
Minnesota Council for Quality Stakeholder Update
November 2005

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1. A Message from the President: Measuring the Wrong Things

We've all heard the phrase "what gets measured gets done." After all, there is power in measuring performance: it focuses attention on what presumably is important, it motivates people to concentrate on results, it improves decision making, and it and promotes accountability. But what if an organization measures the wrong things?

Last week, the Council hosted two seminars presented by International Management Technologies. The first, "8 Dimensions of Excellence," focused on aligning strategy and measures with customer priorities; the second, "12 Voices of the Customer," focused on how to uncover what customers care most about. Among the many insights that facilitator Rob Lawton offered was the importance of selecting measures that motivate a desired organizational outcome. And to illustrate the point, he offered a great example of a common measure today that does the exact opposite: the customer satisfaction rating system that many car dealers currently use.

I'm sure most of us have had experience with this rating system. If you've recently purchased a car (or had one serviced by a dealer), it's common for them to outright say "I want a rating of five out of five from you. And if you rate us anything less than a perfect five, I want to know about it today so I can fix it." Of course, one could argue that this helps find and correct customer issues immediately, which is always a good thing. But think for a second what this measure is telling upper management. Nothing.

When a customer fills out his satisfaction card, he will either: A) circle "5" because the service was indeed good, B) obediently circle "5" even though he believes the service wasn't perfect but he doesn't want to deal with the inevitable follow up call from someone at corporate a week later wanting to know what happened, or C) not circle anything and throw the card in the trash. (Of

course, a very small minority will circle something other than “5” and risk the call from corporate.) Any customer issue or complaint will therefore be “buried” in a disproportionate number of 5’s. So upper level managers learn nothing about the root causes of potential service failures or about true customer dissatisfaction. And what’s worse: the company fails to systematically learn from those transactions to improve processes, prevent recurrent issues, and improve future satisfaction and performance. (And yes, what might even be worse is that certain employees may be rewarded for “good service” even though customers are dissatisfied.)

In this example, the measure is motivating reactive behavior within the dealerships so that they can receive high satisfaction ratings, but the measure is doing absolutely nothing to provide company management with an indicator of overall service and satisfaction.

Someone in the class then offered an equally disturbing example from a place where she used to work, a call center. She said that the indicator that managers used above all else was average call time. The presumption is that the shorter the average call, the quicker the service representative could get onto the next call, which would reduce overall wait time and increase employee productivity (by the way, I think this is an interesting philosophy on “service”). Customer service representatives had a goal of 30 seconds per call, but they knew that some calls would take much longer than that. And, yes, they were compensated on hitting their average call time goal.

Employees were provided real-time, on-line updates on how they were doing relative to this goal throughout their day. So, on any given day, what did employees do to hit their 30 second target if they saw that their call times were too high? They often hung up on customers! They would literally answer the call and then “accidentally” hang up on customers. I guess a few 3-second calls would indeed balance a few 50 second calls over time. Imagine waiting on hold for 6 minutes only to have a warm greeting followed by an abrupt click. Now, that’s service.

What did both of these examples have in common? In both cases, the measures -- while certainly well-intended -- did not encourage the desired behavior. Indeed, these measures motivated the exact opposite outcome that the company desired. And I’m sure that most organizations have similar examples.

A little over a year ago, one of my columns focused on five common measurement mistakes (see September 2004, http://www.councilforquality.org/about_newsletter.cfm). In this article, I recommended that managers consider testing their measures using the SMART rule: Specific, Measurable (and manageable), Achievable (realistic), Relevant (tied to strategy), and Time-bound (not open-ended). I guess I would add one additional criterion: measures should drive the intended behaviors/outcomes. I said in that column, and it probably bears repeating: measures are critical for managing and improving an organization’s performance. But it’s not enough just to have measures. Managers should take care to first identify the RIGHT measures -- those that motivate the desired behavior and organizational outcomes. After all -- as in the case of the car dealership and the customer call center -- sometimes a measure can be more harmful than helpful to ensuring positive customer outcomes and to accomplishing organizational objectives.

Yours in Improvement,

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

2. Council Welcomes Kansas Center for Performance Excellence as Consultant Referral Network Partner

The Minnesota Council for Quality -- in cooperation with the Michigan Quality Council, the Ohio Partnership for Excellence, and the Wisconsin Forward Award -- is pleased to announce that the Kansas Center for Performance Excellence has agreed to offer the Consultant Referral Network® in the state of Kansas.

Located at www.consultantreferralnetwork.org, the Consultant Referral Network is a dynamic, web-enabled search tool that connects organizational improvement experts to client organizations seeking them. This service allows clients to outline their needs in terms of subject matter expertise sought, type of assistance desired (consulting, training, coaching, speaking, or facilitating), sector/industry expertise required, size of consulting firm desired, desired location of consulting firm, and years of experience preferred. The client can also weight the relative importance of each variable. The tool will then identify up to five consultants or firms that best match the client's needs.

"We are extremely pleased to include Kansas in this partnership," says Brian Lassiter, president of the Minnesota Council for Quality. "The Consultant Referral Network offers an effective way to connect improvement experts to the clients who seek them. This unique tool will be of value to consultants and clients in Kansas, as it already is for organizations in Minnesota, Michigan, Ohio, and Wisconsin."

John Shoemaker, Director of the Kansas Center for Performance Excellence adds: "It is oftentimes challenging for organizations in our state to find consultants that can help their business improve. This service will help us bring expert resources -- those focusing on Baldrige, Six Sigma, Lean, leadership, human resources, measurement, change management, and a host of other subjects -- to our stakeholders in a cost-effective, efficient manner. And, because this is a multi-state collaborative service, our clients can now find consultants outside of Kansas, and our Kansas-based consultants can find potential client leads in other states."

There are three benefits of this service to organizations. First, the tool can accelerate an organization's search for improvement resources because it is quicker and more efficient than "word of mouth" and traditional searches. Second, it is neutral, independent, and unbiased. "Because the tool is managed and maintained by independent third parties, no consultant receives preferential treatment in the search formula," says Lassiter. "This makes the tool credible and more useful for clients."

Third, there is no charge for organizations to use this tool to search for consultants. "We hope to create awareness and encourage organizations to use this tool, because the more clients that find value in the service, the more valuable it becomes for consultants to list in it. And the more consultants who register, the more valuable the tool is for clients, because searches are from a broader base of expertise and capabilities."

The service also offers three distinct benefits to consultants. First, it provides a potential channel of leads and a legitimate mechanism to create market awareness for the consultant's services and capabilities. Second, it is independent and unbiased, making it credible and fair. And third, it is reasonably priced for consultants to get listed.

"This service provides a win-win-win," says Lassiter. "The organizations win because they can more efficiently locate organizational improvement resources to help them advance improvement efforts in their operations. The consultants win because they may now get connected with organizations interested in their services. And the state quality programs win because we are offering a valuable service to stakeholders in our states."

3. 2006 Minnesota Quality Award Evaluator Training Dates Set; Minnesota Quality Award Eligibility Requirements Announced

Are you interested in learning more about what makes organizations successful? Are you interested in helping other organizations -- such as schools, hospitals, non-profits, and businesses -- around the state improve their performance? Would you be interested in networking, learning, and sharing with others who feel the same way?

The Minnesota Council for Quality is seeking candidates for the 2006 Minnesota Quality Award Board of Evaluators. If you are interested (re)joining the 2006 Board, please save the following training dates: the spring session will be February 28-March 2 (in the Metro); the summer session will be determined shortly (in Rochester); and the fall session will be October 3-5 (in the Metro). You may select the session that best meets your needs. In addition to the full three-day training session, new Evaluators are also required to attend a one-day orientation (dates for the spring session will be announced in the coming weeks). Evaluator applications will be available in December and are available on our website: www.councilforquality.org/assess.cfm.

In addition, the Council has established Eligibility Guidelines for potential applicants to the Minnesota Quality Award. "Our program has always strived to be inclusive, allowing all types of organizations to apply for our Award," says Brian Lassiter, president of the Council. "Our intent has not changed, as our mission is still to help all types of organizations improve their performance.

"However, as the number of applicants to our Award program grows, so too does the diversity of those applicants. We now have a growing number of applicants from non-business sectors such as health care, education, and non-profit. We have large, complex applicants with locations out of state (and some with international facilities). And we have sub-units of organizations using the Criteria to improve their performance and outcomes. The Panel of Judges for the Minnesota Quality Award therefore created, and the Minnesota Council for Quality Board of Directors has approved, Eligibility Requirements."

The requirements are as follows:

- Organizations with headquarters or substantial parts of operations in Minnesota, and they must be capable of responding to all category items of the applicable criteria.
- All sectors are eligible (manufacturing, service, health care, education, and not-for-profit).
- Divisions or subsidiaries must have substantial autonomy in terms of leadership, planning, and other key functions. For example, a division Boeing Aircraft would probably be eligible even though HR, accounting, and other business support functions come from corporate headquarters; that is, organizations can inherit processes from higher-level entities for inclusion into their application, but cannot exclude responsibility for an item in the Criteria because that entity provides it.
- Applicants must be sufficiently autonomous in that they are capable of implementing the strategies derived from the feedback report.
- Although the MQA has no minimum size restrictions (in terms of budget or employee base), it instead screens all applications via an internal Eligibility Team to assess probability of meeting applicable Criteria. Applicants not eligible for the MQA may be able to arrange for a customized assessment.
- Award recipients are encouraged to share their learning with other organizations.

The eligibility of all future applicants will be determined by the Council's Eligibility Team. If you have questions on these guidelines, please contact the Council at kathryn.mackin@councilforquality.org.

4. Baldrige Not-For-Profit Category Appropriations Approved; Baldrige Research Being Conducted

Last week, Congress approved appropriations for the fifth and final Malcolm Baldrige National Quality Award category: Not-for-Profit. This category will make any not-for-profit (non-profit, public sector agency, professional/trade association) eligible for the Award beginning in 2007. The Baldrige Program will pilot a Not-for-Profit category in 2006. Details will be announced soon on www.baldrige.org. Not-for-Profits have always been eligible for the Minnesota Quality Award.

In related news about Baldrige, Council stakeholders are invited to complete a questionnaire at www.performance-excellence.com related to using the Baldrige framework. If more organizations successfully applied the principles contained in the Baldrige Criteria for Performance Excellence, the United States would be an economically stronger nation. But, in a recent national study less than 9% of the organizations surveyed reported using the Criteria for Performance Excellence. Apparently, most organizations have never heard of -- or have never tried to apply -- the Criteria for Performance Excellence. Therefore, we in the Baldrige community have a critical marketing gap.

To address this gap, a Collaborative Project Team was formed to *significantly increase the number of organizations that successfully use the Criteria for Performance Excellence* and its framework to improve their performance. The team is lead by Dr. David Spong, former president of two Boeing divisions and leader of two Baldrige recipient organizations. Members include the Baldrige National Quality Program, the American Society for Quality (ASQ), and the Alliance for Performance Excellence (representing State and Local Baldrige-based Programs, including the Minnesota Council for Quality).

The Team has adopted a marketing approach to strengthen the value proposition, to develop marketing messages, to choose communication media, and to create compelling case studies that will encourage more leaders to adopt the Criteria for Performance Excellence.

We believe all organizations that are successful at improving their performance by applying the Criteria have stumbled but found ways to overcome their challenges. We want to learn what has worked and what has not worked so we can share the lessons with others on the path.

5. What Minnesota Needs to do to Remain Competitive -- PIN Discussion 12/1

Minnesota has long been considered a "better than average" place to live: education is strong, the workforce is productive, the culture and arts are second to none, businesses are well managed, and the list goes on. But the world is changing, and what will be required for future success in this state is different than in the past. Minnesota must change to remain competitive.

The Minnesota Council for Quality is pleased to welcome Dr. Fred Zimmerman, Professor of Engineering & Technology Management at the University of St. Thomas, to the December 1 Performance Improvement Network (PIN) discussion. Fred will share his insights on what changes Minnesota (along with many other states) needs to take in order to remain competitive in world markets. He will discuss changes in education, investment, society-wide productivity, character formation, and technical achievement.

The discussion is from 8:00-9:00 a.m. on December 1 (networking and continental breakfast begin at 7:30 a.m.) at the Minneapolis Community and Technical College (MCTC), 1501 Hennepin (15th and Hennepin), downtown Minneapolis, Room L3000 (Wheelock-Whitney Library). Parking is available at their ramp across Hennepin (for \$5). Admission to PIN is FREE for Council members; \$10 for partner organizations; \$20 for the public. Space is limited so register today by emailing brian.lassiter@councilforquality.org. For more information, visit www.councilforquality.org/performance.cfm.

6. An Introduction to Quality: Learning from the Masters -- Seminar 2/15-2/17

“Those who know what, and those who know how, work for those who know why.”

Zig Ziglar

Good organizations today have specialists in Six Sigma, Lean, Baldrige, Reengineering, Plan-Do-Check-Act (PDCA or PDSA), and other techniques working to improve the performance of their enterprise. They are excellent at knowing what to do and how to go about it, but they may not have a good appreciation for the system of quality, the theory behind their activities, and the rationale for why particular concepts, theories, and methods work. In short, they don't fully appreciate the “why” of quality and improvement.

The Minnesota Council for Quality, in cooperation with Process Management LLC, is pleased to offer a 2.5 day seminar on the history of quality and the theories of the American and Japanese masters of quality – Shewhart, Deming, Ishikawa, Taguchi, Tribus, Sarasohm, Feigenbaum, Mogensen, Mizuno, Juran, Akao, Kano, and Crosby. The seminar is a mixture of lecture, exercises, and demonstrations.

The seminar will be presented by Lou Schultz, a uniquely qualified expert who has enjoyed meeting all but two of the quality masters. Mr. Schultz, author of *Profiles in Quality, Learning from the Masters*, worked 25 years in industry before becoming a quality consultant for the last 21 years. He worked closely with Dr. Deming for 13 of those years.

This seminar is a must for executives or quality professionals who are now leading (or aspire to lead) performance improvement activities for their organizations. Whether your organization embraces Six Sigma, Lean, Baldrige, ISO, Scorecard, others, or any combination, this seminar will provide the context of quality – the “why” quality is important.

Attendees will receive a textbook and a course manual which contain items such as a copy of Shewhart's original control chart from 1924, and a copy of a Stanford University poster advertising the short course in quality for the United States organizations gearing up to produce war goods during World War II. Attendees will gain an understanding of the theories of productivity and quality management, a collection of ideas to improve their organization, a set new beliefs, and enthusiasm for better ways to act.

It will be presented at a location in the central Twin Cities Metro on February 15 starting at 8:30 am (registration at 8:00) and concluding at 12:00 noon on February 17. The fee for the seminar is \$750 per attendee; \$600 for Minnesota Council for Quality members.

To register or request additional information, contact Brian Lassiter of the Minnesota Council for Quality at 612-868-3519, brian.lassiter@councilforquality.org or Lou Schultz at Process Management LLC at 612-805-5990 or lou@processmanagement.com.

7. Winning Leadership -- RAQC Session 12/6

Please join the Rochester Area Quality Council (RAQC), a partner of the Minnesota Council for Quality, for their next monthly meeting on December 6. The topic “Winning Leadership; A Results Focused Approach” will be facilitated by Greg Lappin, General Manager of the Rochester Athletic Club. The complexities of leadership are presented in a comprehensive program applicable to any business structure. This is accomplished with two simple definitions and one formula; this complete system is founded in reliable theory, supported with proven results, and attendees leave with extensive, practical take home materials.

The meeting will be held at the University Center Rochester, Coffman Building, Room CF206-208 from 7:30 to 9:00 a.m. Cost will be \$10 for members and \$20 for non-members. For more information or to register, visit www.raqc.com.

8. Selling Performance Improvement Solutions -- ISPI 12/8 Session

How do you advance performance improvement solutions within an organization? Are there models or systematic processes? Where are the best practices to build upon? If your interest is peaked, this workshop is for you!

The Minnesota Chapter of the International Society for Performance Improvement is pleased to announce a Best Practices workshop presented by Rick Clevette and Steve Cohen. Rick will share a proven systematic process and model used to sell performance solutions for leadership development. Steve will facilitate participant storytelling and feedback to methodically craft your own set of best practices. This will be a lively, collaborative learning event resulting in a best practices job aid for selling performance improvement solutions.

Breakfast and networking begin at 7:30 AM on December 8, 2005, at the South Metro Public Safety Training Facility, just northeast of I-494 and Highway 169. The workshop runs from 8:30 - Noon. Please consult www.mnispi.org for more information on pricing, registration, and directions. (A special \$60 affiliate price is offered to MCQ members.)

Rick Clevette is Vice President of Carlson Companies, Leadership and Organizational Development; Steve Cohen is Vice President of the Learning Solutions Group for Carlson Marketing.

9. Consumer Directed Healthcare and Its Beginning -- MN Strategic Leadership Forum 12/13

The Minnesota Strategic Leadership Forum (MSLF), an alliance partner of the Minnesota Council for Quality, is pleased to announce their December 13 discussion "Consumer Directed Healthcare and Its Beginning." The discussion will be facilitated by Craig Swanson, Managing Director of The Sequoi Group and previous co-founder and VP of Development at Definity Health.

Craig will present the following:

- Managed Care – an environment ripe for change
- The strategy for mutating the value chain of a \$1.4 trillion industry
- What is Consumer Directed Healthcare (CDHC)?
- How a start-up beat multi-billion dollar incumbents
- CDHC today and the future of healthcare in the US

Craig Swanson is the Managing Director of The Sequoi Group where he leads a group of industry experts helping consumer focused companies on their long-term strategies, operations and brand positioning. Prior to Sequoi, Craig co-founded Definity Health in 1998 and lead the company's strategy and business development for 7 years. In addition, Craig served in a variety of executive leadership positions including Chief Financial Officer, head of sales and service and head of operations. In these positions he was responsible for the long term vision and direction of Definity, its business plan development, vendor/supplier assessment (build/buy/borrow decisions), P&L & cash flow management and health plan operations. Previous experiences include five years with Deloitte Consulting, doing M&A work in the healthcare and telecommunications industries and four years in banking doing workout and turnarounds of troubled commercial loans.

The discussion will be held Tuesday, December 13. Registration, networking, and breakfast is at 7:00 AM; the program is from 7:45-9:00 AM. The meeting location is the University of St. Thomas, 1000 LaSalle Ave in Minneapolis, Opus Hall 202. Cost is \$35 to the public or \$25 for members of Council (free for MSLF Premium members). For more information or to register, visit <http://www.slf-minnesota.org/calendar.htm>.

10. Tremendous Training -- Manufacturers' Alliance 12/8

Your efforts to improve are often supported by training. Training goals and topics are many and varied; dollars can easily be ill spent. So how does training fit into your overall strategy for the company and its individual employees? What are various ways to get the greatest return on investment?

The Manufacturers' Alliance, an alliance partner of the Minnesota Council for Quality, is pleased to announce their November Monthly Educational Program on December 8, from 7:30 - 9:30 am at Hennepin Technical College in Brooklyn Park. The discussion will focus on the question: "Does your training focus on a real need or just an obligation?" The discussion will be lead by Banta, Starkley Labs, and Goodrich Sensor Systems.

Come learn from the Alliance's experienced practitioners as to what has worked well and what has not worked for them. Cost is \$30 for non-members of Manufacturers Alliance. Council members (from manufacturing companies) are entitled to one free pass per monthly educational program; visit www.mfrall.com/free_pass.htm to print a free pass. For more information or to register, visit www.mfrall.com.

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

South Central Technical College, Faribault and Mankato campuses, is pleased to announce their fall quality and performance improvement curriculum. Council members are entitled to a 10% discount.

The following courses will be held at the Faribault campus (prices before member discount):

Six Sigma Tools & Analysis Using Microsoft Excel, 12/8-12/9/05, 8a-4:30p, \$390
Project Management , 12/13/05, 8a-4:30p, \$235
Microsoft Project 2003, 12/14/05, 8a-4:30p, \$235

The following courses will be held at the Mankato campus (prices before member discount):

ISO, Continual Improvement & Management Responsibilities, 11/22/05, 8a-12p, \$95
Understanding & Implementing ISO 9001:2000, 11/30/05, 8a-4:30p, \$235
Internal Auditor Skills, 12/01/05, 8a-4:30p, \$235
Project Management, 12/6/05, 8a-4:30p, \$235
Microsoft Project 2003, 12/7/05, 8a-4:30p, \$235

For more information, please contact Laura Hardy at 507-332-5802 or at laura.hardy@southcentral.edu or contact Brian Knutson at 507-332-5874 (brian.knutson@southcentral.edu). You can also find more information on the Council's Clearinghouse at www.councilforquality.org/improve_events.cfm.

12. University of Minnesota College of Continuing Education Announces Winter Courses

The College of Continuing Education (CCE) at the University of Minnesota, Twin Cities, is pleased to announce their winter improvement and business certificates and courses. Council members receive a 10% discount on all CCE courses.

Certificates:

Project Management Certificate – For more information on our Project Management Certificate and to register for courses, please visit <http://www.cce.umn.edu/certificateprograms/pmt/>

NEW! Diversity in the Workplace Certificate - For more information on our Diversity in the Workplace Certificate and to register for courses, please visit <http://www.cce.umn.edu/certificateprograms/div/>

Information Technology Infrastructure Library (ITIL) Certificates – For more information on our ITIL Foundation, Practitioner and Service Manager Certificates and to register for courses, please visit <http://www.cce.umn.edu/professionalcertification/itil/>

Individual Courses:

Problem Solving and Decision Making, 2/8, 9AM-4PM., Event ID 178372

Succession Planning, 2/14, 9AM-4PM, Event ID 178376

Advanced Project Management: Risk Management, 2/16, 9AM-4PM, Event ID 178378

Personal Influence and Leadership: Making a Difference, 3/22, 9AM-4PM, Event ID 178394

Free! Successful Manager's Leadership Program, Learn more about this program and how you can develop leadership excellence. 2/21, 8:30AM-9:30AM, Event ID 178397

For more information on any of these courses or to register, visit CCE's Continuing Professional Development website at <http://www.cce.umn.edu/professionaleducation/> or call 612-624-4000.

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