

2006

Baldrige National Quality Program



# Criteria for Performance Excellence

ethics



leadership

competitiveness



## 6 Process Management (85 pts.)

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

### 6.1 Value Creation Processes: How do you identify and manage your key processes? (45 pts.)

Process

Describe HOW your organization identifies and manages its KEY VALUE CREATION PROCESSES for delivering CUSTOMER VALUE and achieving organizational success and growth.

Within your response, include answers to the following questions:

#### a. VALUE CREATION PROCESSES

- (1) How does your organization determine its KEY VALUE CREATION PROCESSES? What are your organization's KEY product, service, and business PROCESSES for creating or adding VALUE? How do these PROCESSES contribute to profitability, SUSTAINABILITY, and organizational success, as appropriate?
- (2) How do you determine KEY VALUE CREATION PROCESS requirements, incorporating input from CUSTOMERS, suppliers, PARTNERS, and collaborators, as appropriate? What are the KEY requirements for these PROCESSES?
- (3) How do you design these PROCESSES to meet all the KEY requirements? How do you incorporate new technology, organizational knowledge, and the potential need for agility into the design of these PROCESSES? How do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES? How do you implement these PROCESSES to ensure they meet design requirements?
- (4) What are your KEY PERFORMANCE MEASURES OR INDICATORS used for the control and improvement of your VALUE CREATION PROCESSES? How does your day-to-day operation of these PROCESSES ensure meeting KEY PROCESS requirements? How are in-process MEASURES used in managing these PROCESSES? How is CUSTOMER, supplier, PARTNER, and collaborator input used in managing these PROCESSES, as appropriate?
- (5) How do you minimize overall costs associated with inspections, tests, and PROCESS OF PERFORMANCE audits, as appropriate? How do you prevent defects, service errors, and rework, and minimize warranty costs, as appropriate?
- (6) How do you improve your VALUE CREATION PROCESSES to achieve better PERFORMANCE, to reduce variability, to improve products and services, and to keep the PROCESSES current with business needs and directions? How are improvements and lessons learned shared with other organizational units and PROCESSES to drive organizational LEARNING and INNOVATION?

#### Notes:

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

**N2.** Key value creation processes differ greatly among organizations, depending on many factors. These factors include the nature of your products and services, how they are produced and delivered, technology

requirements, customer and supplier relationships and involvement, outsourcing, the importance of research and development, the role of technology acquisition, information and knowledge management, supply chain management, mergers and acquisitions, global expansion, legislative mandates, and sales and marketing. Responses to Item 6.1 should be based on the most critical requirements and processes for your products, services, and business.

**N3.** To achieve better process performance and reduce variability, you might implement approaches such as a Lean Enterprise System, Six Sigma methodology, use of ISO 9000:2000 standards, or other process improvement tools.

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

N5. The results of improvements in product and service performance should be reported in Item 7.1. All other process performance results should be reported in Item 7.5.

For additional description of this Item, see pages 47–48.

## 6.2 Support Processes and Operational Planning: How do you identify and manage your support processes and accomplish operational planning? (40 pts.)

Process

Describe HOW your organization manages its KEY PROCESSES that support your VALUE CREATION PROCESSES. Describe your PROCESSES for financial management and continuity of operations in an emergency.

Within your response, include answers to the following questions:

### a. Support PROCESSES

- (1) How does your organization determine its KEY support PROCESSES? What are your KEY PROCESSES for supporting your VALUE CREATION PROCESSES?
- (2) How do you determine KEY support PROCESS requirements, incorporating input from internal and external CUSTOMERS, suppliers, PARTNERS, and collaborators, as appropriate? What are the KEY requirements for these PROCESSES?
- (3) How do you design these PROCESSES to meet all the KEY requirements? How do you incorporate new technology, organizational knowledge, and the potential need for agility into the design of these PROCESSES? How do you incorporate CYCLE TIME, PRODUCTIVITY, cost control, and other efficiency and EFFECTIVENESS factors into the design of these PROCESSES? How do you implement these PROCESSES to ensure they meet design requirements?
- (4) What are your KEY PERFORMANCE MEASURES OR INDICATORS used for the control and improvement of your support PROCESSES? How does your day-to-day operation of KEY support PROCESSES ensure meeting KEY PERFORMANCE requirements? How are in-process MEASURES used in managing these PROCESSES? How is CUSTOMER, supplier, PARTNER, and collaborator input used in managing these PROCESSES, as appropriate?
- (5) How do you minimize overall costs associated with inspections, tests, and PROCESS OR PERFORMANCE audits, as appropriate? How do you prevent defects, service errors, and rework?
- (6) How do you improve your support PROCESSES to achieve better PERFORMANCE, to reduce variability, and to keep the PROCESSES current with business needs and directions? How are improvements and lessons learned shared with other organizational units and PROCESSES to drive organizational LEARNING and INNOVATION?

### b. Operational Planning

- (1) How does your organization ensure adequate financial resources are available to support your operations? How do you determine the resources needed to meet current financial obligations? How do you ensure adequate resources are available to support major new business investments, as appropriate? How do you assess the financial risks associated with your current operations and major new business investments?
- (2) How do you ensure continuity of operations in the event of an emergency?

### Notes:

N1. Your key support processes (6.2a) are those that are considered most important for support of your organization's value creation processes, employees, and daily operations. These might include facilities management, legal, human resource, project management, and administration processes.

N2. An emergency (6.2b[2]) might be weather-related, utility-related, or due to a local or national emergency.

N3. Your financial management results should be reported in Item 7.3. Other results related to your key support processes and operational planning should be reported in Item 7.5.

For additional description of this Item, see pages 48–49.