

5 Quick Questions: More Powerful Than ISO 14000 For Plant Floor Management

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The Malcolm Baldrige National Quality Award is recognized as one of the most prestigious honors a U.S. company in the manufacturing sector can attain. We recently sat down with Woodbury University President Luis Calingo, member of the 2013 Board of Examiners for the award. He offers perspective on goals every company in this sector should strive for and the irony of cost cuts that are often made to employee training programs.

1. The Baldrige Award is synonymous with quality. If a manufacturer was to aspire to be considered for the award, where is the first place it should look to improve?

When it was created in the late-1980s to honor the late U.S. Secretary of Commerce, the Malcolm Baldrige National Quality Award had three goals: identifying and recognizing businesses that set the standard for quality and could serve as role models for other companies, establishing the criteria for evaluating quality improvement efforts, and sharing best practices.

The concept of quality has evolved over time, and some might believe the luster of the Baldrige program has declined as companies have become preoccupied by “the flavor of the month” – Lean, Six Sigma, 5S, and so on. Today, the Baldrige Award addresses performance excellence, which is an iterative approach to managing a company’s performance. Companies that embrace this iterative approach focus on and receive benefits in the areas of personal learning, organizational learning, process design, customer satisfaction and superior financial performance.

How might a manufacturer begin that journey? Whatever a company is doing right now to improve its quality or create a safe workplace should continue. What Baldrige recognizes is that these efforts must be linked to the strategic goals and vision of the enterprise. By the time a company is ready to apply for Baldrige, it should be able to demonstrate the extent to which the organization’s strategies are aligned with its processes and how that alignment enables it to achieve its goals.

2. We’ve profiled manufacturers that have won the award. What advice would you offer when it comes to leveraging the processes it generates?

For manufacturers, Baldrige sends customers the message that you have achieved external recognition that is even more powerful than ISO 9000 certification, or ISO 9000 registration or even ISO 14000 registration. Baldrige confirms that you have a good management system in place, but it also signals that your processes compare with those of world class organizations.

When I was Dean of the School of Business at California State University, Long

Beach, we applied for Baldrige and received second-tier recognition. That gave us the opportunity to remind Toyota and Boeing and other local companies that we were a source of future workers and a destination for giving, and that we were committed to quality and continuous improvement.

3. What inherent benefits can a manufacturer or industrial distributor realize in going through the process of being considered for the Baldrige Award?

Even if an organization does not win, there are some process benefits that accrue. For example, you cannot go for the Baldrige award if the strategy of your organization is known only to the chief executive. You really need to deploy that information throughout the organization and develop a shared understanding of what those goals and strategies are and how the work of every individual in the organization contributes. Going through the application process actually forces companies to ensure alignment within the organization, and it also is a motivational factor when a rank and file employee knows how his or her job contributes to the overall mission of the enterprise.

There are a number of other benefits. For the price of the application, you get the equivalent of a consulting report created by 10 or 15 professionals who are experts in various areas of the Baldrige criteria and will evaluate your performance on 1,000-point scale. Some organizations have used the application process and their Baldrige score to measure and track how they are progressing.

4. One of the biggest challenges the manufacturing sector faces is a lack of skilled workers. Coming from an academic background, what are your thoughts on how to improve the technical education of the next generation?

Businesses must invest in training and development. Among Baldrige Award winners, the average number of hours devoted to training ranges from 40-80 hours a year per employee. The American Society of Training and Development reports that the proportion of training expenditures compared to payroll for these companies is in the neighborhood of four percent. If a company is serious about training and the development its workforce, it should track these measures.

Of course, many wonder 'Why should I train employees if they eventually leave the company?' My response is, 'What if you don't train them and they stay?' It's ironic that training and development are the first expenses to go when a company is facing difficult fiscal times, because they are among the most important areas in which to invest.

5. If you could give U.S. manufacturers one thing, what would it be?

If I had a magic wand, I would make sure every manufacturer has a scorecard that guides their strategy and actions. What percentage of companies are keeping track of their performance? Maybe 20-30 percent. The Baldrige Award provides the discipline and the scorecard companies today need to be accountable to their

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Published on Industrial Maintenance & Plant Operation (<http://www.impomag.com>)

customers, employees and shareholders.

Source URL (retrieved on 01/29/2015 - 1:36am):

<http://www.impomag.com/articles/2013/09/5-quick-questions-more-powerful-iso-14000-plant-floor-management>