
Minnesota Council for Quality Stakeholder Update
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1. A Message from the President: Proving the Value of Quality

I recently had a conversation with a colleague (a quality professional inside a medium-sized firm) about how to demonstrate the value of organizational improvement initiatives. He was trying to promote Baldrige and Six Sigma in his organization – two frameworks in which he intuitively believed in the benefit, but did not have a handle on the direct tangible value. He had talked with his CEO about how the tools could improve customer satisfaction, improve employee effectiveness, increase organizational alignment, and reduce errors and waste. While the CEO is intrigued, he hasn't committed to either framework after six months of discussion.

It occurred to me that the quality professional probably hadn't adequately addressed the most important issue for the CEO: how those improvement initiatives could directly impact the company's financial performance.

There was a great cover story in the May 2003 edition of ASQ's "Quality Progress" magazine in which the author (and Minnesotan) Steve George claimed that "...according to several distinguished quality professionals, they earn respect [of senior leaders] by aligning what they do with what's important to senior leaders and the organization. More often than not, what's important is financial performance." (The article is "How to Speak the Language of Senior Management" and is available through our Clearinghouse at http://www.councilforquality.org/improve_documents.cfm for ASQ members.)

George goes on to quote Gary Floss, managing director of BlueFire Partners and Board member of the Council: "Senior people are impatient. The pressure they live under day to

day doesn't give them time to get at root causes. They want problems fixed today. The customer is upset. The financial analysts are on their backs. Their boards of directors are on them. [The attitude is], fix it. Don't bother me with the details."

He then quotes Steve Hoisington, VP-Quality Johnson Controls and former quality director at Baldrige-winning IBM-Rochester (and former Council Board member): "What drives senior management? It's not quality. It's not customer satisfaction. It's financial performance. If you can't talk their language and convert stuff into what they relate to, you won't get their hearts and minds."

So, now back to our quality professional. My advice for promoting Baldrige and Six Sigma (or any other quality/improvement framework): identify absolute, definitive, credible metrics for proving your case. Those metrics should be important to your organization's strategy and goals, and many – or most – of them should be directly tied to financial objectives. Of course, non-financial, outcome-oriented measures are also important. But prove your case to executives in the language that is most meaningful to them: financials.

Also see Article 6 below for some compelling financial data that proves the case for Baldrige and strong, effective management.

Yours in Improvement,

Brian S. Lassiter
President, MN Council for Quality

2. An Invitation to the 2002 Minnesota Quality Award Reception – September 11

Thanks to a generous contribution by Virchow Krause & Company, the Minnesota Council for Quality is pleased to announce that we are bringing back our annual public recognition event this year. This year's event will feature the five organizations that received 2002 Minnesota Quality Award recognition: Medtronic Energy and Component Center in Brooklyn Center, Hearth and Home Technologies in Lakeville, Bethel Lutheran Church in Rochester, Olson Elementary in Bloomington, and Central Minnesota Jobs and Training Services in Monticello. The reception will also recognize the 2002 Board of Evaluators and other volunteers. It will be an event that is full of learning, networking, and celebration.

The details of the reception are as follows:

Date: Thursday, September 11

Time: Doors open and networking begins at 5:30 PM; light hors d'ourvres and a cash bar will be available. The program will be from 6:00-7:00 PM, followed by additional networking.

Location: Veranda Ballroom, Radisson South, 7800 Normandale Blvd, Bloomington 55439

Suggested Contribution: Free for employees of 2002 Award recipients and for the 2002 Board of Evaluators; \$15 for Council members; \$25 for the public.

Space is limited. To register, please email your name and affiliation to mc4quality@aol.com or call 612-462-3577 before September 8. We hope to see you there!

3. Time Is Running Out for Returning Evaluators – We Need Your Help!

For past members of the Minnesota Quality Award Board of Evaluators:

Thank you sincerely for your time and expertise. Your contribution in the past has helped the Council advance its mission by helping Minnesota organizations improve their performance and effectiveness.

With the growing interest in our assessment services, we are still seeking experienced Evaluators for the 2003 Board – and we would love to have you return. Applications for returning Evaluators are due Friday, August 29 (and only require updates from your most recent application). Training for all Evaluators (new and returning) is scheduled for September 9-11 at Medtronic Energy and Component Center in Brooklyn Center.

As you know, there are many benefits to becoming an Evaluator, including strengthening your ability to understand what factors drive organizational results, networking with peers across the state, forming deep relationships with your evaluation team, reviewing performance of organizations throughout the state – 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.

If you would like a fall 2003 application, please visit our website at <http://www.councilforquality.org/assess.cfm>. If you would like more information, feel free to email us at mc4quality@aol.org. Thank you for your consideration.

4. Have You Visited the Council's Improvement Clearinghouse?

As announced in last month's newsletter, the Council recently launched its on-line improvement "Clearinghouse." Found on our website (www.councilforquality.org), the Clearinghouse is a dynamic resource center that provides information and resources for improving organizational performance. There is nothing quite like it in the marketplace. It includes white papers, articles, announcements of improvement-related training and

events, and links to well over 100 other organizations that focus on some aspect of organizational improvement. Material is contributed by members and the public for the benefit of members and the public: the Clearinghouse literally acts as the intermediary to broker existing information and resources.

We invite you to visit the Clearinghouse at www.councilforquality.org. Feel free to submit material – articles, white papers, training and events, improvement-related website links – any time. And feel free to bookmark and visit the tool when you have a particular organizational improvement need.

5. Seeking Sponsors for Vendor Referral Service

As part of the second phase of the improvement Clearinghouse, the Minnesota Council for Quality will begin offering a Vendor Referral Service later this year. The service will be an on-line, dynamic search engine that connects organizational improvement consultants, trainers, and facilitators to organizations desiring to hire them. As envisioned, there is no tool quite like this: it will greatly accelerate a member organization's search for a qualified vendor, and will provide a legitimate channel for our member-vendors to market their services.

Design of the Vendor Referral Service is underway. Simultaneously, the Council is seeking sponsors to help fund the technical development of this valuable tool. "We have heard from the marketplace," says Craig Robinson, Council Chair, "and we recognize the strong need for a service like this. To accelerate its launch, we are looking support from companies who will benefit from the service...from members who will use the tool to identify vendors, and from vendors will be listed in it."

For a one-time contribution, your organization would be listed on the Vendor Referral Service's homepage for one year. For a contribution of:

\$250-999, your organization would be listed as a "Bronze Sponsor,"
\$1000-2999, your organization would be listed as a "Silver Sponsor," or
\$3000 or more, your organization would be listed as "Gold Sponsor."

If your organization would benefit from using this service (and/or if your organization would benefit from being listed in it) and are interested in making a one-time sponsorship contribution, please email the Council at mc4quality@aol.com. Our goal is to secure sponsorships within 30 days so that we can develop and launch the too this fall.

6. Proving the Value of Management: The Q-100

From time to time, the Council is asked to demonstrate the value of Baldrige as a framework for managing and improving organizational performance. While the ultimate

proof is a specific organization's results (and we do offer those anecdotal testimonials), we often point to two pieces of data to prove the case.

The first is Robinson Capital Management's "Q-100" index. The Q-100 consists of approximately 100 of the 500 S&P companies, weighted and diversified to align it with the weighting and sectors in the S&P 500. The 100 companies are selected because of their strength of management. Specifically, the managers of the index select a subset of the S&P 500 based on public information of companies' performance in the first six Baldrige Categories: leadership, strategic planning, customer and market focus, measurement and knowledge management, human resource focus, and process management. Their theory is that the better managed companies will provide a greater return than their peer companies.

So what are the results of the Q-100? Over the last 12 months (ending 7/31/03), the Q-100 has outperformed the S&P 500 by two full percentage points (10.62% versus 8.63%, respectively). And since the index's inception (9/30/98), it has outperformed the market by nearly 17%: 14.29% versus -2.63%.

While perhaps not direct proof in the value of using Baldrige, this index offers compelling evidence that investors recognize the financial value of strong management. And one way – perhaps the best way – to ensure strong management is in using Baldrige.

For more information on the Q-100, visit our Clearinghouse and search for the article "How Quality Plays on Wall Street" by Steve George in the April 2002 edition of ASQ's Quality Progress (http://www.councilforquality.org/improve_documents.cfm). You can also contact Robinson Capital Management directly at 952-927-6799 for more information.

Next month, we will outline the second piece of compelling evidence: a research study that analyzed 600 organizations along several dimensions of performance – about half of which had won a quality award and the other half that didn't. The results are also convincing.

7. Using the Balanced Scorecard to Measure, Manage, and Improve – PIN Discussion 9/4

The Balanced Scorecard continues to be a popular management and measurement framework. Used by hundreds of organizations across the state, the scorecard philosophy is gaining more acceptance with "non-businesses" – non-profits, public sector agencies, schools, and other organizations.

The Minnesota Council for Quality is pleased to welcome Reid Zimmerman, Vice President of Development with the Hazelden Foundation of Center City to our September 4 Performance Improvement Network (PIN) discussion. His discussion will outline how Hazelden first implemented the scorecard in 1996, how it deployed the tool to all of its regional sites and workgroups, and how it connected scorecards to individual

performance reviews. Due to a change in leadership, Hazelden discontinued use of the scorecard two years ago, but Reid will also share how they are currently exploring reformulating the scorecard to ensure that metrics are aligned with Hazelden's new strategies. Finally, Reid will outline his thoughts of how the scorecard can be applied to non-profits in general, the focus of his PhD dissertation.

The discussion is from 8:00-9:00 a.m. on September 4 (networking and continental breakfast at 7:30) 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.improvementnetwork.org or email lassiter_brian@hotmail.com.

For a more in-depth look at the Balanced Scorecard, see Article 8 for a University of Minnesota College of Continuing Education course

8. Winning at New Products: the ATOM-SME Process – RAQC Discussion 9/9

Please join the Rochester Area Quality Council (RAQC) on Tuesday, September 9th when they welcome James Woodman, Ph.D., and Samuel Gould, both Technology Specialists with Minnesota Technology, Inc. They will be presenting "Winning at New Products – the ATOM-SME process." The reality is that companies most innovate or die in today's marketplace. This is the reality that companies face in today's marketplace. In the realm of new product development, the right products and the best process is what makes a winner. Creating viable and profitable new products or services is increasingly essential for a sustainable competitive advantage. The challenge is that new product or service development is risky with the failure rate of 45%. Companies that succeed at new product or service development invest in strategies, tactics, and systems that "DO RIGHT PRODUCTS RIGHT."

Minnesota Technology, Inc. assists Minnesota companies in doing the right products in the right way through an exclusive licensing to the new product development process for small businesses: ATOM-SME(tm) (Accelerate to Market - Small to Medium Enterprises). ATOM-SME is a guide for new product success. It provides a project road map for the Project Leader and Team to drive new products to market quickly and successfully. This framework is based on a proven Stage-Gate™ approach. ATOM-SME consists of five stages and five gates, incorporating industry best practices for the successful and timely development and launch of new products. It is designed for all new products, product changes and improvements that are visible to the customer and that represent commercial risk for the company.

To register, please call Kay Wiegert at 285-7560 or contact her by email at kay.wiegert@roch.edu. This breakfast program will be held at the University Center Rochester, Coffman Building, Room CF206/208 from 7:30 to 9:00 a.m. The cost is \$10 for members (of RAQC or MCQ); \$20 for non-members. See you there!

9. U of M Announces Fall Curriculum; Council Members Get Discount

The College of Continuing Education (CCE) at the University of Minnesota recently announced its fall curriculum. As in the past, the CCE has agreed to offer a \$50 early bird discount to all Council members and a \$100 discount off the November 4 Balanced Scorecard course. Upcoming organizational improvement-related courses include the following (all prices are before Council member discounts):

- 9/24-9/25: Project Management Essentials, \$895
- 10/7-10/8: Strategic Thinking and Implementation, \$895
- 10/21-10/22: Win-Win Negotiating, \$895
- 10/28-10/29: Fundamentals of Accounting and Finance for Managers, \$895
- 11/4: Using the Balanced Scorecard to Improve Your Organization's Performance, \$695
- 11/13: A Systems Approach to Managing Your Work, \$695
- 12/2-12/3: The Engineer and Technical Professional as Manager, \$895

For more information on any of these courses, visit <http://www.cce.umn.edu/business> or email Jodi Gowan at jgowan@cce.umn.edu.

10. St. Thomas Offers Quality Curriculum to Council Members at a Discount

The Management Center at the University of St. Thomas recently announced its fall courses. In partnership with the Minnesota Council for Quality, Council members can receive a 15% discount by mentioning your membership at the time of registration.

Upcoming courses include (prices are before member discount):

- 9/8-12/15 (18 sessions): Six Sigma Black Belt Training, \$10,495
- 9/11-10/23 (7 sessions): Supply Chain Quality Management Certificate Series, \$1295
- 9/12-12/13 (10 sessions): Mini MBA® In Leading Growing Companies, \$3495
- 9/23-9/24: The Influential Leader, \$595
- 9/23-12/9 (12 sessions): Mini Master of Quality Management, \$1695
- 9/25: Strategic Thinking, \$345
- 10/1-10/2: Lead With Your Strengths, \$995
- 10/21-10/22: The Leader as Coach and Collaborator, \$595
- 11/17-12/9 (8 sessions): Six Sigma Green Belt Training, \$3895
- 12/4-12/5: Introduction to Six Sigma, \$595
- 12/16-12/17: Basic Statistical Process Control (SPC), \$655

The next course is Six Sigma Black Belt Certification. Manufacturing companies, governmental agencies, and service organizations are all facing greater demand from their customers for improved product and service quality. Many quality improvement programs and philosophies exist. Some organizations have used them with considerable success while others struggle to achieve their desired results. A newly considered

approach to quality is called Six Sigma. Six Sigma is a customer-driven method that structures proven quality techniques and concepts in a way which brings new relevance to quality management. In the 18 sessions of this course, learn the background, strategies, and metrics of Six Sigma. Explore how to deploy and document Six Sigma projects and to integrate these into bottom-line profit.

For more information on any of the other courses please see <http://www.stthomas.edu/mgmtctr/>.

11. Baldrige Regional Conferences 9/23 and 10/9

Two upcoming conferences will give attendees the opportunity to learn from and network with current and former Baldrige Award recipients. The 2003 Baldrige Regional Conferences will take place on September 23 at the Hilton Cincinnati Netherland Plaza Hotel in Cincinnati, Ohio and October 9 at the Hilton Scottsdale Resort and Villas in Scottsdale, Arizona.

Both conferences will feature the 2002 Baldrige Award recipients: Motorola's Commercial, Government, and Industrial Solutions Sector (manufacturing category), Branch-Smith Printing Division (small business), and SSM Health Care (health care). SSM Health Care is the first health care organization to receive the Baldrige Award.

The conferences will feature plenary, concurrent, and town hall sessions and are value-priced at under \$500 with additional discounts for advance registration, faculty, and groups. A Pre-Conference Workshop for Baldrige beginners will be held on September 22 in Cincinnati and October 8 in Scottsdale.

To learn more about the conferences, including how to register, visit the Baldrige National Quality Program's Web site (http://www.quality.nist.gov/2003_Regionals/Regionals/index.html), call (301) 975-2036, or email nqp@nist.gov. You can also find more information through our Clearinghouse at www.councilforquality.org/events, keyword Baldrige.

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