



Questing for

# Quality

For high-performing organizations, 'good enough' is not good enough.

By Rita Zeidner

*A*tlantiCare, a large New Jersey-based health provider, enjoys a sterling reputation. Loyalty among its 5,100 employees ranks among the highest in the industry. Nurse turnover is far below the local norm.

Customers also are pleased. Patient volume is up, and revenues are climbing faster than at other hospitals in the state.

But the organization received what may be its most hard-won validation late last year when, after three losing bids, it was selected for the Malcolm Baldrige National Quality Award, the nation's highest honor for innovation and performance excellence and

*The author is a senior writer for HR Magazine.*



the citation industry treats as its Academy Award. Four other organizations, each with a long list of accomplishments, also received the prize. They are:

- Heartland Health, a St. Joseph, Mo.-based health services provider with 3,200 employees in Missouri, Kansas, Nebraska and Iowa.
- Honeywell International subsidiary Honeywell Federal Manufacturing & Technologies, a nuclear components manufacturer with 2,700 employees at facilities in Kansas City, Mo., and Albuquerque, N.M.
- MidwayUSA, a shooting sports retailer in Columbia, Mo. with 243 employees.
- The U.S. Department of Veterans Affairs' Cooperative Studies Program Clinical Research Pharmacy Coordinating Center in Albuquerque, N.M. The center's 111 employees package drugs for clinical trials.

Unlike companies such as Toyota—recently under attack from lawmakers and consumers for allegedly lowering standards to maximize profits—these organizations are singled out because they keep standards high.

### Catalysts for Engagement

“Workforce focus” is only one of seven areas Baldrige judges consider when selecting quality-driven companies. But that component may belie the broad influence human resource managers have on an organization's performance.

It would be impossible, in fact, for an organization to perform at its best without “hardwiring” best practices for managing people into everything it does, says Harry Hertz, director of the National Institute of Standards and Technology's Baldrige National Quality Program. Human resources also are an integral part of the other areas Baldrige judges examine: leadership;

strategic planning; customer focus; measurement, analysis and knowledge management; process management; and results.

Baldrige criteria are not prescriptive, but discussions with HR leaders and employees at four of the five organizations that received the prize in 2009 suggest that they take a page from the same playbook. (MidwayUSA officials declined requests for an interview.)

These four companies peg enviable results to organizational cultures that view quality and high performance as journeys, not destinations.

“You don't have to follow Baldrige to be successful,” says Roseann Kobialka, head of organizational development at AtlantiCare, headquartered in Egg Harbor Township, a few miles from Atlantic City. “But without a framework for continuous improvement, you will have a great deal of difficulty sustaining those results.”

A highly engaged workforce is part of the formula that contributes to desirable business results, according to HR leaders at the winning companies.

Another part of the formula: use of data to inform decision-making, particularly measures relating to employee engagement. Business strategies are built around the idea that direct relationships exist between engagement and business outcomes such as productivity, safety, customer satisfaction and overall profitability. HR leaders at these companies measure just about anything that might reflect or impact engagement—from employee retention and absentee rates to how employees respond to a layoff announcement. Measurements are benchmarked against leading HR indicators such as the Campbell Leadership Index or the Gallup Employee Engagement Index. If a survey shows that one group of employees is less engaged than another, these HR officials want to know why. More important, they want to fix the problem.

Because of its purview over recruitment, employee training, pay and benefits, “HR is a catalyst for developing work processes that result in high levels of employee engagement,” says Richard Lovering, AtlantiCare's vice president for HR.

But for workers to be engaged and stay that way, they must understand why what they do matters. To this end, officials at the Baldrige companies go to great pains to explain how each employee fits into the larger organizational scheme.

New hires at AtlantiCare receive a strategy map showing how specific corporate goals such as building customer loyalty, increasing patient volume and maintaining a favorable bond rating relate to corporate values that include safety, team spirit and treating others with respect. All employees are urged to review the map frequently and to jot down ways they can personally contribute to performance excellence.

“We are all expected to be accountable to customers and to one another,” Lovering says.

The fact that everyone has skin in the game is driven home through bonuses, which are awarded to all employees in years when the company prospers, including 2009. Nonmanagers generally receive a flat amount—\$1,350 last year—while managers' bonuses vary based on how well they meet individual performance targets.

A similar theme plays out at Heartland Health, where all employees are called “caregivers,” even those who don't work directly with patients, says Michael Pulido, chief human resource officer. Staff are evaluated on how well they advance so-called “HEART” values, an acronym that stands for such factors as “hearing the voice of the customer” and “excellent customer service.”

The Cooperative Studies Program Clinical Research Pharmacy Coordinating Center bases performance standards on values almost identical to Heartland's: customer service, safety, teamwork, leadership and continuous learning. But leaders also have incorporated the teachings of James Owen, author of *Cowboy Ethics: What Wall Street Can Learn from the Code of the West* (Stoecklein Publishing, 2005), into their creed. They credit the center's strong performance—including customer satisfaction ratings that exceed industry benchmarks, a growing customer base and low turnover—



HR staffers David Mueller and Mary Bryson, standing in black, help workers brush up on their job skills through Heartland Health's School at Work Program.

to employee training that reinforces Owen's organizational mandates such as “live each day with courage,” “take pride in your work,” “be tough but fair” and “ride for the brand.”

### Make Quality Pay

Reward and recognition systems at the Baldrige companies are designed for double duty—to show appreciation for jobs well done and to spur continuous improvement, officials say.

The Cooperative Studies Program Clinical Research Pharmacy Coordinating Center has devised an awards and recognition system for engaging employees. Center employees can recognize their peers for outstanding achievements and self-report their own noteworthy accomplishments. The procedure now requires awardees to meet predetermined criteria; employees had previously complained that the employee-run system had turned into a popularity contest, says Thelma Salazar, the center's associate director, who oversees HR.

Employees are recognized publicly, and those earning the most points during a yearlong rating period get a cash bonus or paid time off.

In response to survey data indicating that staff members consistently rank recognition as critical to job satisfaction, AtlantiCare supervisors are given a recognition kit that includes thank you cards, discretionary funds for group recognition and gift cards to a convenience store. Managers are required to deliver at least three formal recognitions per month. Their adherence to the quota is recorded electronically to help determine if such rewards have the desired impact and are worth the time and cost. >

## Winning Ways

Organizations competing for the Malcolm Baldrige National Quality Award must defend their processes in seven business categories, including workforce management. Here is a small sample of what companies must demonstrate, from the Baldrige program's *Criteria for Performance Excellence*:

- How do you determine the factors that affect workforce engagement? How do you determine the key factors that affect workforce satisfaction? How are these factors determined for different workforce groups and segments?
- What formal and informal assessment methods and measures do you use to determine workforce engagement and workforce satisfaction?

How do these methods and measures differ across workforce groups and segments? How do you use other indicators, such as workforce retention, absenteeism, grievances, safety and productivity, to assess and improve workforce engagement?

- How do you assess your workforce capability and capacity needs, including skills, competencies and staffing levels?
- How do you evaluate the effectiveness and efficiency of your learning and development systems?
- How do you manage effective career progression for your entire workforce? How do you accomplish effective succession planning for management and administrative positions?

### Online Resources

For more information and resources about quality control and the Baldrige program, see the online version of this article at [www.shrm.org/hrmagazine/0710Zeidner](http://www.shrm.org/hrmagazine/0710Zeidner).

Exemplary employees also are recognized in newsletter articles and at an annual awards dinner, and some receive cash bonuses and preferred parking.

Various metrics indicate that AtlantiCare employees are satisfied with the rewards system, Lovering says. Examples include:

- Employee attitude surveys in which high marks for pay and benefits put AtlantiCare in the top 10 percent among health care providers nationwide.
- Lower-than-average attrition rates.

Heartland has a model leader award for employees who exemplify corporate values and a separate award to recognize excellence among nurses and physicians. Some high-performing employees are also awarded with career-enhancing opportunities such as attendance at a leadership training course in Washington, D.C.

### Do HR Better

Continuous improvement isn't a goal that just people in departments outside of HR have to worry about, officials at the Baldrige companies maintain. HR staff, too, are expected to

emphasized company-paid retraining that could qualify some employees for higher-paying jobs. "We know that job security is always a concern," she says. "We wanted to alleviate worries every step of the way."

Honeywell is one of a rare breed of private-sector Baldrige winners whose workforce is unionized, so Congdon is also attempting to keep labor relations on an even keel by updating union representatives as plans for the move and layoffs unfold. "We try to be the office of no surprises," she says.

Congdon recently surveyed Honeywell managers to determine whether they were aware of the services her department provides and whether they expect, or need, more. Results were still pending at press time, but she has begun to make changes. Upon discovering that supervisors were grooming top performers for management positions without first knowing those individuals' desired career paths, she now works more closely with managers to help them develop realistic succession plans.

After an AtlantiCare survey this spring showed positive, but slightly lower, engagement among workers with tenures between six and 10 years, Lovering's staff met with senior managers to figure out why—and to discuss options for bringing the



Heartland matches each department with a member of the HR staff, who acts as a customer service representative.

constantly judge themselves and improve the ways they do business.

Pulido sends most of his 16 staffers on "rounds" at the hospital to make sure employees have what they need from HR.

Two of his staffers reach out specifically to lower-level workers, acting as job coaches and providing training in basic skills to help them qualify for higher-paying jobs at the hospital. The hospital also pays to send some workers to school for advanced medical or technical training. In addition, volunteer coordinators work with Heartland's 500 unpaid staffers to make sure they are matched appropriately to job duties.

Jennifer Congdon, HR director at Honeywell Federal Manufacturing & Technologies, wasn't surprised to see a drop in employee satisfaction ratings after the company announced it would be moving in 2014 and that hundreds of jobs would be eliminated. Concerned about the impact that employees' anxiety would have on productivity during the next four years, Congdon stepped up communication about the move and

ratings up to par. Although a strategy hasn't been decided, managers are considering either offering training that would allow the workers to change jobs or finding better ways to recognize employees.

To ensure that Heartland's employees don't get the run-around when they contact HR professionals for help, Pulido matches each department with a member of his staff, who acts as a customer service representative. That way, employees contacting HR always deal with the same person, regardless of the issue. The system gets rave reviews. Employees outside his department appreciate the one-stop shopping, while his staff members say it allows them to get to know employees better and provide better service.

As Pulido sees it, the changes he has made reflect the same expectations he has for businesses he deals with outside the hospital. "Every encounter needs to be one of respect and professionalism, and it needs to meet the needs of the customer," he says. ■