
Minnesota Council for Quality Stakeholder Update
July 2004

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1. A Message from the President: You Get What You Pay For

“Pay for performance.” We’ve all heard the phrase. But what does it really mean? And -- more importantly -- do organizations do it?

I was visiting with a colleague recently who complained that his performance wasn’t being appropriately recognized by his organization. He works in the service sector and his job involves completing a large volume of transactions. Because he is quicker than most of his fellow employees (but still provides good service), he usually gets assigned more work. That doesn’t bother him. What does is his compensation is the same as (or, some cases, where his tenure is shorter, less than) those less productive co-workers. I asked him how that made him feel, and he gave the predicted responses of “undervalued,” “overworked,” “unappreciated,” “unmotivated.”; perhaps most disturbing he said we was becoming “uncommitted” to his employer.

So it got me thinking. How many organizations truly pay their employees for the effectiveness of their work? That is, how many organizations appropriately align their reward structures -- compensation, incentives, bonuses, stock options, profit sharing, non-monetary recognition, and so forth -- with performance?

According to a 2002 Gallup Poll (see de Koning and Miller on the Council’s on-line Clearinghouse), nearly 60% of employees’ compensation is NOT incentive- or

performance-based. And for those 40% who DO have some type of performance-based variable compensation, employee's "performance" is oftentimes defined by a manager's year-end rating and opinion. Gallop's research further indicates that these subjective ratings oftentimes don't relate to important organizational outcomes, such as customer scores or sales. In fact, in conducting statistical analyses, manager ratings usually correlate with a zero or negative correlation (de Koning, Miller).

So if most companies don't even attempt to tie compensation and rewards to performance (and those who do, do it incorrectly), then on what basis are employees getting paid?! (If you're curious, Gallop concludes that pay is often related to an employee's relationship with his/her manager, good citizenship, tenure, and other intangibles that have little to do with productivity or economic contribution.)

How SHOULD an organization design its performance management system to maximize employee engagement, satisfaction, and performance? According to Dr. Stanley Malos (author of "Current Legal Issues in Performance Appraisal"), there are six things you should consider: your system should be objective rather than subjective, should be job-related or based on job analysis, should be based on behaviors rather than traits, should be within the control of the employee being evaluated, should relate to specific functions and not global assessments, and should be communicated to the employee.

That's a good start. To that list, I would add some additional recommendations. Your performance management system should: use criteria that are tied to organizational goals, strategy, and/or mission; include employee input in the selection of measures upon which he/she will be evaluated; provide frequent reviews (ideally, quarterly or monthly) to monitor progress and make adjustments; include measures that address both individual and organizational/team goal achievement; and be based on real outcome achievement rather than only activities.

To search for articles on performance management, reward/recognition, and compensation or to identify websites that focus on these subject matters, visit the Council's on-line Clearinghouse at www.councilforquality.org/improve.

Yours in Improvement,

Brian S. Lassiter
President, Minnesota Council for Quality
www.councilforquality.org

2. Recognizing the Summer Class of 2004 Board of Evaluators; Fall Session Approaches

The summer training session of the 2004 Board of Evaluators was completed last month in Rochester. The following 33 individuals successfully completed the training and joined the 2004 Board of Evaluators:

Carrie Abendroth, Mayo Clinic; Andrew Adelman, Designs for Learning; Rosemary Bengal, Mayo Clinic; Susan Berg, Mayo Clinic; Joan Broers, Mayo Clinic; Nancy Brown, Winona Health; Kevin Cardille, Pine Island Public Schools; Carol Carryer, Independent Consultant; Jamie Crannell, Chaska ISD 112; Gene Dankbar, Mayo Clinic; Barbara DeCramer, Rochester Catholic Schools; Sarah Field, Rochester Area Math Science Partnership; Deb Fischer, Mayo Clinic; Jeanne Henning, Dover-Eyota Public Schools; Jane Johnson, Dover-Eyota Public Schools; Bob Jones, State of MN; Terry Lydell, Minnesota Association of Alternative Programs; Mike Pieper, Rochester Public Schools; Shalini Prabhakar, Celestica; Mary Reeck, Winona Health; Marilyn Reiersen, Stratis Health; M. Katherine Reller, Mayo Clinic; Norm Ridder, Colorado Springs Schools; Terry Robertson, Alliant Techsystems, Inc.; Sylvia Rolfs, Rolfs & Associates, Inc.; Dennis Schreiber, Rochester Catholic Schools; Wendy Shannon, Byron School District; Bonnie Jean Smith, MN Governor's Council on Developmental Disabilities; Darrin Strosahl, Kingsland Public Schools; Nancy Stucky, Triton Public Schools; Dave Thompson, Stewartville Public Schools; Cally Vinz, Olmsted Medical Center; Chris Zabel, Bethel Lutheran Church

There were several other individuals who attended training but do not anticipate serving on an Evaluator team with the Minnesota Quality Award this year.

We would also like to offer a special thank you to the University Center in Rochester for hosting the training and Dr. Mark Blazey for facilitating the session. In addition, we thank several volunteers for assisting: Jean Bronk, Julie Furst-Bowe, Lois Mackin, and Mike Reagan.

The Council will offer a third and final fall session of Evaluator training this September in the Metro. Why would you consider becoming an Evaluator? There are many benefits: strengthening your ability to understand what factors drive organizational results, networking with peers across the state, forming deep relationships with professionals and leaders interested in organizational improvement, reviewing performance of organizations throughout the state (and possibly identifying best practices for your organization), and developing other professional skills such as analysis, consensus- and team-building, interpersonal, written communication, interviewing, and systems thinking. Many Evaluators consider the experience to be among the most valuable of their careers.

The training session is scheduled for September 21-23 in the Twin Cities (using a business case study). Applications for new Evaluators are due August 18 and for returning Evaluators on September 13.

In addition to the fall full three-day training sessions above, new Evaluators are also required to attend a one-day orientation. New Evaluators can select one of three dates for the fall orientation: September 1, 2, or 8.

Furthermore, this year is the first time that Evaluators can earn post-graduate credit for participating in training. For interested Evaluators, the University of Wisconsin-Stout

will offer three (3) hours of credit in partnership with the Minnesota Council for Quality. For more information, please email the Council at kathryn.mackin@councilforquality.org.

We hope that you would consider (re)joining the Board of Evaluators and/or encourage others to do so. For more information or for an application, please visit www.councilforquality.org/assess.cfm, email us at kathryn.mackin@councilforquality.org, or call 612-462-3577.

3. Recognizing Second Quarter Council Members

The Council would like to recognize 27 organizations and individuals who joined or renewed their membership in the second quarter. These individuals and organizations became members last quarter (asterisks indicate renewal members):

Ted Amundson, Hastings
Dean Andrew, St. Paul*
Tim Andrews, Apple Valley
Applied Quality Solutions LLC, Hudson WI
Bluefire Partners, Minneapolis*
CapitalCare Companies, Big Lake
Ceridian Quality and Productivity Department, Minneapolis
EHS Management Partners, Shorewood*
Doug Guse, Eden Prairie
Joshua Tree Consulting, Eagan*
Kaposia, Inc., St. Paul*
Management Consulting in Healthcare, Burnsville
Minnesota State Colleges & Universities (MnSCU) Office of the Chancellor/System Office, St. Paul*
Ann Morse, Minneapolis*
Nuclear Management Company, Corporate Headquarters, Hudson WI*
D. William O'Brien, Maplewood
PATH, Incorporated, St. Paul*
Plunkett's Pest Control, Fridley
Quantum Performance Group, Palmyra*
Terry Lee Robertson, Brooklyn Park
Rick Shomion, St. Paul*
SP James Consulting, Blaine
Strategic Solutions Exchange Group, Bloomington*
Synthesis Consulting, Minneapolis
The Solution Exchange LLC, Minnetonka*
Unisys Twin Cities, Roseville*
Visuell LLC, Minneapolis

We thank all members for their support. As of June 30, the Council represents a growing community of about 170 members representing over 80,000 employees. A complete list of members is available at <http://www.councilforquality.org/member.cfm>.

Why should you or your organization consider membership? There are many reasons: you get recognition (in this newsletter, in press releases, on the website, and with a certificate/letter); you get discounts to Council services (Evaluator training, organization assessments); you get access to Council services (Clearinghouse, Vendor Referral Service, and free admission to Performance Improvement Network discussions); and you get discounts to our partners' services (other improvement-related non-profits, universities/colleges, and professional/trade associations).

Individual memberships are \$100 and organization memberships begin at \$250. For more information on the benefits of becoming a member, please visit www.councilforquality.org/member.cfm or email the Council at kathryn.mackin@councilforquality.org.

4. Council Seeking Volunteers for Several Key Teams

The Minnesota Council for Quality is seeking volunteers to build four teams related to our core organizational assessment service:

- * New Evaluator Training Team (helps with new Evaluator Orientation design/delivery)
- * Team Leader and Judge Training Team (helps with Team Leader/Judge training design/delivery)
- * Site Visit Training Team (helps with Site Visit JIT training design/delivery)
- * Minnesota Quality Award Applicant Preparation Team (helps build training/tools for applicants to the Minnesota Quality Award).

The first three teams require some experience as a member of the Council's Board of Evaluators; the Team Leader/Judge Team and the Site Visit Team both require experience as a Team Leader.

We are also looking for volunteers to build two teams for two other key Council services:

- * Improvement Clearinghouse Team (helps manage and improve our on-line "improvement Clearinghouse" found at www.councilforquality.org/improve)
- * Vendor Referral Service Team (helps manage and improve our on-line vendor/consultant referral service found at www.councilforquality.org/vendor).

These six teams will join two existing teams -- the Performance Improvement Network (PIN) Board of Advisors and the Assessment Core Team -- providing significant resource and expertise to advance our mission and services.

The specific role and time commitment of each team will vary, and since each team is in the formation phase, much of the team's role and commitment is yet to be defined. However, it is anticipated that volunteers will spend between 10-20 hours spread over a year on these team assignments.

If you are interested in potentially joining a team, please indicate your interest by emailing kathryn.mackin@councilforquality.org by July 30; please indicate in which team(s) you are interested.

5. Excellence in Education: Baldrige Winning District 15 (Paletine IL) Visits Minnesota – Special Council Event August 3 or 4

For Community Consolidated School District 15, “good enough” is not good enough. A recipient of the 2003 Malcolm Baldrige National Quality Award, the District's mission is to produce world-class learners who achieve exemplary levels of understanding in academics and who can compete with any student around the globe. But this is a challenging task because the District is large (it provides K-8 education to nearly 13,000 students in 20 schools and is the second largest elementary district in Illinois), and its student population is diverse (its students speak 72 languages and 32% are at the low-income level). Therefore, to effectively help all students achieve success, the District uses Baldrige as their systematic approach to performance excellence, and has implemented a wide array of tools (such as scorecards, PDSA, a strategic planning process) that more typically are used in business.

The Minnesota Council for Quality, in partnership with the Rochester Area Quality Council (RAQC) and in cooperation with the Minnesota Academic Excellence Foundation (MAEF), are pleased to announce that District 15 will visit Minnesota August 3 in Rochester and August 4 in Minneapolis. Ms. Karen Hindman, Executive Director for School Improvement and Toni Kappel, Principal of Willow Bend Elementary will outline District 15's improvement journey and will summarize their use of Baldrige as an improvement/excellence framework.

Whether you are an educator or a business manager/professional, District 15 will provide insights that can be used to improve your organization. Consider District 15's remarkable improvements in terms of student achievement, stakeholder satisfaction, and financial/operating results: 84% of its students are now reading at or above grade-level (35% above the national average), their faculty/staff turnover is only 11.7% (compared to 20% nationally), cost per percentage point of student performance on state learning standards tests \$111.93 (best competitor \$118.57), and 97% of stakeholders surveyed said they would recommend the district to their relatives and friends.

Both events will feature a breakfast and networking session from 7:30-8:00 a.m., and both will feature a one-hour overview of District 15's improvement journey and use of Baldrige from 8:00-9:00 a.m. Cost is \$10 for members of MCQ/RAQC (\$20 for non-members). Both events will also feature an optional three-hour session from 9:00-12:00 in which District 15 outlines in more detail its use of Baldrige and other improvement approaches (\$49 for members for full morning, both sessions; \$59 for non-members). Finally, the Rochester event will also feature an optional two-hour afternoon session in which District 15 outlines how they deploy improvement to the building and classroom level (\$59 for members for full day; \$69 for non-members). The Rochester session will be at the Best Western Apache; the Minneapolis session will be at the University of St. Thomas (Murphy Hall Room 203).

For more information on the Rochester event or to register, please visit www.raqc.com. For more information on the Minneapolis event, please visit www.councilforquality.org; to register, email brian.lassiter@councilforquality.org. Space is limited, so please register today.

6. Six Sigma: What is Required to Make it Successful – PIN Discussion 8/5

After nearly two decades, Six Sigma is still a widely accepted framework for reducing process variation and improving product/service consistency. Many organizations have found tremendous benefit in deploying the methods and tools of Six Sigma, but some organizations' efforts have fallen short of expectations. Why? What is required to successfully deploy Six Sigma in organizations?

The Minnesota Council for Quality is pleased to welcome Mr. Scott Martens of the Office of Service and Continuous Improvement at the University of Minnesota, to the August 5 Performance Improvement Network (PIN) discussion. Scott will discuss Six Sigma in the context of an overall strategic operating system. He will outline additional organizational infrastructure that is needed to make Six Sigma effective, including process management, voice of the customer, and operating reviews.

Using the insights he has learned from his experience at American Express, GE, and Ceridian, he will share what works and what does not work in deploying Six Sigma. Scott will also outline a specific example of how to set up a voice of the customer listening system, from concept through deployment. Finally, Scott will share a Six Sigma deployment strategy and accompanying scorecard built around financial, organizational, and operational transformation.

The discussion is from 8:00-9:00 a.m. on August 5 (networking and continental breakfast begin at 7:30 a.m.) at the University of St. Thomas in downtown Minneapolis, Murphy Hall Room 203. Admission is FREE for Council members; \$20 for the public. For more information or to register, visit www.councilforquality.org/perform or email brian.lassiter@councilforquality.org.

7. Roles Models in Performance Excellence – Baldrige Regional Conferences 9/10 and 9/30

For more than a decade, the Malcolm Baldrige National Quality Award Regional Conferences have been a valuable forum for Baldrige Award recipients to showcase their exceptional performance practices. This year, the Baldrige Award Program is pleased to welcome Award recipients from all five Award sectors: Medrad, Inc. (manufacturing); Boeing Aerospace Support (service); Caterpillar Financial Services Corporation (service); Stoner, Inc. (small business); Community Consolidated School District 15, Paletine IL (education); Baptist Hospital, Inc. (health care); and St. Luke's Hospital of Kansas City (health care). In addition, the conferences will feature past Award recipients.

There will be two regional conferences this fall: September 10 in Chicago (Oak Brook) and September 30 in San Antonio. Both sessions will also feature a Pre-Conference Workshop for Baldrige Beginners the day before. Both sessions will feature a combination of plenary, concurrent, and town hall presentations that provide a dynamic and interactive experience to maximize learning and networking. Both conferences are \$495 (\$445 advanced registration available, as well as discounts for faculty and groups).

Whether your organization is large or small; in service, manufacturing, education, or health care; located in one location or has multiple sites; you can benefit from the knowledge and experience of Baldrige recipients.

For more information or to register, visit www.baldrige.org or call 301-975-2036. You can also find more information at www.councilforquality.org/improve_events.cfm.

8. Minnesota Quality Conference: Save the Date – October 4-5

The Minnesota Section of the American Society for Quality (ASQ) is proud to announce the 51st annual Minnesota Quality Conference; the Minnesota Council for Quality is a pleased to be partnering with ASQ this year on this year's event.

The conference is schedule for Monday, October 4, 2004, at the Marriott City Center in downtown Minneapolis. A post-conference day of workshops will be held Tuesday, October 5.

This two day conference will include quality and improvement topics such as Quality in Manufacturing, Quality Systems, "Small Shop" Quality, Reliability & Testing, Six Sigma, and much more! In addition, this year's conference will include a track the features the 2003 recipients of the Minnesota Quality Award: Micro-Tech Hearing Instruments, Tappe Construction, Unisys Corporation Central Development Lab, and the US Army Corps of Engineers.

Save the date! More information will be released later this month on www.mnasq.org and the Council's Clearinghouse at www.councilforquality.org/improve_events.cfm.

9. South Central Technical College Announces Fall Courses; Council Members Get 10% Discount

South Central Technical College, Faribault Campus, is pleased to announce their fall quality curriculum. Council members are entitled to a 10% discount for the following courses:

- 9/20-11/8: Geometric Dimensioning & Tolerancing, \$267
- 10/13: Problem Solving Tools & Methods, \$235
- 10/19: Understanding & Implementing ISO 9001:2000, \$235
- 10/20: Internal Auditor Skills, \$235
- 11/3-11/4: Introduction to Quality, \$370
- 11/15: Corrective & Preventive Action Systems, \$235
- 12/1-12/2: Introduction to Lean Manufacturing, \$390
- 12/8: Project Management, \$235
- 12/9-12/10: Introduction to Six Sigma, \$390.

The following additional certification review classes will be offered (the 10% discount still applies):

- 9/16-10/14: Certified Quality Technician (CQT) Review, \$250
- 9/22-10/13: Certified Hazard Analysis & Critical Control Point Auditor Review, \$200
- 10/4-11/29: Certified Quality Engineer (CQE) Review, \$450
- 10/26-11/30: Certified Calibration Technician (CCT) Review, \$300
- 11/2-11/30: Certified Quality Improvement Associate (CQIA) Review, \$250
- 11/3-12/1: Certified Quality Auditor (CQA) Review, \$250

For more information, please contact Laura Hardy at 507-332-5802 or at laura.hardy@southcentral.edu. You can also find more information on the Council's Clearinghouse at www.councilforquality.org/improve_events.cfm.

10. Hennepin Technical College Announces Lean Courses; Council Members Discounted 10%

Hennepin Technical College of Eden Prairie, a partner of the Council, is pleased to announce two quality courses for this summer/fall:

* Quality Concepts and Systems: 3 credits, Tuesday evenings from August 24 through December 14.

* Principles and Practices of Lean Manufacturing: 3 credits, Thursday afternoons from August 26 through December 16.

Council members will receive a 10% discount on tuition. For more information, please visit <http://www.hennepintech.edu/index.htm>. You can also find more information on the Council's Clearinghouse at www.councilforquality.org/improve_events.cfm.

11. St. Thomas Announces Fall Courses; Council Members Get 15% Discount

The Management Center at the University of St. Thomas recently announced its fall course offerings. As in the past, Council members will receive at 15% discount to all courses.

The following courses will be offered:

- September 9 through December 16: Mini MBA
- September 10 through December 11: Planning Company Growth (Info Session 8/10)
- September 13 through December 20: Six Sigma Black Belt Certificate
- September 17: Decision Tools for Managers
- October 28 through November 19: Six Sigma Green Belt Certificate
- November 3-4: The "Micro MBA" - Essentials for Managers Under Pressure

Mark your calendars! For more information, please contact The Management Center at 651-962-4600 or visit www.stthomas.edu/mgmtctr. You can also find more information on the Council's Clearinghouse at www.councilforquality.org/improve_events.cfm.

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