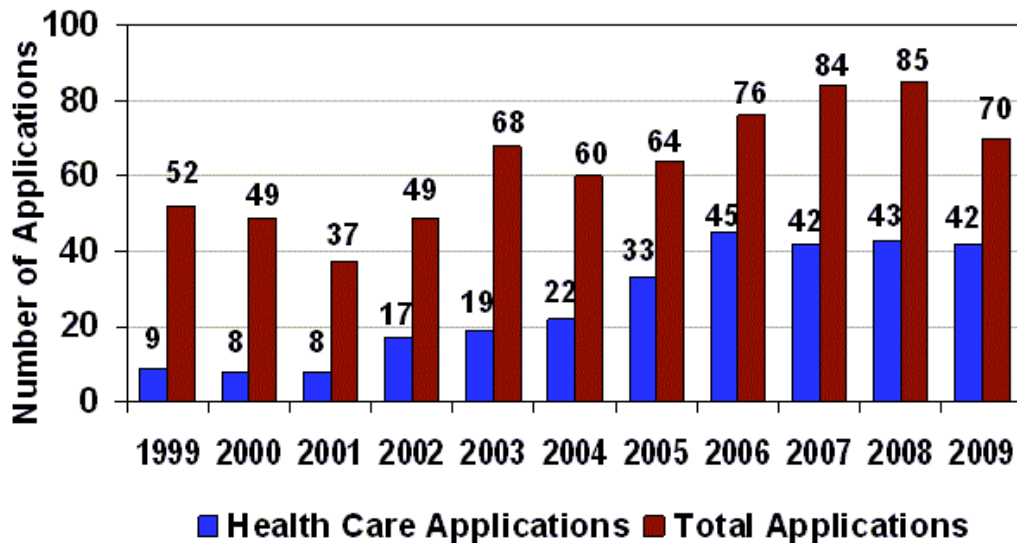


## Journey to Excellence: How Baldrige Health Care Leaders Succeed

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For the last several years, the number and percentage of health care organizations applying for the Baldrige Award have been high compared to other sectors. This year, 60 percent of all national award applicants come from health care (see Figure 1). In 2007, the last year for which we have complete data, 130 health care organizations applied for state-level Baldrige-based excellence awards. This interest level probably represents the “tip of the iceberg” of users of the Criteria.

Figure 1 Trend in Baldrige Award Applications



Why are so many health care leaders exploring Baldrige? Over the last decade, the U.S. health care system has endured mounting scrutiny and declining public trust, prompted by well-researched and publicized evidence of far-reaching problems in safety, patient experience, and efficiency of care. Health care leaders face complex challenges shrinking reimbursements, rapidly emerging safety and quality standards, expanding transparency on performance metrics, non-payment for “never events,” workforce shortages and waning morale, escalating consumer demands. These leaders are searching for a means to build more sophisticated operational systems that will enable them and their organizations to move beyond fighting fires and effectively meet these complex challenges.

We took a deep dive into the experiences of the nine organizations from the health care sector that have received the Baldrige Award to understand how and why they used the Criteria. From that research, we distilled the common elements of their success, which are described in detail in our book *Journey to Excellence: How Baldrige Health Care Leaders Succeed* (Milwaukee, WI: ASQ Press, 2009). We came to appreciate that for all nine organizations, Baldrige was far more than an award. It served as their roadmap, a comprehensive blueprint for building organization-wide competencies to address the

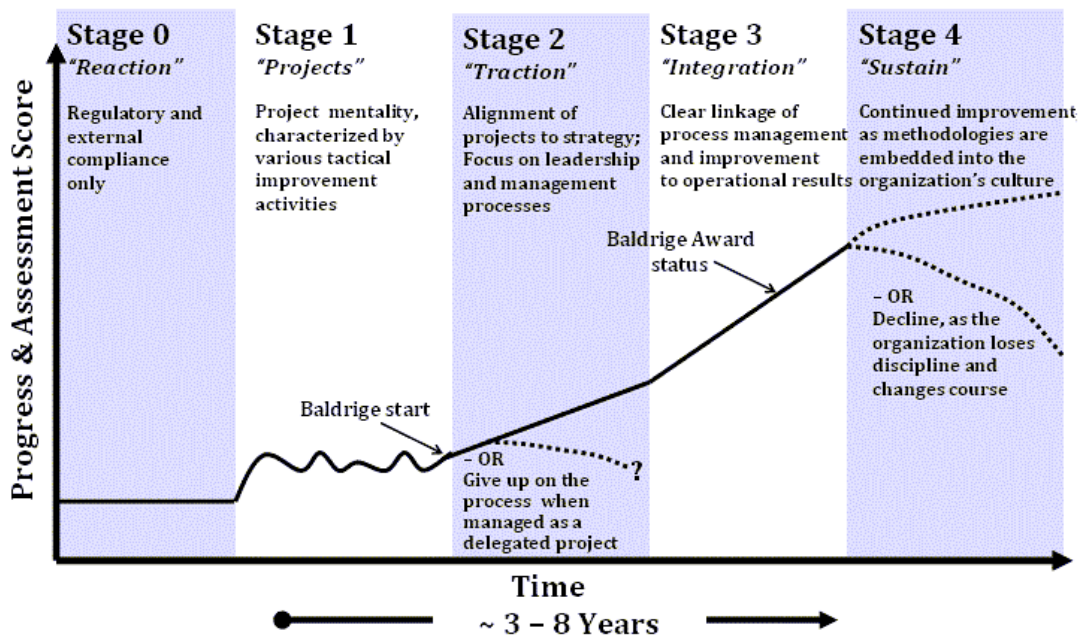
challenges facing their organizations. These leaders were looking for a comprehensive solution to meeting and overcoming the following strategic challenges:

- Redesigning health care to comply with rapidly changing standards and expectations
- Building new ways of leading and managing the key work processes of the organization
- Moving from managing dozens of improvement projects to leading the organization as a holistic entity

## The Journey

Organizations that embrace the Baldrige framework typically describe their transformation as a “journey.” Although all nine Baldrige health care recipients had their own unique circumstances and cultures, we found several universal themes in their experience. First, we found that there were stages of the journey common to all these organizations (see Figure 2).

**Figure 2 Stages of the Baldrige Journey**



We call the first stage, Stage 0, the *Reaction* Stage. This is where many organizations live, quite naturally, given the pressures and speed of change they face. They are focused primarily on compliance: responding to the ever-growing list of demands to measure this, demonstrate that, or change particular practices and behaviors.

A focus on improving performance by launching improvement projects characterizes Stage 1, the *Projects* Stage. Seeking to improve proactively, organizations deploy improvement methodologies, such as Plan-Do-Check-Act, Lean, Six Sigma, or home-grown models and tools, often training large segments of the workforce in their use at the front line. These tool sets are invaluable, and organizations routinely using them

experience some real gains. Projects alone, however, prove insufficient to create the system of interdependent processes and the organizational culture necessary for dramatic improvement in performance. Often organizations become overwhelmed by the number of projects and programs consuming resources but without a clear linkage to strategy. It becomes difficult to sustain the gains made.

Baldrige recipients found that they needed something else to align and integrate improvement activity, that is, to hardwire improvement and sustain the gains being made while moving to a higher level of performance overall. As Saint Luke's CEO, Rich Hastings, told us, "We needed a comprehensive business model, an integrated system to evaluate how well we do what we do. Baldrige is the only organizational tool available to do that, to help us align everything we were doing."

Baldrige provided a framework to diagnose their strengths and gaps in operational capability. Periodically evaluating and improving their approaches to leading and managing enabled the nine recipient organizations to hardwire their approaches and oversee improvement across the enterprise. We called this the *Traction* Stage, or Stage 2. They began to break down silos and barriers to cross-functional work. Baldrige feedback gave them clear, actionable gaps in their culture and in their leadership and management approaches, such as leadership communication, strategic planning, performance measurement, and transfer of best practices.

Addressing feedback whether from their Baldrige or state applications gave them a disciplined approach to becoming more competent in each Baldrige Category. Over time, these organizations grew increasingly process literate: they understood and systematically measured, managed, and improved their key processes of leadership and management as well as their front-line work processes. With increasing process literacy, they were able to improve organizational alignment and the connections across Categories, improving the entire system. We called this the *Integration* Stage.

### **The LASER Model**

We also discovered that a set of fundamental practices focused these organizations and accelerated their journey. These practices were common across all the Baldrige health care recipients, although they manifested themselves in different ways in each organization. We called these five practices the LASER model, an acronym for the five elements:

- Leadership
- Assessment
- Sensemaking
- Execution
- Results

The LASER practices represent the five strategic building blocks that form the foundation for transformation using Baldrige. Nested within each practice is a group of

common approaches. For example, in Leadership, we noted that in every Baldrige health care recipient organization, senior leaders

- *Made a personal commitment to lead their organizational transformation* For example, at Mercy Health System, a 2007 Baldrige recipient, CEO Javon Bea personally led training programs to orient staff to the Baldrige Criteria and to explain why the organization was using Baldrige to improve performance. This reinforced to the staff that this was not just an effort to win an award, but the way to transform the organization's performance.
- *Aligned people at multiple levels to the organization's vision, mission and values* Poudre Valley Health System, a 2008 Baldrige recipient, established standing Performance Excellence Teams aligned with the Baldrige Criteria to drive its improvement agenda. All the other Baldrige health care recipients used similar cross-functional structures, either as standing teams or as ad hoc groups to develop their applications and address the gaps identified in their feedback reports.
- *Fostered a culture focused on organizational learning and improvement* After SSM Health Care won the Baldrige Award in 2002, CEO Sister Mary Jean Ryan made sure that SSM would maintain momentum by requiring every hospital in the system to participate in their state Baldrige-based award program.
- *Continually motivated, inspired and engaged their entire workforce* Sharp HealthCare, a 2007 Baldrige recipient, has the broadest approach to motivating and engaging its workforce. It conducts annual all-hands meetings for all 14,000 employees to celebrate success and renew commitment to Sharp's mission and vision, a fun-filled event featuring the CEO's state-of-Sharp message.
- *Built a results focus and processes for driving personal and organizational accountability* All Baldrige health care recipient organizations have a defined cascade approach to planning and measurement to make sure employees' personal goals and actions are aligned with the organization's strategy.

*Good to Great* author Jim Collins characterized "the Baldrige process as a powerful set of mechanisms for disciplined people engaged in disciplined thought and taking disciplined action to create great organizations that produce exceptional results."<sup>1</sup> The Baldrige health care recipients discovered benefits they value far more than the Award, building cultural attributes and leadership competencies so deeply engrained that they can be sustained beyond the tenure of any individual leader. These leaders successfully transformed their organizations into high-performing systems capable of delivering quality and safety, engaging their workforce in building strong relationships with the patients they serve, and producing results that allow them to stay ahead of the enormous pressures in their industry.

*About the authors:*

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<sup>1</sup> As quoted in Baldrige National Quality Program, National Institute of Standards and Technology, *Update*, October 2008, [http://www.baldrige.nist.gov/PDF\\_files/Update.10\\_08.pdf](http://www.baldrige.nist.gov/PDF_files/Update.10_08.pdf).

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