

# Critical Success Factors Lead to Second Baldrige Award

by Janet Jacobsen

## At a Glance . . .

- North Mississippi Health Services began its Baldrige journey with a state award application from its flagship hospital, North Mississippi Medical Center, in 1997.
- In 2000 the hospital earned the Governor's Award, with the accompanying feedback report prompting a closer look at performance excellence frameworks.
- After submitting applications for the Baldrige Award in 2003, 2004, and 2005, the hospital captured the prestigious national honor in 2006.
- Focusing on its five critical success factors, the organization deployed the Baldrige Criteria beyond the hospital to the entire organization.
- In 2012, the organization demonstrated its exceptional strength in workforce focus and earned the national award, becoming the first two-time healthcare Baldrige recipient.

$$\text{People} + \text{Service} + \text{Quality} = \text{Financial} \longrightarrow \text{Growth}$$

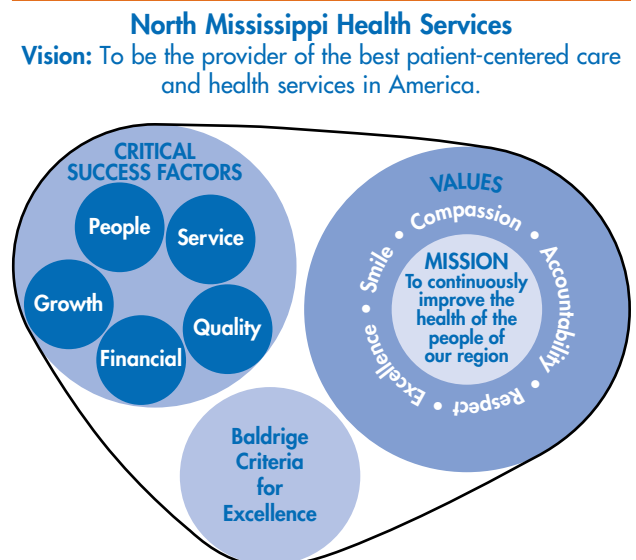
The seemingly simple equation above is in reality a powerful formula for success. Not only does this formula encompass North Mississippi Health Services' five critical success factors, but it also contains the blueprint that guided the organization to become the first two-time Malcolm Baldrige National Quality Award winner in healthcare in the program's 25-year history.

## About North Mississippi Health Services

North Mississippi Health Services (NMHS) is a nonprofit, community-owned, integrated healthcare delivery system serving 24 rural counties in northeast Mississippi and northwest Alabama. The system is composed of six hospitals, four nursing homes, and 34 clinics, which are located in six Mississippi communities—Tupelo, Baldwin, Eupora, Iuka, Pontotoc, and West Point—as well as in Hamilton, AL. With a workforce of more than 6,000 employees and 491 physicians, NMHS provides preventive and wellness services, hospital-based emergency and acute care services, post-acute care services, and a preferred-provider organization. Despite its location in what is called an epicenter of poverty, NMHS is the only healthcare organization in either Mississippi or Alabama with a Standard & Poor's AA credit rating, which it has held for the past 18 years.

As shown in Figure 1, the mission of NMHS is to continuously improve the health of people in the region and its vision is to provide the best patient-centered care and health services in America. The organization uses five critical success factors, in conjunction with the Baldrige Criteria for Performance Excellence, to drive every facet of its operation.

Figure 1 – NMHS mission, vision, and values



The Malcolm Baldrige National Quality Award is the nation's highest presidential honor for performance excellence through innovation, improvement, and visionary leadership. The award is not given for specific products or services but is divided into six categories: manufacturing, healthcare, service, small business, education, and nonprofit. Since 1988, 93 organizations have earned the award.

Out of 39 applicants in 2012, four were selected to receive the award. In addition to NMHS, recipients included MESA Products Inc., Tulsa, OK (small business category), which had previously received a Baldrige Award in 2006; Lockheed Martin Missiles and Fire Control, Grand Prairie, TX (manufacturing category); and the City of Irving, TX (nonprofit category). Independent groups of examiners evaluated the applicants in seven areas defined by the Baldrige Criteria for Performance Excellence: leadership; strategic planning; customer focus; measurement, analysis, and knowledge management; workforce focus; operations focus; and results. After reviewing the applications, teams of examiners conducted on-site visits to clarify questions and verify information.

The scoring of responses to criteria items and award applicant feedback are based on two evaluation dimensions: process and results. Scores for each criteria item fall into predefined bands. For example, for the process dimension, an organization that scores in the highest band demonstrates evidence of an effective, systematic approach that is fully deployed and well integrated with current and future organizational needs. Improvement, organizational learning, and innovation are based on analysis and applied organization-wide. In comparison, an organization that scores in one of the middle bands would still demonstrate an effective, systematic approach that is well deployed, but deployment would vary in some areas or work units and the approach would be aligned with, but not necessarily fully integrated with, organizational needs. An improvement process and some organizational learning would be in place for key processes. An organization scoring in the first band would show little or no deployment of a systematic approach, with improvement achieved in response to problems, and no organizational alignment.



Presenting the Malcolm Baldrige National Quality Award to North Mississippi Health Services (NMHS) representatives John Heer (second from left), president and chief executive officer, and Bobby Martin (center), past chairman, board of directors, in a ceremony in Baltimore, MD, on April 7 were Patrick Gallagher, Under Secretary for Standards and Technology, director of NIST, Department of Commerce; Rebecca Blank, Deputy Secretary, Department of Commerce; and George Benson, chair, Foundation for the Malcolm Baldrige National Quality Award.

## Start Small, Keep Expanding

After its flagship hospital, North Mississippi Medical Center, captured the Baldrige Award in 2006, NMHS could have easily rested on its laurels and simply worked to sustain its success. Apparently, the organization's leaders had other ideas. "I think the decision was made right after we won it; there was no doubt we were continuing on the journey," recalls Karen Koch, organizational performance administrator at NHMS, who served as the project coordinator for North Mississippi Medical Center's 2006 award application. Koch admits NMHS suffered a bit of a Baldrige "slump" shortly after earning the 2006 honor. Other organizations looking to replicate the hospital's success recruited away several top executives, which slowed efforts to spread concepts throughout the organization.

NMHS CEO John Heer says a gradual deployment of Baldrige from North Mississippi Medical Center in Tupelo to the other hospitals and clinics mirrors with the approach the organization takes when introducing a new program or service. He explains that new programs or services are deployed to one site—perhaps the main hospital or one of the clinics—and tested for a few weeks or months. Leaders study what worked and what could be improved at the pilot location and integrate those findings before rolling out the approach to additional sites. "It's kind of like throwing a pebble into a pond and seeing the rings that come out from the center. We start small and keep expanding—that's the approach we used with Baldrige," Heer explains.

## Building the Baldrige Culture

One key element in driving the expanded use of the Baldrige framework was the creation of a system-wide, patient-focused improvement department in 2008. Koch serves as administrator of organizational performance and is responsible for integrating multiple quality initiatives throughout the entire health system. Thanks to Heer's leadership and the initiatives from this new department, greater emphasis is placed on empowering front-line staff to serve as the day-in and day-out drivers of quality. Heer says this empowerment stems from an ongoing focus on the organization's vision, mission, and values as well as its five critical success factors (shown in Table 1), which are used for setting goals and measuring success.

He explains that following the critical success factors enables the organization to know that it is achieving its mission, vision, and values. The CEO says that Baldrige examiners always ask, "How do you know you are achieving your mission?" He feels that many organizations stumble on that question because they really haven't thought about the connection between stating

a mission and measuring whether it is in fact being achieved. “We spent a lot of time creating systems and processes within the organization that allow front-line staff to measure success; this all works to build the Baldrige culture,” explains Heer.

**Table 1 — NMHS is guided by five critical success factors**

<b>People</b>	Maintain high-quality workforce.
<b>Service</b>	Improve customer service.
<b>Quality</b>	Improve prevention and health education services. Improve health outcomes.
<b>Financial</b>	Produce financial resources required to support mission and vision.
<b>Growth</b>	Expand access to health services.

Koch explains that the order of the critical success factors is intentional. It all starts with creating an environment that draws and nurtures the best *people* to provide the best *service*. Great service then results in happy customers and excellent *quality*. High quality and efficiency produce good *financial* results and requests for additional services, which creates *growth*. Accordingly, NMHS recognizes that people (employees) drive everything, and to achieve success, the organization must focus relentlessly on people to ensure they are motivated and excited to come to work. “This is the formula that enabled us to win the award the first time and then also to be a repeat winner,” says Heer, who came to NMHS from Baptist Hospital, Pensacola, FL, which earned the Baldrige Award in 2003.

### Caring for the Caregivers

With its employees serving as the very foundation of the critical success factors, NMHS places extraordinary emphasis on caring for its caregivers. Undoubtedly, the laser-like focus on selecting, training, and retaining employees enabled NMHS to achieve its highest Baldrige evaluation scores in the workforce results categories. Koch says it begins with the hiring process. Once an applicant’s credentials and test scores are evaluated and found appropriate, then candidates are interviewed by future co-workers to help ensure a good cultural fit. “We focus on ensuring that we have the right people and they are content with their jobs, know what they are supposed to do, and deliver their best every day,” Koch explains.

Some of the unique methods the healthcare system uses to care for its caregivers include:

- As part of an innovative “grow-our-own” strategy, NMHS employs a full-time career counselor who assists employees in identifying career progression opportunities.

The organization also provides tuition reimbursement for advanced education.

- Extensive training opportunities are provided, with each employee averaging 88 hours of training per year.
- Rewards and recognition are linked to the organization’s performance management system and the five critical success factors.
- Senior managers have adopted a “servant-leadership” philosophy that emphasizes people first and empowers managers to model the organization’s values and build trust with employees.
- A “Live Well” employee incentive program educates and rewards employees for healthy and safe behavior choices, both on and off the job.

The organization’s employee retention rates demonstrate that these methods are effective: They have been at or above 90 percent since fiscal year 2007, exceeding the Bureau of Labor Statistics’ benchmark for healthcare organizations by 10 percent. Survey results also show that employee engagement was above 90 percent from 2008 through 2012, and that workers rated their job satisfaction as “best-in-class” in both 2010 and 2012.

### Claiming the Baldrige Award Again

After more than four years of preparation, NMHS hosted eight Baldrige examiners for a site visit in October 2012. Koch says the examiners were highly impressed with the organization’s core competency—its people. Within the “Workforce Focus” evaluation category, the areas of workforce environment and workforce engagement scored in the highest possible bands. Within the “Results” category, which examines organizational performance and improvement in all areas, the complementary category of “workforce results” also scored in the highest band. (For more details on the scoring, see the sidebar, “Baldrige Award Recognizes Performance Excellence.”) These scores, combined with solid evaluations in the other categories, resulted in good news once again for the organization, when in November 2012 it learned it had earned the national Baldrige award, becoming the first healthcare organization in history to win it twice.

When asked if capturing the first award or expanding the Baldrige framework to take the second award was more difficult, Koch, a Baldrige examiner herself, commented, “They were equally challenging, but the challenges were different.” She went on to note that it was perhaps harder to initiate the framework and get the effort started. “I think once you have won the award there is so much credibility and sense of accomplishment that you have a track record for sustaining and growing the effort.”

## Looking to 2018

Baldrige eligibility guidelines state that an organization must wait six years after winning the award before it is eligible to reapply. So, does NMHS have its eyes on 2018? Heer shares that his organization will continue using the criteria and will begin setting new goals in the coming months. He believes these new goals will focus on improving the organization's scoring, which is no small feat. "That will take considerable effort; it's not like going from a 90 to a 92. It's extremely difficult once you reach those upper bands, but a challenge we are willing to take," declares Heer.

## For More Information

- To learn more about North Mississippi Health Services go to <http://www.nmhs.net/>.
- Additional details about the Baldrige Performance Excellence Program are available at <http://www.nist.gov/baldrige/>.
- Obtain more information about state quality awards based on the Malcolm Baldrige program by visiting the Alliance for Performance Excellence website at <http://www.baldrigepe.org/alliance/>.
- To find more case studies on successful applications of quality tools, approaches, and concepts, visit the Knowledge Center at [asq.org/knowledge-center](http://asq.org/knowledge-center).

### *About the Author*

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