard); and business-specific indicators such as innovation rates, innovation effectiveness, cost reductions through innovation, time to market, product/process yield, complete and accurate shipments, and measures of strategic goal achievement.

The Item calls for comparative information so that results reported can be evaluated against competitors and/or similar organizations inside or outside the Army/government or other relevant external measures of performance. These comparative data might include Army or MACOM best, DoD best competitor or similar organization inside or outside the Army/government, Army or MACOM average and appropriate benchmarks. Such data might be derived from independent surveys, studies, and laboratory testing or other sources.

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 pages105-106.

Approach

"Approach" refers to how you address the Item requirements--the method(s) used. The factors used to evaluate approaches include:

- appropriateness of the methods to the requirements
- effectiveness of use of the methods. Degree to which the approach:
  –is systematic, integrated, and consistently applied
  –embodies evaluation/improvement/learning cycles
  –is based on reliable information and data
- alignment with organizational needs
- evidence of innovation

Deployment

"Deployment" refers to the extent to which your approach is applied to all requirements of the Item. The factors used to evaluate deployment include:

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

Results

"Results" refers to outcomes in achieving the purposes given in the Item. The factors used to evaluate results include:

- current performance
- performance relative to appropriate comparisons and/or benchmarks
- rate, breadth, and importance of performance improvements

- linkage of results measures to key customer, market, process, and action plan performance requirements identified in the Business Overview 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.

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 and trends on key measures and/or indicators of organizational performance. However, the evaluation factor, “breadth” of performance improvements, is concerned with how widespread your improvement results are. This is directly related to the Deployment dimension. That is, if improvement processes are widely deployed, there should be corresponding results. A score for a Results Item is thus a weighted composite based upon overall performance, taking into account the breadth of improvements and their importance. (See next section.)

“Importance” as a Scoring Factor

The three evaluation dimensions described previously are critical to evaluation and feedback. However, evaluation and feedback also must consider the importance of your reported Approach, Deployment, and Results to your key business factors. The areas of greatest importance should be identified in the Business Overview and in Items such as 2.1, 2.2, 3.1, 6.1, and 7.5. Your key customer requirements and key strategic objectives and action plans are particularly important.

Assignment of Scores to Your Responses

Examiners observe the following guidelines in assigning scores to responses:

- All Areas to Address should be included in the Item response. Also, responses should reflect what is important to the organization;

- In assigning a score to an Item, an Examiner first decides which scoring range (e.g., 50% to 60%) best fits the overall Item response. Overall “best fit” does not require total agreement with each of the statements for that scoring range. Actual score within the range depends upon an Examiner’s judgment of the closeness of the Item response in relation to the statements in the next higher and next lower scoring ranges;

- An Approach/Deployment Item score of 50% represents an approach that meets the basic objectives of the Item and that is deployed to the principal activities and work units covered in the Item. Higher scores reflect maturity (cycles of improvement), integration, and broader deployment; and

- A Results Item score of 50% 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, and better comparative performance as well as broader coverage.

SCORING GUIDELINES

SCORE	Approach - Deployment
0%	▪ no systematic approach evident; anecdotal information
10% to 20%	▪ beginning of a systematic approach to the basic purposes of the Item ▪ major gaps exist in deployment that would inhibit progress in achieving the basic purposes of the Item ▪ early stages of a transition from reacting to problems to a general improvement orientation
30% to 40%	▪ a sound, systematic approach, responsive to the basic purposes of the Item ▪ approach is deployed, although some areas or work units are in early stages of deployment ▪ beginning of a systematic approach to evaluation and improvement of basic Item processes
50% to 60%	▪ a sound, systematic approach, responsive to the overall purposes of the Item ▪ 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 basic Item processes ▪ approach is aligned with basic organizational needs identified in the other Criteria Categories
70% to 80%	▪ a sound, systematic approach, responsive to the multiple requirements of the Item ▪ approach is well-deployed, with no significant gaps ▪ a fact-based, systematic evaluation and improvement process and organizational learning/sharing are key management tools; clear evidence of refinement and improved integration as a result of organizational-level analysis and sharing ▪ approach is well-integrated with organizational needs identified in the other Criteria Categories
90% to 100%	▪ a sound, systematic approach, fully responsive to all the requirements of the Item ▪ 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 and integration, backed by excellent organizational-level analysis and sharing ▪ approach is fully integrated with organizational needs identified in the other Criteria Categories

SCORE	RESULTS
0%	▪ no results or poor results in areas reported
10% to 20%	▪ some improvements and/or early good performance levels in a few areas ▪ results not reported for many to most areas of importance to the organization's key business requirements
30% to 40%	▪ improvements and/or good performance levels in many areas of importance to the organization's key business requirements ▪ early stages of developing trends and obtaining comparative information ▪ results reported for many to most areas of importance to the organization's key business requirements
50% to 60%	▪ improvement trends and/or good performance levels reported for most areas of importance to the organization's key business requirements ▪ no pattern of adverse trends and no poor performance levels in areas of importance to the organization's key business 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 the organization's 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 the organization's key business requirements ▪ excellent improvement trends and/or sustained excellent performance levels 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

PREPARING THE ORGANIZATION OVERVIEW

The Organization Overview is an outline of your organization. It should address what is most important to the organization, key influences on how the organization operates, and where the organization is headed. The Organization Overview is a statement of what is relevant and important to your organization and its performance.

The Organization Overview is critically important because:

- it is ***<u>the most appropriate starting point for self-assessment</u>*** and for writing applications for PQA or ACOE. It helps you focus on key business or mission performance requirements and business results; and
- If the organization is applying for PQA or ACOE, examiners and judges use it in all stages of application review and during the site visit.

It is strongly recommended that the Organization Overview be prepared first and used as a guide in self-assessment and in writing/reviewing a PQA or ACOE application.

Guidelines for Preparing the Organization Overview

The Organization Overview consists of four sections as follows:

1. Basic description of your organization

This section should provide the following information of the organization:

- the mission, products and services;
- the size and location of your organization and profile of soldiers and civilians in the workforce including number, types, educational level, bargaining units, and special safety requirements;
- your organizational culture: purpose, vision, mission, and values, as appropriate;
- the major markets or mission/service areas: local, regional, national, or international; and principal customer types: Army or DoD organizations, other businesses, government, etc.;
- your major equipment, facilities, and technologies used; and
- the regulatory environment affecting you: occupational health and safety, environmental, financial, and product, etc.

If your organization is a subunit of a larger organization, describe:

- the organizational relationship to your "parent" and percent of employees the subunit represents;

- how your products and services relate to those of your “parent” and/or other units of the “parent” organization; and
- key support services, if any, that your “parent” organization provides.

2. Customer and market requirements

This section should provide information on:

- key customer requirements (for example, on-time delivery, low defect levels, price demands, and after-sales services) for products and services. Briefly describe all important requirements, and note significant differences, if any, in requirements among customer groups and/or market segments. (Note any special relationships, such as partnerships, with customers or customer groups.)

3. Supplier and partnering relationships

This section should provide information on:

- types and numbers of suppliers of goods and services;
- the most important types of suppliers, dealers, and other businesses; and
- any limitations, special relationships, or special requirements that may exist with some or all suppliers and partners.

4. Other Strategic Factors Important to the Organization

This section should provide information on:

- competitive factors, if applicable, such as the organization’s position (size) in the industry, numbers and types of competitors, and principal factors determining competitive success;
- principal factors that determine performance success such as cost reduction, product innovation, technology, productivity or other changes taking place in the agency affecting program success;
- major new thrusts or future challenges;
- introduction of new technologies;
- laws and regulations significantly affecting operations; and new organizational alliances/partners

Page Limit

The APIC has no page limits. If an organization is submitting an application for the ACOE or PQA program, applicant should review the program’s requirements for submission.

“CLIFFNOTES” for Leaders

APIC FOR PERFORMANCE EXCELLENCE 1999

1.0 LEADERSHIP

1.1 Organizational Leadership

How well senior leaders guide the organization in setting directions and in reviewing the organization’s performance. Leaders accomplish this by:

- **setting, communicating, and deploying the organization’s values and performance expectations;**
- **communicating the importance of creating value for the customer and balancing value for the customer and other stakeholders;**
- **creating an environment within the organization for empowerment and innovation;**
- **encouraging organizational and employee learning;**
- **reviewing the organization’s performance to assess its “health” and its progress relative to established performance goals; and**
- **using performance review findings, along with employee feedback, to improve their leadership effectiveness.**

1.2 Public Responsibility and Citizenship

How the organization addresses its responsibilities to the public and how it practices good citizenship. Leaders facilitate this by:

- **translating the goals and standards for public responsibility and corporate citizenship into operational policies and procedures (anticipating the public’s concern with current and future products/services and operations);**
- **making legal requirements and risks factors (risks associated with your products/services and operations) an integral part of performance measurement and improvements;**
- **ensuring ethical business practices in all stakeholder interactions; and**
- **identifying the organization’s “key communities” and determining areas of emphasis for organizational involvement and support in these communities.**

2.0 STRATEGIC PLANNING

2.1 Strategy Development

The process the organization uses to develop strategies that will strengthen its performance and enhance its competitiveness. This is accomplished by:

- **addressing all key influences, challenges, and requirements that might affect the organization's future opportunities and directions;**
- **taking into account risks such as: financial, market place, societal, and others;**
- **identifying current and future requirements of customers and the market;**
- **considering the organization's human resource, operational, and supplier and/or partner capabilities and needs; and**
- **using this information to develop goals and strategies for the organization with an established timetable for accomplishing each goal.**

2.2 Strategy Deployment

This involves how the organization's strategic objectives are translated into action plans and how these plans are deployed. It includes key performance requirements and measures, and an outline of related human resource requirements and plans. The approach for this includes:

- **developing action plans (short and long-term) derived from the organization's strategies;**
- **communicating and deploying the strategic objectives/requirements, action plans, and performance measures and indicators to achieve overall organizational alignment;**
- **determining how the performance of these plans will be tracked; and including**
- **developing a two-to-five year projection of the organization's performance in key business areas with respect to its competitors or benchmarks.**

3.0 CUSTOMER FOCUS

3.1 Customer and Market Knowledge

How the organization determines its short- and longer-term requirements and expectations, and how it uses the preferences of its customers and the market to anticipate needs and develop business opportunities. It does this by:

- **targeting customers, and customer groups;**
- **identifying customers requirements and priorities;**
- **segmenting customers by market or group, or other categories (Approaches to listening and learning may vary per category group.);**
- **determining key requirements and drivers of purchase decisions for current and potential customers;**
- **continuously evaluating and improving its methods of determining its customers' requirements;**
- **determining and projecting the key product and service features, and their relative importance and/or value to the customer; and**
- **using information from former customers and markets, to enhance its product and service features.**

3.2 Customer Satisfaction and Relationships

How the organization determines the satisfaction of its customers, and builds relationships to retain current business and develop new opportunities. Organizations facilitate this by:

- **having a process in place that makes it easy for customers to seek information or assistance about the organization's products and/or services, or to voice a complaint;**
- **determining the requirements and priorities of the customer, and relaying those requirements to all employees who are involved in meeting those requirements;**
- **being timely in resolving customer complaints and using the information gathered from the complaints to make organizational improvements;**
- **regaining the confidence of dissatisfied customers;**
- **receiving positive referrals from customers;**
- **obtaining objective information on customer satisfaction levels relative to the organization's competitors; and**
- **ensuring that the organization maintains an overall positive relationship with its customers.**

4.0 INFORMATION AND ANALYSIS

4.1 Measurement of Organizational Performance

How the organization maintains an effective performance measurement system for understanding, aligning, and improving its performance at all levels within the organization. It does this by:

- **selecting, managing and using a variety of financial and non-financial data and information for organizational planning and performance improvement;**
- **selecting measures and indicators for tracking its daily operations;**
- **selecting measures and indicators for tracking overall organizational performance;**
- **deploying performance measures throughout the organization to track work group and/or functional level performance;**
- **selecting competitive comparisons and benchmarks to drive performance improvements;**
- **ensuring that data is accurate and reliable; and that**
- **the organization's performance measurement system is kept current with its business needs and strategies.**

4.2 Analysis of Organizational Performance

How information and data from all parts of the organization are analyzed to assess overall organizational health and to support daily operations. This involves:

- **reviewing customer-related performance, operational performance (including human resource and product/service performance), competitive performance, and financial and market-related performance to assess progress relative to the organization's goals, plans and changing business needs;**
- **ensuring that the results of organizational-level analysis are linked to work group and/or functional-level operations to enable effective support for decision making (i.e., translating those review findings into improvement priorities and deploying them throughout the organization, and as appropriate to the organization's suppliers and/or business partners).**

5.0 HUMAN RESOURCE FOCUS

5.3 Work Systems

How all employees contribute to achieving the organization's performance and learning objectives, through the organization's work design, and compensation & recognition approaches. It also focuses on developing employees to enable them and the organization to adapt to change. This is done by:

- **designing, organizing, and managing work systems that promote cooperation, collaboration, individual initiative, innovation, and flexibility;**
- **encouraging communication, cooperation, and knowledge and skill sharing across work function and units; and**
- **motivating and encouraging employees to develop and utilize their full potential.**

5.2 Employee Education, Training, and Development

How the organization develops the work force via education, training, and on-the-job reinforcement of knowledge and skills. This involves:

- **addressing the knowledge and skills employees need to meet their overall work and personal objectives, and at the same time considering the organization's need to develop its employees for leadership roles;**
- **balancing the short and longer-term needs of the employee against those of the organization;**
- **addressing how education and training are designed, delivered, reinforced, and evaluated within the organization, placing a special emphasis on "on-the-job" application of knowledge and skills;**
- **involving employees and their managers in the design of training programs and in determining individual and organizational training needs/requirements (which might include diversity training, safety training, or others, as appropriate);**
- **offering orientation of new employees;**
- **defining performance excellence for the organization's education and training system; and**

- **teaching employees to use performance measurements, performance standards and benchmarking in their jobs.**

5.3 Employee Well-Being and Satisfaction

How the organization maintains a work environment and work climate that support the well-being, satisfaction, and motivation of its employees. This is accomplished by:

- **determining the key factors that affect employee well-being, satisfaction, and motivation;**
- **assessing the overall work environment and work climate;**
- **addressing and improving workplace health & safety concerns (including ergonomic factors);**
- **enhancing the work climate via services, benefits & policies; and**
- **relating the assessment findings to business results to identify work environment and employee support climate improvement priorities.**

6.0 PROCESS MANAGEMENT

6.1 Product and Service Processes

How products and services are designed, implemented, and improved. Also, how production and delivery processes are designed, implemented, managed, and improved.
This is done by:

- **incorporating changing customer and market requirements and technology into product and service designs;**
- **using sound statistical methods to analyze market research data on customers and their requirements;**
- **having production and delivery processes that ensure the customer's requirements for quality and operational performance are met;**
- **coordinating the design, production and delivery of products to ensure a trouble-free introduction and delivery of products and services;**
- **involving all functions/departments that will work with a product/service, in the design phase of the new product/service;**
- **having design processes which incorporate "lessons learned" from past projects, and from other efficiency and effectiveness factors (e.g., cost control) to ensure better products and efficient delivery; and**
- **using control mechanisms to ensure that design, production, and delivery processes stay within specified tolerance levels.**

6.2 Support Processes

How the organization's key support processes are designed, implemented, managed, and improved. This involves:

- **determining key requirements for support processes (incorporating input from internal and external customers as appropriate);**
- **designing and implementing key support processes to meet the customer's requirements for quality and operational performance; and**
- **evaluating and improving these processes to achieve even better performance and reduced cycle time.**

6.3 Supplier and Partnering Processes

How the organization's supplier and partnering processes and relationships are designed, implemented, managed, and improved. Also, how supplier and partner performance is managed and improved. This involves:

- **determining the performance requirements that your suppliers and/or partners need to meet for your organization to fulfill its overall requirements;**
- **developing objective and reliable measures for evaluating supplier and partner performance;**
- **establishing a procedure for relaying the performance information back to suppliers and partners; and**
- **determining ways to provide assistance and/or incentives to suppliers and/or partners to help them improve their ability to contribute to your organization's overall performance.**

7.0 BUSINESS RESULTS

7.1 Customer Focused Results

The organization's customer focused results, including customer satisfaction and product and service performance results.

- **A summary of customer focused results. Include data on levels & trends for the following:**
  - **customer satisfaction, and customer satisfaction relative to competitors**
  - **customer loyalty, positive referral, customer-perceived value, and customer relationship building, as appropriate; and**
  - **the organization's product and service performance.**

7.2 Financial Performance Results

The organization's key financial and marketplace performance results.

- **A summary of financial performance, including aggregate measures of financial return and/or economic value, as appropriate.**
  For example:

- **financial results comparing favorable to world-class organizations in similar businesses.**
- **trends showing continuous improvement over three or more years.**

7.3 Human Resource Results

The organization's human resource results, including employee well-being, satisfaction, development, and work system performance.

❖ **A summary of current levels and trends in key measures and/or indicators of employee well-being, satisfaction, development, work system improvement, and effectiveness. Addressing all categories and types of employees as appropriate, and including appropriate comparative data.**

For example:
- **current level, trends in key measures, and indicators of employee well-being, satisfaction, dissatisfaction, and development; and**
- **results indicating a balance in focusing on the needs of employees, shareholders and customers; and**
- **all measures indicating that the organization would be a good place to work.**

7.4 Supplier and Partner Results

Results of the organization's supplier and partner performance.

❖ **A summary of current levels and trends in key measures and/or indicators of supplier and partner performance, including organization cost and/or performance improvements attributed to supplier and partner performance, as appropriate. It also, should include comparative data.**
For example:
- trends showing continual improvement in supplier/partner performance.

7.5 Organizational Effectiveness Results

Key operational performance results that contribute to the achievement of the organization's overall effectiveness.

❖ **A summary of key organization-specific results derived from: product and service quality and performance; key process performance; productivity, cycle time, and other effectiveness and efficiency measures; regulatory/legal compliance; and other results supporting the organization's strategy, such as new product/service introductions.**
For example:
- **internal product/service quality results;**
- **operational results (such as cycle time, productivity, or efficiency);**

- **regulatory and compliance results;**
- **public responsibility results;**
- **process results; and**
- **new product/service performance results.**

References:

ASQC Quality Press (1999). *Malcolm Baldrige National Quality Award Criteria for Performance Excellence.*

Brown Mark Graham (1998). *Baldrige Award Winning Quality, 8th Edition: How to Interpret the Baldrige Criteria for Performance Excellence, New York, NY: Quality Resources.*