The Foundation of Leadership in Baldrige Winning Organizations

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INTRODUCTION

Improved performance in healthcare is a clear mandate for the coming decade. Although many hospitals and healthcare systems face substantial challenges in responding to this mandate, a growing number have achieved superior performance, and even more have begun a journey to excellence. These organizations deliver high-quality services, satisfy patients and caregivers, and keep their costs low enough to enable them to thrive financially on standard Medicare and insurance payments. Their successes have been consistent and stable; no one in these organizations is pressing for a return to the old ways. Operating across a broad spectrum of metropolitan and rural America, these organizations have followed paths based on sound organizational theory and documented successes in other industries. What they have accomplished and how can serve as valuable guidance for organizations seeking to make similar achievements.

One of the best documented examples of excellence in hospital management is provided by recipients of the Malcolm Baldrige National Quality Award. (Box 1 summarizes the review process used to make the awards.) Congress established this program in the late 1980s to stimulate improvement in the quality and efficiency of American industry. Applicants for the awards must submit a 50-page application responding to Criteria for Performance Excellence covering seven major organizational elements: leadership, strategy, customers, information and knowledge, work force, operations, and results.

While the Baldrige program is not the only avenue to high performance, it embodies leadership and management principles now recognized by both practitioners and academicians as fundamental to success. Given the rigor and standardization of the award process, the recipients represent an audited and reliable model of excellence. To articulate this model, the National Center for Healthcare Leadership analyzed the recipients’ published applications for the years 2002 to 2006, with emphasis on healthcare but attention to other industries. We endeavored to identify the recipients’ leadership style, including both their common leadership processes and examples of particularly successful practices. We interviewed senior managers from all healthcare recipients and three recipients from other industry sectors, soliciting responses to three critical questions:

- What were the key actions that qualified your organization to receive the award?
- How has your organization sustained its excellence in leadership since receiving the award?
- What advice would you give to someone in a position like yours within an organization undertaking the Baldrige process?

Box 1. The Baldrige Review Process

- All applications are reviewed by teams of trained examiners.
- Assessments are based on evidence of approach—development of sound, evidence-based plans, processes, measures, and actions; deployment—achievement of uniformity across all units of the organization; learning—refinement through cycles of evaluation and encouragement of breakthrough change; and integration—the harmonization of plans, information, resources, and analyses to support key organization-wide goals.
- In scoring, 45 percent is related to results and 12 percent to leadership; no other process variable receives more than 9 percent.
- Potential award recipients are selected for a site visit by the examiner team, which verifies application statements and presents findings to a panel of judges.
- Award recipients must commit to public sharing of information and best practices.
The interviews were recorded and summarized by the interviewer. Interviewees were given the opportunity to correct or expand the portions of these summaries used in this paper.

The results of these efforts show clearly that the award recipients, like other documented high-performing healthcare organizations, operate in ways that distinguish them from the average. Their operating processes can be grouped under two major themes: (1) leadership—creating a culture and climate of support and responsiveness for all patients, workers, and other stakeholders; and (2) continuous process improvement—an ongoing program of performance measurement and evidence-based analysis of work processes focused by a set of sound strategies.

**LEADERSHIP**

The leadership style and organizational culture of excellent organizations have shifted steadily from a “transactional” to a “transformational” approach. Transformational organizations place strong emphasis on a shared vision, collaborative effort, and personal rewards from work. In his book *Good to Great and the Social Sector*, Jim Collins elaborates the core concept as “Level 5 leadership” or “legislative leadership.” The healthcare executives we interviewed sometimes call it “servant leadership.” According to Collins, transformational leadership employs “persuasion, political currency, and shared interests.” It “builds enduring greatness through a paradoxical blend of personal humility and professional will,” and it is demonstrated when employee stakeholders “follow when they have the freedom not to.” This leadership style must be supported by all managers in the organization—hundreds or thousands of people with a consistent message. In Baldrige recipient hospitals, transformational leadership is implemented through specific, carefully managed processes guided by common concepts:

- Empowering workers—encouraging them to participate in goal achievement rather than simply contributing specific efforts.
- Negotiating workplace goals rather than issuing orders.
- Making managers accountable to their subordinates—obligating them to answer questions and eliminate factors that limit worker performance.

The remainder of this section reviews five essential aspects of transformational leadership: (1) a focus on mission, vision, and values; (2) a culture of teamwork and change; (3) communication and transparency; (4) rewards and recognition; and (5) leadership development.

**Focus on Mission, Vision, and Values**

The healthcare award recipients we interviewed universally emphasize a strong patient focus in their mission, vision, and values. These commitments are reviewed annually by the executive team and governing board and updated periodically with extensive stakeholder participation. Once established, the mission, vision, and values are widely distributed and referenced such that most workers (employees, physicians, volunteers, and contract workers) receive daily reinforcement.

All new associates are introduced to the organization’s mission, vision, and values early in the recruiting process. Most award recipients ask applicants for positions in the organization to sign a statement attesting that they understand and will support them. Management’s commitment to transformational approaches is also made clear during orientation for new workers. Senior managers commonly meet and personally educate new associates. Mentors are provided. Questions are encouraged, and transformational leadership is illustrated by example.

SSM Health Care, the first healthcare award recipient and the only complete system to be recognized by the Baldrige program, provided the following model:

Nearly 3,000 employees and physicians participated in focus groups across the system to define the organization’s mission and values during 1999. Out of this discussion came recommended wording for a single, more concise, and memorable mission statement and core values. During 2000, educational sessions were conducted at each of the entities to communicate the new mission and core values to all physicians and employees. The education, designed to give definition to the mission and values, included group discussions of the personal meaning of the mission and values to individuals. A “Meeting in a Box” tool kit, including a video, brochures, and pocket cards, was used to facilitate consistent deployment. Educational programs conducted in 2001...served to reinforce the mission and values.

Sr. Mary Jean Ryan, CEO of SSM Health Care, added in her interview:

It was a very proud time for us when we developed our mission statement. It involved every level of the organization from every facility. Some people probably thought they did not want to be involved, but after it was done they thought it was a wonderful experience. I had absolutely nothing to do with it other than to ask that it be short enough that I could remember it. When 3,000 people know that they have had a significant role in developing the mission, it’s not mine, it’s theirs.
**Culture of Teamwork and Change**

An emphasis on common goals promotes teamwork, discourages blame, and creates a culture in which change is expected and welcome. In hospitals, an emphasis on process and measurement shifts the culture from one of silos and domains of authority to one of evidence-based analysis and collaborative process improvement.

At Saint Luke’s Hospital of Kansas City:

The leadership structure is characterized by a strong foundation for collaboration between administration and the medical staff. The medical staff is represented in each component of the governance structure. Richard Hastings, President and CEO of Saint Luke’s Hospital of Kansas City and Saint Luke’s Health System, added:

This structure is in place to ensure medical staff leaders share responsibility as perspective leaders in our high-level measurement architecture, our balanced scorecard. By having one member of the medical staff share responsibility with each administrative perspective leader, Saint Luke’s ensures that high-level strategy flows through the organization. This enhances the alignment of our organization in the five strategic areas on our balanced scorecard: People, Clinical and Administrative Quality, Customer Satisfaction, Growth and Development, and Financial.

Another important initiative that enhances our culture of teamwork is our nursing shared governance program. Saint Luke’s Hospital of Kansas City first initiated shared governance in nursing nearly two decades ago and now every hospital within the Saint Luke’s Health System structures nursing management around our five strategic perspectives using shared governance.

We live our mission, “the best place to get care, the best place to give care.” Achieving the level of success that earned us the Malcolm Baldrige National Quality Award didn’t come without growing pains. We had some doubters when we were first planning dramatic change and then adopted Baldrige as our management model back in the 1990s. Now the doubters recognize the value Baldrige has brought to our organization. Among other things, earning this level of high performance helps us recruit top-notch physicians and clinicians, and has helped us maintain a record-low nursing turnover rate of less than six percent.

**Communication and Transparency**

Leadership entails a strong commitment to two-way communication at all levels. Multiple means are used to hear from both patients and associates. All leaders are trained in listening and offering constructive responses to the needs of customers and workers. Senior managers make a critical contribution, ensuring that their actions reinforce the organization’s commitment and respond to all needs identified through the communication process. As defined by Al Stubblefield, President and CEO of Baptist Health Care, Pensacola, transparency “becomes how your organization thinks and behaves everyday.”

At Robert Wood Johnson University Hospital Hamilton:

Senior leaders role model service behaviors and have signed a formal Senior Leadership Commitment Agreement. [The hospital] provides an environment where employees understand their role and are empowered to achieve personal and organizational goals through innovative approaches. There are several mechanisms that facilitate empowerment and innovation, including:

- Team Talk
- Shared Governance
- Best Practice Sharing Technology [an intranet site]
- External Benchmarking
- Voice of the Customer [a systematic approach used to aggregate, track, and trend employee and patient concerns]
- Service Recovery Process
- Employee Satisfaction, Work-Life Balance, Diversity Committees

David Spong, Chair of The Foundation for the Malcolm Baldrige National Quality Award and retired Boeing Company Vice President, is one of two leaders to have guided two organizations to receipt of the Baldrige award (the other is John Heer, quoted below). According to Spong:

Only the senior leader can sustain the effort. The leader of the organization is a true believer who is willing to put him or herself on the line and also understands the need to stay the course. But after a while, Baldrige thinking becomes habit. At one Boeing unit, we worked on the Baldrige for nine years before I left. My successors were not quite as passionate about Baldrige, but now, seven years later, the workers still use the Baldrige approach.

The Leadership Criterion asks “how do your senior leaders lead?” That’s an interesting question. One way to answer it is get feedback on how your workers think you lead.
You survey your workers, trying to use revealing questions. You get groups together to tell you what they think. We used a 360-review process and reported back to managers. We had each manager pick the two things they scored worst on and solve them by involving the workers. The lesson is that you don’t have to solve every problem, you just have to try, to show good faith. After we did this, our survey response rates went to the high 90s. People knew we were serious. Survey feedback related to a formal communications plan deployed by the senior leaders, [and] was used to improve that plan.

Rewards and Recognition

Transformational leadership rewards success. It is forward looking, analyzing opportunities for improvement, negotiating goals, and scrupulously avoiding blame. The reward process begins with goals that are realistic and achievable. Good goals are accepted by the team, usually because they are backed by carefully developed improvements in work processes, and they are almost always achieved. The rewards are personal satisfaction from achievement, public recognition, and material gain. Achievement is celebrated, publicized, and reinforced with cash and prizes, often supported by the personal participation of senior leaders. Managers expect to achieve their goals and often receive substantial pay incentives for doing so. Extension of incentive compensation to all employees is widespread.

Bronson Methodist Hospital, for example, maintains “a culture of fun and fabulous prizes” characterized by:

- Thank-you notes
- On-the-spot recognition
- Leader recognition toolbox
- Celebrations (tied to goal achievement) and prizes
- Hospital Week, Nurses’ Week, Employee Appreciation
- Annual events—picnic, holiday banquet, children’s holiday party
- Service awards and annual recognition banquet
- Nursing Excellence Awards
- President’s Team Awards
- Bonuses (gainshare, key contributor, productivity, preceptor, certification/advanced degree completion)

At Bronson Methodist:

Effective reward and recognition of all employees reinforces a culture of excellence. The executive team has cultivated a culture that celebrates success with fun and fabulous prizes. Be it the annual service awards banquet, employee picnic, or a special occasion, employees may receive pre-paid gas cards, delicious treats, or the chance to spin the BMH Wheel of Fortune for a $500 voucher. The executive team participates in all formal and informal recognition events, administers key contributor bonus pools, allots department-specific recognition funds, and writes thank you notes to recognize staff for their efforts.

According to Michele Serbenski, Bronson Methodist’s Executive Director of Corporate Effectiveness and Customer Satisfaction:

Leadership visibility is an important reward. We always say thank you, we always take the opportunity for a pat on the back, a round of applause, as opposed to some big, expensive program. We [have] hardwired that leaders will round and be available. All our leaders need to know how to recognize and reward. We spent an entire training session on “loving them or losing them.” We teach how to round, and why we round, how to use recognition tool kits—things you can buy from your budget, like movie tickets, “Bronson bucks” usable in our shops and cafeterias—and why thank you notes should be handwritten. It’s not rocket science…but you need to teach people how to do those things and why they are important.

Leadership Development

Among Baldrige recipients, all leaders are expected to develop and grow, acquiring additional skills they need to operate effectively in a transformational culture. The necessary competencies include communication, coaching, and rewarding and recognizing staff and employees. The recipient organizations have leadership succession plans. All managers have personal development plans and access to a wide variety of learning opportunities. Leadership skills are taught explicitly using a variety of methods, including classes, dramatizations, demonstrations, rounds, coaches, and discussion groups. Often leadership training is formalized in quarterly meetings with broad attendance.

According to North Mississippi Medical Center’s Baldrige application:

We believe that leadership is an honor and an obligation: a responsibility to “enable” the ability of every employee, physician and volunteer who chooses to spend their careers with us. [Our] leadership system is designed to leverage the potential of every leader, front-line employee and key partner.

The Center’s leadership development process:

...begins each year with the individual employee submitting their Performance Plan (aligned with the critical
success factors and strategic goals) to their supervisor for review and approval. The Performance Plan has specific actions under each critical success factor and measurable results and/or observable behaviors. Employees record their Performance Plan on KEYS TO SUCCESS cards. Each employee (all areas, not just direct patient care) includes a patient satisfaction goal as a personal goal to strengthen our emphasis on patient-centered care. As part of an ongoing process, performance is formally reviewed after the first 90 days of employment and then biannually. During the mid-cycle and annual review process, feedback is solicited from at least six of each employee’s customers and/or co-workers to produce a 360-degree evaluation profile on each of the critical success factors. Employees are rewarded with merit increases based on performance.17

John Heer, the Center’s President and CEO, expanded on the organization’s leadership model:

The principles of servant leadership are humility, patience, kindness, selflessness, respect, honesty, integrity, but also a very high level of accountability and respect for environment. We communicate those in a four-hour seminar format. We use a leadership skills inventory. It’s a 360-degree evaluation—your boss, your peers, your reports. What do you think about this person’s humility? Are they honest? Do you trust them? Are they selfless? Do they respect others? We have nine people do the survey for each leader, anonymously, using an online system.

The report has each of the questions with the leader’s own response, and the distribution of other responses. The questions are rank ordered from high score to low, and there are written comments at the end. The leader develops a 90-day action plan that’s specific, and measurable. Then they meet with their boss and a “consultant”—a person trained in how to review these forms. There’s discussion about the action plan and agreement. There’s a progress report every month. After 180 days, we resurvey. We’ve surveyed senior managers four times. Department heads are on their second round. Managers are finishing their first round. First-line managers are just starting.

We had several people who were shocked about how they were viewed. Some of our weaker people left, about 5 of 350. Some who had that epiphany really upped their game. We asked our leaders to sit down with the people in their departments and share the results. We called it “opening our kimonos”—asking for help in areas where [they] have opportunities for improvement. Then they all come together and work to the common goal.

I have no earthly idea what this process costs. Whatever it costs, it’s worth it, because of what it’s done for the organization. What it’s done is get people focused on the right thing. I don’t know how to put a value on that. But there’s a reason why leadership in the Baldrige is scored 120 points, while everything else is scored 85. Everything starts with leadership, and in order to become a world-class organization, you have to have great leaders, working in a humble, servant leadership-type environment. This place is not the same culturally as it was three years ago. Retention has gotten better. We’re now headed for 91.5 to 92 percent.

Similarly, Bronson Methodist Hospital invests heavily in leadership development:

A key element of creating organizational sustainability is being sure that there are strong leaders today and in the future. The executive team takes a lead role in the development of future organizational leaders. The boards of directors and CEO annually review a formal succession plan for the executive-level staff, including emergent or short- and long-term plans for replacement of the CEO. The executive team annually reviews performance appraisal results and formally discusses potential succession opportunities for high achievers. Through active oversight and participation in the leadership initiative, the executive team guides the process for developing and growing BMH leaders. Executive team members actively participate in the new management mentor program as executive coaches. Through the Staff Performance Management System, each executive talks with his/her leaders about career progression and future succession opportunities.18

Michele Serbenski added:

Organizational and personal development was huge for our organization; to invest in leaders in a way that they have the skills they need to be effective. We believe that people don’t leave an organization; they leave a leader. They are leaving somebody, because they can’t work with them or for them, rather than some place. We knew we couldn’t go farther unless we addressed the needs of all leaders, got the right leaders in each position, and had an ongoing commitment to that.

The successful transition to a transformational culture through effective leadership processes and leadership development overcomes resistance to change and promotes process improvement. Managers and staff become engaged in the pursuit of excellence in performance through the clear and
consistent communication of mission, vision, and values; role-
model behavior by leaders throughout the organization; an
organizational shift from silos to cross-functional teams; and
reinforcement by means of comprehensive reward and recogni-
tion practices. Leadership, beginning with senior leaders,
must develop new skills and change the way time is allocated
to create such a culture. The use of formal and informal
processes to develop leadership capacity throughout the
organization supports the transition to this culture.

CONTINUOUS PROCESS IMPROVEMENT

As noted above, excellence in performance depends on a com-
bination of leadership and continuous process improvement.
W. Edwards Deming has articulated the essential synthesis of
these two foundations. The importance of Deming’s balanced
approach has been recognized and documented by many
analysts in a variety of non-healthcare fields, as well as in healthcare organizations. Since Deming’s work
was published, highly sophisticated process improvement
methods have been developed, such as Six Sigma, the Toyota
Production System, and Lean Manufacturing. These methods
all have their place, but in context. Context, to Baldrige recipi-
ents, is leadership plus measurement, strategic alignment,
sound governance, and ongoing improvement.

Measurement, Benchmarking, and Performance Analysis

Among recipients of the Baldrige award, performance is carefully
measured, transparently reported, and systematically bench-
marked against outside information. The recipients use scorecards
showing results for key measures that reflect their critical success
factors. These measures are tracked at the board level and used
to determine incentive pay. They are supplemented by several
hundred more specific measures tailored to individual work
teams, covering outcomes and process quality, cost, financial
management, patient satisfaction, and associate satisfaction.
Many measures are benchmarked by being compared rigorously
with the best values reported by other organizations. The Results
section of the Baldrige application reports actual progress and
benchmarks for all aspects of the organization. The trend is
toward the use of more measures. North Mississippi Medical
Center, for example, reported 103 different measures, and SSM
Health Care 68. All these measures are aligned with the key
strategies and overall objectives of the organization.

Measurement is a scientific skill in itself. Each measure must be
precisely defined, acquired through a consistent process, and
analyzed to understand both elements outside the control of
the system operators and causes of random variation.
Benchmarking requires that these processes be stable across
all the contributing sites. Premier, Inc., the hospital performance
alliance that received the Baldrige award as a service industry
applicant in 2006, offers both measurement design and
comparative data for benchmarking among its services, as do a
number of competing organizations.

Baptist Hospital developed a reporting system that many
subsequent healthcare recipients have copied and expanded.
Senior leaders continually monitor key performance indicators
via the monthly Dashboard Report, Budget Accountability
Report, Clinical Accountability Report of Excellence (a compre-
hensive tool that uses an index scoring methodology for
departmental and hospital-wide results), and 90-day plans in
order to discover opportunities for improvement. If a result
varies negatively compared to historical, budgeted, or best
practice targets in cross-departmental areas, a team is assigned
to analyze the variance and develop a plan of action accept-
able to senior leadership.

The measures used feed the performance improvement
system, which analyzes processes and provides the foundation
for new and better goals. At North Mississippi Medical Center:

The senior leadership team focus on action is based on a
NO EXCUSES/RESULTS ORIENTATION. The incorporation of
facts and results identified via key reporting mechanisms
enables an evidence-based focus…Issues identified
through these reports often become subjects of perform-
ance improvement teams and may become performance
scorecard indicators. Once an [opportunity for improve-
ment] is identified, the senior leadership team determines
the approach to the [opportunity for improvement] and
its priority. If it is a minor project, the [senior leadership
team] will assign the problem assessment and process
improvement to the appropriate leader or [process
improvement] team. If, however, the [process improvement]
project is expected to affect the critical success factor-
based goals or require substantial financial commitment,
the…initiative is reviewed by the board of directors. The
senior leadership team sets and monitors deadlines for
all improvements.

According to Richard Hastings:

Our balanced scorecard serves as our ultimate measure-
ment tool, because it reports our performance in our five
strategic focus areas. The quarterly report is presented in
a way that everyone in our organization can understand.
Hospitals employ many individuals with wide ranges of
educational backgrounds. In my 33 years as a hospital
administrator, I have found the balanced scorecard to be
the best performance analysis tool. For most employees,
The balanced scorecard provides a color-coded report by which they can see if we are performing below, at, or above goal as is indicated by the colors green, blue, or red.

At other levels in the organization, such as with the medical staff and our board of directors, the balanced scorecard quantitative results provide color-coded indications of performance and quantitative results that can be analyzed in depth.

To continually challenge our high performance, we adapt and occasionally change a balanced scorecard measure as part of a refinement cycle for improvement. For example, we are discussing where to place additional resources for patient safety since we currently perform in the top five percent of America’s hospitals in patient safety indicators. We consider benchmarks for ratings where we already perform in the top decile nationally, but the measures on our balanced scorecard represent areas we are targeting for improvement. Our scorecard measures are set to help us dive into areas that need improvement to move us to top decile performance.

Jena Abernathy, Senior Vice President, Human Resources and Workplace Resources at Premier, explained:

We bring everybody together around data. Start with your data and compare yourself to whatever peer group makes you comfortable. We will not base decisions on opinions, we will look at data. You can use these data to identify opportunities and create consensus among your stakeholders. You can sit down with your physicians and show the comparisons.

**Strategic Alignment and Integration**

The strategic process for Baldrige recipients emphasizes ongoing listening to all stakeholders; a systematic annual surveillance report shared by governance, senior management, medical staff leadership, and many middle managers; governance agreement on major goals and directions; and a cascade of those directions down to individual work units. The senior leaders of the organization own the planning process and use it to create an organization-wide focus on what is most important. Over time, the list of what is most important is usually narrowed to a vital few. At North Mississippi Medical Center, senior leaders established 5 Critical Success Factors: people, service, quality, financial, and growth, in order of importance. Similarly, Robert Wood Johnson University Hospital Hamilton established 5 Pillars, and Bronson Hospital created a focus on the 3C’s: clinical excellence, customer and service excellence, and corporate effectiveness.

In most organizations, these focal points form the basis for the scorecard, communications, and all meeting agendas. The final strategy adopted by the board cascades from core business requirements to organizational objectives, supporting action plans for each team and, in most organizations, individual associates. At each level, realistic goals are carefully negotiated based on measured performance, benchmarks, and stakeholder needs. Goals are achieved through systematic analysis and improvement of work processes.

The model used by Saint Luke’s is not as detailed as some. However, it contains the key elements (Figure 1). At Saint Luke’s:

- A framework to promote a culture of clinical and technological advancement has also been established…[that] includes the establishment of centers of excellence, medical education endowed chairs, shared governance within the nursing department, visiting professors, resident and medical student education, allied health education programs and Saint Luke’s College of Nursing.

According to Richard Hastings:

- We align with three approaches: the balanced scorecard, the strategic plan, and the 90-day action plan. Employee and administrative performance evaluations are also aligned with these. In order to enhance communication and maximize our strategic efforts, we hold five retreats each year during which we spend a full day on each one of the five strategic focus areas, which are also the five balanced scorecard perspectives.

Boeing Aerospace began using the Baldrige criteria as a framework for its own internal improvement cycle. Boeing is a large organization, providing information and training, aircraft modifications, maintenance, and modernization to customers around the world. To develop a uniform approach to the formulation of strategic questions and goal negotiations, each of its 10 sites structured its annual budgeting and improvement identification process according to the Baldrige criteria. The result was a common framework and language, and an effective vehicle for sharing best practices. Valuable gains in processes were achieved, and several of the local sites won state awards. Most important, the process led to improvements in customer service that have helped Boeing maintain a strong competitive position and to improvements in efficiency that have increased profit margins.

**Learning and Personal Development**

Organizational and personal development is supported by a rich learning environment. The Baldrige recipients systematically develop training and education programs to address
needs identified in both action plans and individual development plans. Most of the recipients emphasize diversity in management. They identify unique needs of specific worker groups and develop programs to meet those needs. In healthcare, diversity programs are universal, extending to aggressive recruitment for healthcare workers.

Bronson Methodist invests 110 hours per full-time equivalent employee per year in training, far higher than the investment of most hospitals. This high number of hours is attributable in part to the careful integration and alignment of training opportunities. Bronson’s mechanisms for communication, skill sharing, and knowledge transfer include:

- Pre-hire and selection processes
- Orientation for new hires
- Core orientation for nurses
- Leadership communication process
- Leadership communication forums
- Knowledge-sharing documents
- Department meetings

- Bulletin boards
- Communication books
- E-mail for all employees
- Instant messaging
- Inside Bronson intranet
- Department-specific newsletters
- Shared directories
- Daily huddles
- Healthlines newsletter
- CEO/Chief Nurse Executive open office hours
- LEADERship
- Competency assessments
- Workshops and educational courses
- Employee forums and focus groups
- Employee neighborhood meetings
- Computer-based learning modules
- Leader rounds
- Self-study modules
- Skills fairs and learning labs
- Safety champions

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**Figure 1. The Strategic Planning Process at Saint Luke’s Hospital, Kansas City**
While other recipients may not be as thorough in capturing learning opportunities, the themes are the same. At Baptist Hospital:

A change in process may involve a number of staff members who must be fully engaged for the change to be successful. If this is the case, a problem-specific educational program may be developed and round-the-clock sessions held to educate staff on the need for the change and the effect the change will have on their daily responsibilities. Key partners, including dietary and environmental services vendors, submit and comply with 90-day plan requirements. Key physician partners under contract, including emergency room physicians and hospitalists, are also subject to 90-day performance expectations of their respective departments.36

Richard Hastings of Saint Luke’s noted that all leaders must be prepared to support the new culture:

Saint Luke’s encourages knowledge sharing and organizational learning. Each Saint Luke’s employee participates in education programs. Clinical education is always important but we also focus employee training programs on enhancing customer service.

To help employees embrace learning and personal development, I talk with them when I make hospital rounds. I also host employee forums and send regular communications about our performance and about change. I always discuss new balanced scorecard measures and explain why the measure is important. Our employees share the vision to be the best so encouragement helps them gain confidence in what they are doing to carry out the vision. In our employee satisfaction surveys, we are in the 99th percentile on the question, “I am proud to work at Saint Luke’s.” This level of employee pride cultivates an environment that helps me encourage new learning. Employees are eager to further their personal development to align with the vision when trust and pride are alive in an organization’s culture.

Educational processes, like any other processes, must be measured and improved. Many of the Baldrige recipients use the Kirkpatrick four-level measurement framework of reaction, learning, transfer, and business results.37 That is, they know whether the associate appreciated, understood, applied, and was successful in using the training content.

Governance

Effective governance is a high priority for any successful organization.38 Baldrige recipients build it by systematically measuring and improving board performance; aggressively managing conflicts of interest; and using active audit, compensation, and compliance committees that often maintain reporting arrangements bypassing the CEO.

At Robert Wood Johnson University Hospital Hamilton:

The new [in 2004] Finance, [Human Resources] and Audit Committee reviews external and internal audits as well as Sarbanes-Oxley compliance, which exceeds the not-for-profit industry standard. The Corporate Compliance Officer regularly reports to the Board of Trustees on accreditation, legal and regulatory compliance as well as ethics and governance.39

At North Mississippi Medical Center:

Senior leaders continuously reinforce what is acceptable and what is not. In conjunction with the Corporate Compliance Committee of the NMMC board of directors, the leadership team established a strict zero-tolerance policy for unethical or illegal activities by any member of the organization...The [senior leaders] personally promote ethical behavior through [the organization’s] NO SECRETS culture and by intentionally raising ethical issues during their leadership rounds.40

David Spong of The Foundation for the Malcolm Baldrige National Quality Award commented:

In some ways, governance is an annoyance. All these rules, compliance officers, and so on. But these are the devices that keep the organization on track. They remind people of what’s important. Under Sarbanes-Oxley, all the Boeing vice presidents had to sign and attest that their quarterly reports were “true and accurate.” What’s that mean? We all know how complicated those calculations are. It makes you stop and think.

Ongoing Improvement

None of the Baldrige recipients is backing away from the Baldrige commitment or approach. All have plans to reapply. (A recipient must wait 5 years before reapplying. SSM Health Care is now making its second application; Saint Luke’s is now applying as a system.) Thus the Baldrige commitment is a philosophical one. As part of that commitment, leadership
processes—recruitment, orientation, training, personal development, the reward structure—and process improvement activities—measurement, benchmarking, strategic planning, goal setting, performance improvement—are themselves systematically studied and improved. Advice offered by three of the CEOs interviewed—Sr. Mary Jean Ryan of SSM Health Care, David Spong of The Foundation for the Malcolm Baldrige National Quality Award, and Richard Hastings of Saint Luke’s—is presented in Box 2.

CONCLUSION

The award recipients are clear on the sources of their success. Support for transformational leadership, combined with systematically measured and improved performance, allows these organizations to achieve top-quartile and benchmark performance (see Box 3). The approach sustains and enhances excellence, and simultaneously satisfies associates and stakeholders. The recipients’ advice to other CEOs is, as Sr. Mary Jean said, “Do it.” And they are following their own advice, continuing to work on opportunities for improvement, expanding use of the Baldrige approach, and working actively toward reapplication.

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Box 2. Advice from CEO to CEO

**Sr. Mary Jean Ryan, FSM**

It’s not about winning, it’s about getting better. We’ve said that everybody who is eligible for a state award should apply, not to win the award, but to go through the process, because it requires you to answer a lot of questions you would not normally ask. And you submit your answers to outsiders.

There’s always some who resist, but when the processes we put in place really did improve things, they came around. In one of our markets, we’d had significant losses. With the improvements we made with [continuous quality improvement] and Baldrige, they had a $50 million turnaround in two years.

We picked Baldrige because it’s a whole organizational improvement. It isn’t just administrative, or clinical, or financial, it’s all of those things. It’s about satisfaction. It’s about how we take care of our employees. Every single aspect of the organization is subjected to review.

If you are a CEO or a board member, why would you not do this? Yes, I know it’s a lot of work. But if you claim that you are really about improving the quality of patient care, then do something. A few CEOs I’ve talked to say, “I couldn’t get my board to agree to this.” I’m trying to figure out why not. My advice is “do it.” The reality is, you will never be ready. I say to them, “Why wait?” The score doesn’t really matter, except to identify where you need to improve.

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**E. David Spong**

I’d advise people starting the Baldrige [process] that it’s not as tough a struggle as it might look. A lot of people say, “I’d like to do Baldrige, but…” There are all these fires to fight. That’s kind of the antithesis to Jim Collins’ Good to Great. Baldrige actually helps. There are always fires to fight, and the first year is struggle. By the second year, the fires are less. The third year is a breeze.

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**G. Richard Hastings**

First, you must have a vision. If you don’t know where you are going, you can’t lead there. You must establish measurable goals that you can communicate to employees and medical staff. Engaging in Baldrige requires thought, deep study, and discussion with other hospitals and other CEOs. Boeing has been key to Saint Luke’s, because they manage with Baldrige principles and have earned the award too.

Second, hospital administrators need to spend a lot of time with their medical staff. CEOs keep the vision alive when the medical staff is reinforcing it. By tapping great medical staff leaders, hospital administrators can help physicians understand how using Baldrige principles will also positively affect their practices.

My third point of advice to other CEOs is to spend quality time with the chair of your board so he or she shares the organization’s vision as well. Strategy is ignited when administrators and hospital boards share vision.
These fundamental responsibilities are to:

- Set directions and create a patient focus, clear and visible values, and high expectations,
- Inspire, motivate, and encourage your entire workforce to contribute, to develop and learn, to be innovative, and to be creative, and
- Serve as role models through their ethical behavior and their personal involvement in planning, communications, coaching, development of future leaders, review of organizational performance, and staff recognition

The overall Baldrige business model and criteria for performance excellence are based on a series of core values, concepts that are embedded in the beliefs and behaviors of high-performing organizations. The first of these core values is visionary leadership, which describes the role of senior leaders in both health-care provider and operational and administrative positions. These fundamental responsibilities are to:

- Composite quality score of 96, above the 90th percentile in HQIDP (Hospital Quality Indicators).
- Industry-leading, 99th percentile patient satisfaction scores.
- Fully 98 percent of all patients would recommend the hospital.
- Physician satisfaction 97 percent overall, above the Press Ganey 90th percentile.
- Operating margins of 7 percent.
- Community support a minimum of 25 percent of operating profits.
- AAA or AA bond rating.
- Registered nurse retention rate of 98 percent, above the national benchmark.
- Overall employee retention rate of 98 percent, above the national benchmark.
- Medicare adjusted length of stay of 3.4 days, below best practice of 3.6 days.

Despite these limitations, what these model organizations show is that organizational excellence is within reach for many if not most American healthcare providers. What has been done in Tupelo can be done in Tacoma, Tallahassee, or Toledo. Excellence is achieved through systematic efforts to change leadership style, organizational culture, skills, and specific work processes. All Baldrige award recipients enhanced leadership performance at all levels of management and across all boundaries. Through this approach they were able to change the organization’s performance culture. Leadership built a committed and trained workforce in a results-oriented culture that expects improvement.

The transformational leader helps team members achieve excellence, demonstrates resolve, channels his/her personal ambition into the organization, takes a legislative approach to goal setting, gives credit for success to others, and takes full responsibility for poor results. One of the most daunting issues in the near future is competition for talent and the ability to attract leaders to the healthcare industry who can assume these responsibilities. At the heart of the solution to this issue is the ability to develop leadership talent within a nurturing and effective culture. The Baldrige award recipients have shown how these efforts can succeed.

REFERENCES
4 Ibid.
5 Healthcare winners were SSM Health Care, St. Louis and Baptist Hospital, Pensacola, FL, 2003; St. Luke’s Hospital of Kansas City, MO, 2003; Robert Wood Johnson University Hospital Hamilton, NJ, 2004; Bronson Methodist Hospital, Kalamazoo, MI, 2005; and North Mississippi Medical Center, Tupelo, MS, 2006. The full list of winners and their applications is available at Baldrige National Quality Award website: http://www.quality.nist.gov/Contacts_Profiles.htm. Accessed 5/31/07.
15 Bronson Methodist Hospital Applications, pp. 2-3.
18 Bronson Methodist Hospital Application, p. 27.
22 Seanor, DD. Analysis of the leadership of UW-Stout in winning the Malcolm Baldrige National Quality Award in education. Lincoln, NE: The University of Nebraska, 2004.
31 North Mississippi Medical Center Application, p. 3.
33 Ibid, p. 11.
35 Bronson Methodist Hospital Application, p. 19.
39 Robert Wood Johnson University Hospital Hamilton Application, p. 8.
40 North Mississippi Medical Center Application, p. 1.