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Malcolm Baldrige Criteria

Fact Sheet from the U.S. Commerce Department's
National Institute of Standards and Technology (NIST)

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"The significant problems we have
cannot be solved at the same level
of thinking with which we created
them."

Albert Einstein

What is the Malcolm Baldrige National Quality Award?

The Baldrige Award is given by the President of the United States to businesses—manufacturing and service, small and large—and to education and health care organizations that are judged to be outstanding in seven areas: leadership; strategic planning; customer and market focus; measurement, analysis, and knowledge management; human resource focus; process management; and results.

Congress established the award program in 1987 to recognize U.S. organizations for their achievements in quality and performance and to raise awareness about the importance of quality and performance excellence as a competitive edge. Three awards may be given annually in each of these categories: manufacturing, service, small business, education, and health care. In 2004, President Bush authorized NIST to expand the Malcolm Baldrige National Quality Award Program to include non-profit and government organizations. The program began soliciting applications from non-profit organizations in 2006 for a pilot program, with awards commencing in 2007.

While the Baldrige Award is the very visible centerpiece of the U.S. quality movement, a broader national quality program has evolved around the award and its criteria. A report, *Building on Baldrige: American Quality for the 21st Century*, by the private Council on Competitiveness, said, "More than any other program, the Baldrige Quality Award is responsible for making quality a national priority and disseminating best practices across the United States."

What are the Baldrige criteria?

The Baldrige performance excellence criteria are a framework that any organization can use to improve overall performance. Seven categories make up the award criteria:

Leadership— Examines how senior executives guide the organization and how the organization addresses its responsibilities to the public and practices good citizenship.

Strategic planning— Looks at how the organization sets strategic directions and how it determines key action plans.

Customer and market focus— Examines how the organization determines requirements and expectations of customers and markets; builds relationships with customers; and acquires, satisfies, and retains customers.

Measurement, analysis, and knowledge management— Looks at the management, effective use, analysis, and improvement of data and information to support key organization processes and the organization's performance management system.

Human resource focus— Examines how the organization enables its workforce to develop its full potential and how the workforce is aligned with the organization's objectives.

Process management— Examines aspects of how key production/delivery and support processes are designed, managed, and improved.

Business results— Examines the organization's performance and improvement in its key business areas: customer satisfaction, financial and marketplace performance, human resources, supplier and partner performance, operational performance, and governance and social responsibility. The category also examines how the organization performs relative to competitors.

The criteria are used by thousands of organizations of all kinds for self-assessment and training and as a tool to develop performance and business processes. Several million copies have been distributed since the first edition in 1988, and heavy reproduction and electronic access multiply that number many times.

For many organizations, use of the criteria results in better employee relations, higher productivity, improved customer satisfaction, increased market share and improved profitability. According to a report by the Conference Board, "A majority of large U.S. firms have used the criteria of the Malcolm Baldrige National Quality Award for self-improvement, and the evidence suggests a long-term link between use of the Baldrige criteria and improved business performance."

How are recipients selected?

Organizations that are headquartered in the United States may apply for the award. Applications for the award are evaluated by an independent Board of Examiners composed of primarily private-sector experts in quality and business. Examiners look for achievements and improvements in all seven categories. Organizations that pass an initial screening are visited by teams of examiners to verify information in the application and to clarify questions that come up during the review. Each applicant receives a written summary of strengths and areas for improvement in each area addressed by the criteria.

Is it tougher for small organizations to receive the award?

The Baldrige Award's small business recipients have proven that any U.S. organization can improve by using the criteria's performance excellence framework. But, given the

importance of smaller businesses to the U.S. economy, NIST is mapping out ways to strengthen awareness of the award program and criteria among these organizations. If this is a federal government program, why are organizations charged a fee to apply?

Federal funding for this program is about \$5 million annually and is used by NIST to manage the program. The application fees are charged to cover expenses associated with distribution and review of applications and development of feedback reports. The application and review process is considered to be a very cost-effective and comprehensive business health audit. For an application fee ranging from \$5,000 for large organizations to \$500 for non-profit education institutions, organizations receive at least 300 hours of review by a minimum of eight business and quality experts. Site-visited organizations receive over 1,000 hours of in-depth review. Every applicant receives an extensive feedback report highlighting strengths and areas to improve. An article in the Journal for Quality and Participation said, "The Baldrige feedback report is arguably the best bargain in consulting in America."

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