In the 1980’s U.S. industry received a wake-up call. Unexpectedly, productivity in American factories slowed greatly while its trading partners made strong gains. Various reasons played a part in this decline of efficiency. One of the most striking dissimilarities between U.S. products and those of Japanese competition was the difference in quality. American companies needed to make a change in order to compete in the emerging global economy. From this intense urgency, the Malcolm Baldrige Award came about. It is the continuing need for improved quality that has kept the Baldrige Award around for over a decade. The history of the Malcolm Baldrige National Quality Award, its purpose, and criteria has played an important role in changing the quality culture in the United States.

The development of the Baldrige Quality Award began nearly two decades ago. Initially, a council was formed to study quality problems of U.S. businesses. In 1983, the group of 175 corporate executives, business leaders, and academicians released a final report suggesting a national quality award to improve the value of American products. The following year the White House Conference on Productivity called for a medal to be awarded to companies that are improving on certain quality-related areas. Additionally, different organizations called for some type of national award to increase the value of American products in the changing global market. As a result, a committee was formed to establish a National Quality Award in September of 1985. After over a year, the committee developed a structure for administering and funding this National Quality Award. In 1987 a bill was presented and passed by the democratic House of Representatives; however, it met opposition in the Senate. Because the bill called for the award to be administered by the government, congressional leaders believed this conflicted with Reagan’s “hands off” policy. Surprisingly, the Secretary of Commerce, Malcolm Baldrige, gave it his full support. Baldrige, who began his career in manufacturing, is quoted to have said, "What we need are some manufacturers and engineers calling the shots if America is to compete effectively in world markets." His support facilitated the bill’s passing in the senate. Sadly, on July 25, 1987, Malcolm Baldrige was killed in rodeo accident. In a meeting the idea of naming the Quality award after Baldrige was presented to President Reagan. Since Baldrige was a close friend of the president, Reagan was very pleased to name the award after his late friend. Three
days after Malcolm Baldrige’s death, a Senate committee re-named the legislation after him. The President signed the Malcolm Baldrige National Quality Improvement Act into law on August 20, 1987. The responsibility of overseeing the award was initially given to the Department of Commerce. It was then passed to the National Institute of Standards and Technology otherwise know as NIST. NIST is not the only entity involved in administration of the award. According to NIST’s website, the government’s investment of $4.9 million is offset by $100 million from the private sector. Even though NIST oversees the award selection process, applications are submitted to the American Society of Quality Control (ASQC). ASQC passes the application on the NIST for review and selection.

The objectives of the Baldrige Quality Award clearly define the criteria for the receiving this prestigious honor. The award promotes quality as an increasingly important factor in competitiveness, the understanding of quality requirements for excellence, and it shares information of successful quality strategies to help benefit a company when implemented. The overall purpose of the award program is to help improve quality and productivity through the following four things:

- Help stimulate American companies to improve their pride through competition and recognition. This competitive edge would lead to increased profits.
- Recognize the achievements of companies in the area of quality. These companies are selected as a good example for others.
- Establish criteria that business, industry, etc. could use as a yardstick to evaluate their own quality improvement efforts.
- Provide specific guidance for organizations that would like to improve quality by making available detailed information on the practices of winning companies.

In a situation where two companies competing for the award are comparable, the selection committee can refer to the award’s objectives to select the winner. Typically, the company that would be the best quality role model wins the award.

The Malcolm Baldrige National Quality Award is judged on seven main criteria. The selection committee, consisting of over 200 quality experts from industry, academia, and professional organizations, examines each of these seven criteria to select the winning company (Haavind 10). The criteria and their total point values are: Leadership (110), Information & Analysis (80), Strategic Quality Planning (80), Human Resource Development & Management (100), Management of Process Quality (100), Quality & Operational Results (450), and Customer Focus & Satisfaction (80). Criteria are given a different point value to emphasize importance. The company with the highest combined point total is recognized with the award. Five awards
are given annually in the areas of manufacturing, service, small business, education, and health care.

The first criterion that the selection committee investigates is leadership. Leadership is a very important part of increasing the quality of product in a company. If a top executive simply talks about improving quality, is unlikely to happen. It is only when top he or she sets goals and implements programs to achieve quality objectives that authentic quality changes can take place. The criterion specifically examines how a senior executives’ personal leadership and involvement in creating and sustaining a customer focus and clear and visible quality values (George 269). The selection committee not only examines if the senior executives are creating values but also whether they are integrated into the companies management system. Leadership is an important aspect of a sound quality system and is stressed in the Baldrige selection; according to Stephen George, the “first category of the Baldrige criteria does not reward apathy or ignorance” (George 58).

Information and Analysis is the second of seven criteria that the selection committee investigates. A quality system is the foundation of facts. Therefore, this criterion examines “the scope, validity, analysis, management, and use of data and information to drive quality excellence and improve competitive performance” (George 272). The selection committee examines how adequately the data, information, and analysis supports some type of improvement in quality that focuses on clients, products, and services. In the Information and Analysis criterion, benchmarking is a very important concept that will need to be covered if a company plans to win the Malcolm Baldrige Award. Benchmarking is when a company observes and analyzes its competitors. With this information, the company can gain insight into the differences between companies in their business sector, select best practices, and be able to improve on their own quality.

A company must be able to bring out the full potential of their work force in order to score well on the fourth criterion. The fourth criterion deals with Human Resource Development and Management. A company who recognizes the full potential of its workers will be able to apply it to quality improvement. The criterion asks that a company not try to hinder its work force but bring out employee’s best qualities through training. Training gives workers the opportunity to learn new things, which in turn gives empowerment to the employees. It also gives employees direction, vision, tools and techniques needed for quality improvement (Popwell 18).

The fifth criterion is Management of Process Quality. In this criterion the committee investigates how a company goes about systematically pursuing higher quality and performance.
The key elements of process management, which consists of design, management of quality in their so-called work units and suppliers are questioned. An example of this comes from Steven J. Rempala, Manager Global Logistics Systems of the 1995 Manufacturing Winner Armstrong World Industries, Inc. His company has implemented a Supplier Quality Management Program. They benchmarked other companies, work with suppliers to reduce costs, and rate suppliers through audits.

The sixth criterion, Quality and Operational Results, is similar to the fifth. However, points are weighted to demonstrate the importance of this section. Examiners look at operational performance and supplier quality. Current quality levels and quality trends are examined. Obviously, the committee wants to see trends for improvement. In addition, the committee compares the current quality and performance levels of the competitors to that of the applicant. They scrutinize customer satisfaction and retention; financial and marketplace performance; product and service performance; product and operational effectiveness; human resource performance and development; supplier performance and development; and public responsibility and good citizenship (Powell 7).

The seventh criterion is Customer Focus and Satisfaction. The selection committee analyzes the relationship between the company and its customers. A company must have knowledge of their customer’s requirements for them to meet this criterion. Acceptable means companies use to gather this information could be through focus groups, surveys, customer visits, and customer advisory councils. With this information, companies expect to retain the customers they currently have. The selection committee will compare the trends and level of satisfaction for the applicant to that of its competitors. They look for this in customer satisfaction/dissatisfaction measures, gains/losses of customers, gains/losses of market share, and competitive awards/recognitions received.

The purpose and criteria of The Malcolm Baldrige National Quality Award have played an important role in changing the quality of products manufactured in the United States. After the perception of American products changed in the 1980's, it became apparent that some national award was needed to encourage quality products. The Baldrige was the government's answer to this national problem. Focusing on seven criteria, the Baldrige provides a format for American industries to excel in the area of quality, and also in the global marketplace of future.
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