
Minnesota Council for Quality Stakeholder Update
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1. A Message from the President: Proof that Having Satisfied Customers Matters

It stands to reason: the more satisfied your customers are, the more products and services they will buy from you in the future. And the more products and services your customers buy from you yields more revenue for your organization and more value for your shareholders. That's a pretty obvious equation, isn't it? But there's empirical evidence that it's absolutely true.

The American Customer Satisfaction Index (ACSI) has tracked quarterly customer satisfaction across 40 US industries and 200 companies since 1994. Using a formula that considers customer expectations, perceived quality, price tolerance, and customer retention, ACSI has demonstrated a remarkable ability to predict aggregate US consumer spending as well as company profitability.

I'm going to focus on the latter for a moment (though if you are interested, the model is predicting fourth quarter consumer spending of about half of the third quarter rate because aggregate customer satisfaction has been flat for 9 months).

Research by faculty at the University of Michigan's Business School (one of the collaborators of ACSI) shows that corporate earnings and ACSI scores are correlated: the ACSI from one period is actually predictive of corporate earnings from the following period. Their reasoning is that a satisfied customer is a more profitable than a dissatisfied one: "if customer satisfaction declines," according to their website "customers become more reluctant to buy unless prices are cut. If satisfaction improves, the opposite is true."

And the founders of ACSI have taken it one step further. They have studied cumulative shareholder value (Market Value Added, which is the difference between what investors

have put in over time versus what they have taken out) since 1994. Organizations with above average customer satisfaction (those in the top 50% of ACSI) have more than DOUBLE the cumulative market value than the firms with below average satisfaction (the bottom 50%). The obvious conclusion? Organizations with higher levels of customer satisfaction not only have higher earnings, but also provide a greater return for their shareholders over time.

But enough of the data: I'm sure you were already sold on the value of high customer (or stakeholder) satisfaction anyway. So what are you and your organizations doing about it?

If you can't answer all of these questions, perhaps your organization should consider taking action to improve customer/stakeholder satisfaction. 1) Can you define and segment your customers/stakeholders? 2) Can you answer with certainty what your customers' needs and expectations are? (And how do you know them?) 3) What are your key access mechanisms for customers to seek information, conduct business, and make complaints? What are your customer contact requirements? 4) Do you have a complaint management process? And is it effective in not only resolving customer issues but in identifying other customer requirements? 5) How do you keep your approaches to building relationships and providing customer access current with your business needs and directions? 6) How do you determine customer satisfaction and dissatisfaction? How do these methods differ for different customer groups? How do you obtain and use information on your customers' satisfaction relative to customers' satisfaction with your competitors and/or benchmarks?

For more information on the ACSI, feel free to visit their website at www.theacsi.org or through our improvement Clearinghouse at www.councilforquality.org/improve_websites.cfm. For articles, white papers, links to other sites that specialize in customer satisfaction, and/or training events, visit our Clearinghouse. And to hire a vendor that specializes in customer satisfaction determination and/or improvement, watch for the launch of the Council's Vendor Referral Service next month.

Happy Holidays,

Brian S. Lassiter
President, Minnesota Council for Quality

2. 2004 Board of Evaluator Training Dates Announced

The Minnesota Council for Quality is pleased to announce its training schedule for the 2004 Board of Evaluators. We are making three significant changes in 2004: we now will offer three sessions (spring, summer, and fall), the summer session will be in Rochester, and the training will address multiple Baldrige Criteria (spring and fall will be business and summer will be education). We hope these changes allow us to accommodate our Evaluators' diverse needs.

Mark your calendars! Spring training will be March 9-11, summer will be June 29-July 1 (in Rochester), and fall will be September 21-23. Specific locations will be announced shortly.

New Evaluators can select one of three dates for spring orientation: February 10, February 11, or February 19 (locations are being finalized, but will be in the Metro). Summer and fall orientation dates are not yet set.

Applications for new Evaluators are due February 6. Applications for returning Evaluators are due March 5 (and only require updates from your prior year application).

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 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.

We expect the number of organizations applying for the Minnesota Quality Award to more than DOUBLE in 2004, so we are looking to grow significantly the Board of Evaluators. 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 mc4quality@aol.com, or call 612-462-3577.

3. 2003 Malcolm Baldrige Recipients Announced

President George W. Bush and Commerce Secretary Donald L. Evans recently announced seven organizations as recipients of the 2003 Malcolm Baldrige National Quality Award, the nation's highest honor for quality and performance excellence. This is the most Baldrige Award recipients since the program started in 1988 and the first time that recipients were named in all five Baldrige Award categories.

The 2003 Baldrige Award recipients are:

- * Medrad, Inc., Indianola PA (manufacturing);
- * Boeing Aerospace Support, St. Louis MO (service);
- * Caterpillar Financial Services Corp., Nashville TN (service);
- * Stoner Inc., Quarryville PA (small business);
- * Community Consolidated School District 15, Palatine, IL (education);
- * Baptist Hospital, Inc., Pensacola FL (health care); and
- * Saint Luke's Hospital of Kansas City, Kansas City MO (health care).

“I am pleased to join President Bush in congratulating this year’s recipients of the prestigious Malcolm Baldrige National Quality Award,” said Secretary Evans. “They represent America’s best and are setting a high standard for corporate and social responsibility. Their dynamic, principled leadership has built our economy into the world’s largest engine of progress and prosperity.”

The 2003 Baldrige Award recipients were selected from among 68 applicants. All seven were evaluated rigorously by an independent board of examiners in seven areas: leadership, strategic planning, customer and market focus, information and analysis, human resource focus, process management, and results. Like the Council’s Minnesota Quality Award process, the evaluation includes about 1,000 hours of review and an on-site visit by teams of examiners to clarify questions and verify information in the applications.

“This recognition is so meaningful to the recipients because they know the evaluation for the Baldrige Award was objective and scrupulous in identifying performance excellence. Every step of the process is structured to apply the knowledge and expertise of the board of examiners in ensuring that only the most outstanding applicants are recognized,” said Harry Reedy, chair of the Baldrige Award panel of judges and vice president and director of quality, State Street Corporation.

Named after the 26th Secretary of Commerce, the Malcolm Baldrige National Quality Award was established by Congress in 1987 to enhance the competitiveness of U.S. businesses. The award promotes excellence in organizational performance, recognizes the quality and performance achievements of U.S. organizations, and publicizes successful performance strategies. The award may be presented to five types of organizations: manufacturers, service companies, small businesses, education organizations and health care organizations. The award is not given for specific products or services. Since 1988, 58 organizations have received the Baldrige Award. For more information on the Baldrige Program or on the 2003 recipients, visit www.baldrige.org or connect through the Council’s improvement Clearinghouse at www.councilforquality.org.

The 2003 Minnesota Quality Award recipients will be announced in early 2004. Since our process is on a “rolling schedule,” two organizations have not yet completed their site visits.

4. Fast Track Baldrige – PIN Discussion 1/8

The Baldrige Criteria for Performance Excellence are still one of the most widely accepted frameworks for organizational improvement today. Thousands of organizations – of different sizes and in different sectors – use the Criteria to identify strengths and improvement opportunities in their management systems and key processes. They are finding tremendous value not in the awards presented at the national or state levels, but in the organizational learning and improvement inherent in the assessment process. But

conducting a “traditional” Baldrige assessment takes time, money, and organizational energy. Fortunately, there are alternatives to the long-version of an assessment.

The Minnesota Council for Quality is pleased to welcome Dr. Karen Hawley, owner of the Hillswick Group, and Brian Lassiter, president of the Minnesota Council for Quality to the January 8 Performance Improvement Network (PIN) discussion. Their discussion, “Fast Track Methods to Baldrige-Based Organizational Assessments” will focus on two or three alternatives to the traditional Baldrige assessment. One method, a behaviorally anchored survey, has been in use with Minnesota organizations for nearly 10 years. Another method, developed by Dr. Hawley and Maryann Brennan, provides a tool for developing an application that quickly translate Baldrige Criteria requirements into your organization’s culture and language. Both methods save considerable time and resources but provide high levels of value for the organizations using them. Dr. Hawley and Mr. Lassiter will outline the approaches and share examples of how organizations are using them to identify improvement opportunities and guide organizational planning.

The discussion is from 8:00-9:00 a.m. on January 8 (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.

5. Our Journey to Excellence: Rochester Public Schools – RAQC Discussion 1/13

Please join the Rochester Area Quality Council (RAQC), a partner of the Minnesota Council for Quality, on Tuesday, January 13 when they welcome Rochester Public Schools (RPS) to talk about “Our Journey to Performance Excellence.” From the Board Room to the classroom, RPS is using the Baldrige principles to guide improvement efforts as they deal with increasing accountability and decreasing resources. In this discussion, RPS will share how they use the Baldrige Criteria as a framework for creating an aligned educational system which exceeds the expectations of their students and stakeholders; identify measures of current levels of achievement and effectiveness; establish and embed an improvement process based on the PDSA cycle; monitor results; make adjustments; and communicate those results to the stakeholders. The discussion will be led by the following panelists: Jerry Williams, Superintendent; Lesley Schellenberg, Director of Continuous Improvement, Pamela Haack, Director of Teaching and Learning; Michon Rogers, Administrative Assistant; Brenda Wichmann, 9th Grade Program Facilitator.

To register, please visit www.raqc.com or call Kay Wiegert at 507-285-7560 or contact her by email at kay.wiegert@roch.edu. This program will be held from 7:30 to 9:00 on January 13 at the University Center Rochester, Coffman Building Room CF206-208. The cost is \$10 for members (of RAQC or MCQ); \$20 for non-members. See you there!

Also, plan ahead to attend three very special RAQC events in 2004, each focusing on a 2002 Malcolm Baldrige National Quality Award recipient: March 2 with SSM Health Care; April 13 with Branch-Smith Printing; and June 1 with Motorola Commercial, Government, and Industrial Solutions Sector. Mark your calendars now; details will be announced soon!

6. Attention Church and Non-Profit Leaders Interested in Improvement – 1/20

Continuous improvement. Quality. Total Quality Ministry. These are some “key words” being used by churches around the state as they seek to improve, learn, grow, and advance their missions and ministries. Bethel Lutheran Church of Rochester, an emerging role model for churches interested in improving their missions and ministries, recently won the Commitment Level of the 2002 Minnesota Quality Award. In cooperation with the Council, Bethel would like to share their story with other churches and non-profits and to explore ways to share and learn from each other.

As a church or social non-profit leader, you and/or your staff are invited to a half-day seminar on Tuesday, January 20. Specifically, the event will be from 9am to 1pm, is FREE for attendees, and will be held at Woodbury Lutheran: 7380 Afton Road in Woodbury.

This discussion will include Bethel’s story about how they put quality principles in place so they could better help people with their spiritual journey with God. You will also hear more about the work being done by the Minnesota Council for Quality in their quest to help organizations improve their performance. Finally, we will explore the possibility of forming a consortium of churches/organizations who are willing to share results and information (i.e. staff satisfaction, program participation, financial support, successes) with each other. This consortium of churches/organizations would be looking to learn and to move their ministries and programs forward.

We hope that you will take advantage of this wonderful opportunity that can help you and your organization to grow, to learn, and to further your work. If you have any questions regarding this opportunity, please feel free to give Chris Zabel a call at 507-288-6430 or send him an email at Zabel@bethellutheran.com.

To register for this free seminar, please email the Council at mc4quality@aol.com or call 612-462-3577. If you know of others who might benefit from this event, please feel free to send them the information.

7. Inver Hills Announces Spring Courses; Council Members Discounted 15%

Inver Hills Community College recently announced its upcoming management and advanced IT networking classes. Council members receive a 15% discount on all listed tuition.

1/13 through 3/16, The Management Academy: An introduction of essentials for beginning managers and supervisors; \$995.

1/27 through 3/16, Fundamentals of Wireless LANs: focuses on the design, planning, implementation, best practices, operation, and troubleshooting of wireless networks; \$2495.

1/27 through 4/4, Check Point™ Security Overview: covers the principles of network security, and managing implementation of Check Point's FireWall-1™ product as an enterprise-level Internet security solution; \$1950.

2/10 through 6/8, The Management Academy II: Introductions to management law, quality systems, project management, strategic development, and presentation skills; \$995.

2/17 through 5/13, Fundamentals of Wireless LANs: focuses on the design, planning, implementation, best practices, operation, and troubleshooting of wireless networks; \$2495.

3/1 through 4/26 and 3/18 through 5/13, Fundamentals of Network Security (CISCO): improve skills and knowledge in three key areas of network security: firewalls, intrusion detection systems, and virtual private networks; \$2495.

4/8 through 6/21, Check Point™ Security Overview: covers the principles of network security, and managing implementation of Check Point's FireWall-1™ product as an enterprise-level Internet security solution; \$1950.

For more information on any of these courses, call Bill Zwicky at 651-450-8679 or visit <http://depts.inverhills.edu/cect/>

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

Hennepin Technical College, Eden Prairie, is pleased to announce a new 12-credit certificate on Lean Manufacturing. Lean is one of today's most popular management and improvement tools for manufacturers and non-manufacturers. The first two courses in this series will be offered this spring:

* Fundamentals, Quality Concepts, and Systems (METS 1500): 3 credits offered Tuesday evenings from 5:00-7:00 pm from January 13-May 18 in Eden Prairie.

* Principles and Practices of Lean Manufacturing: Lean Tools and Techniques. 3 credits offered Thursdays from 2:00-4:50 pm from January 15-May 13 also in Eden Prairie.

The instructor for both courses is Mark Paulson. Council members will receive a 10% discount on tuition. For more information, please visit <http://www.hennepintech.edu/index.htm>.

9. Century College Announces Winter Courses; Council Members Receive Discount

Century College in White Bear Lake recently announced its spring 2004 courses. In partnership with the Minnesota Council for Quality, Council members can receive a discount to certain courses when mentioning your membership at the time of registration.

Upcoming courses include:

- 1/14-3/2: ASQ Certified Quality Manager, \$795 (members \$745)
- 1/22: Quality Basics, \$149
- 2/3: Quality Basics, \$149
- 2/9: How to Make ISO/Quality Registration Writing Easier, \$149
- 2/24: Quality Basics, \$149
- 2/26-4/1: Quality 101: ASQ Foundations in Quality, \$575 (members \$545)
- 3/3-5/26: ASQ Certified Quality Engineer, \$875 (members \$825)
- 3/30-5/11: ASQ Certified Quality Auditor, \$795 (members \$745)

For more information on these courses, contact Frank Schultz at 651-779-1740 or f.schultz@century.mnscu.edu. Or visit our Clearinghouse at www.councilforquality.org.

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