



*Statement to the  
California Performance Review*

Presented by:  
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**Madam Co-Chair Kozberg, Co-Chair Hauck, CPR Commissioners,  
Distinguished Guests, and my fellow citizens of California;**  
Good morning.

My name is Tom Hinton, and I serve as the President and Chief Executive Officer of the California Council for Excellence (or CCE). On, behalf of CCE, whose members and volunteers represents all industries and sectors of California, I am pleased to voice CCE's support for the Performance-based Management recommendations set forth in the California Performance Review report and encourage the Governor to move quickly to implement these important recommendations.

Over the past twenty years, I have written, consulted, and lectured extensively about Organizational Excellence; and, I've worked with many private and public sector organizations to help them make the transformation from "good" to "great."

For your information, the California Council for Excellence is a non-profit, tax-exempt educational foundation. We are headquartered in Poway, California near San Diego; and, we administer the Malcolm Baldrige Award emulation throughout the state of California. The Malcolm Baldrige Award is the highest honor that any business, educational institution, or healthcare organization can receive for sustaining excellence in all key areas of their organization. Each year the President of the United States presents the Baldrige Awards to deserving applicants. In California, through our baby-Baldrige Award program known as the California Awards for Performance Excellence (CAPE), CCE has recognized over 175 organizations – including several state government agencies –for their commitment to Performance Excellence at various stages of continuous improvement.

Today, I'd like to encourage the Commission and the Governor to move forward with the CPR recommendations. But, equally important, I'd like to briefly discuss two strategic questions relating to *how* you make these recommendations really work once they are adopted.

Those questions are:

1. *How* do we help state agencies advance from their current performance levels to a level that most “citizen-customers would consider to be “excellent?”
2. *How* will these state agencies know when they have achieved a level of excellence? Because just saying we’ve “achieved excellence” doesn’t necessarily make it so.

Based on my work in this field, a major part of the problem is that most of California’s state agencies lacks a systematic approach to excellence and that is why they under-perform.

When I use the term “systematic approach,” I am referring to a “Model for Excellence” that includes the following *components*. These are the building blocks of long-term success in every organization:

- ◆ Core Values that inspire our employees to achieve excellence.
- ◆ A Strategic Plan.
- ◆ Setting both realistic and “stretch” Goals.
- ◆ Establishing Performance Metrics.
- ◆ A Budget based on realistic needs and projections.
- ◆ And, an annual Organizational Assessment that measures performance, accomplishments, and opportunities for improvements. In other words,

an independent assessment conducted by trained experts who have no conflicts-of-interest, special interests, or axe to grind.

With regard to our second question, “*How will we know when we have achieved excellence?*” I believe the ultimate answer is “the customers of state government will tell them just how good or mediocre they really are!” But, of course, agencies must be willing to ask for customer feedback! And, frankly, for many state agencies, this is a scary proposition because many government agencies are operating without core values, without clear direction, without metrics, and much of their budgeting process is a knee-jerk reaction to political pressure or pure guesswork. And, while the Governor can inspire and motivate state employees to achieve more and set forth guiding principles by which the state will conduct its business with integrity and fairness, each agency must have in place an operational “Model for Excellence” by which it functions day-in and day-out.

When leadership directs an organization to *assess* its performance based on a proven model for organizational excellence, suddenly things begin to change! People begin to realize that they are *accountable* to their customers; and, suddenly their job performance and work product improve.

Let me quickly note here that in terms of a model for excellence, it makes no difference whether we are dealing with IBM or the DMV. I understand that government is very different from the private sector because government’s mission, vision, and goals are radically different from those of private enterprise. But, in order for government and the private sector to survive, they must perform and achieve Results. And so, every organization – whether its Microsoft or CalTrans -- lives or dies by its results. Thus, every organization needs to be evaluated based on its Results.

And, in order for California’s state agencies to move from mediocrity to excellence, it needs to adopt a Model for Excellence. Certainly, the best model I have discovered that will allow each and every state agency to fully achieve its potential is the Malcolm Baldrige Award Criteria for Performance Excellence. This national model for excellence has been in place since 1987 and it has been adopted by more than 68 countries around the world.

I would strongly encourage this CPR Panel to include in its recommendations to the Governor that every state agency adopt the

Malcolm Baldrige Award Model for Performance Excellence to assess their performance and improve their Results.

And, I recommend the Malcolm Baldrige Award model for two very simple reasons. First, it works; and, secondly, it's cheap and readily available through the Public Domain!

By adopting a model for excellence such as the Baldrige Award, California's state government can begin to improve its performance and results starting Monday morning!

Thank you very much.

**Attachments:**

1. CCE Information
2. Baldrige Award Model for Excellence

California Council for Excellence Presents:

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*“Executive Baldrige Award Briefing”*

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# Facts About CCE:

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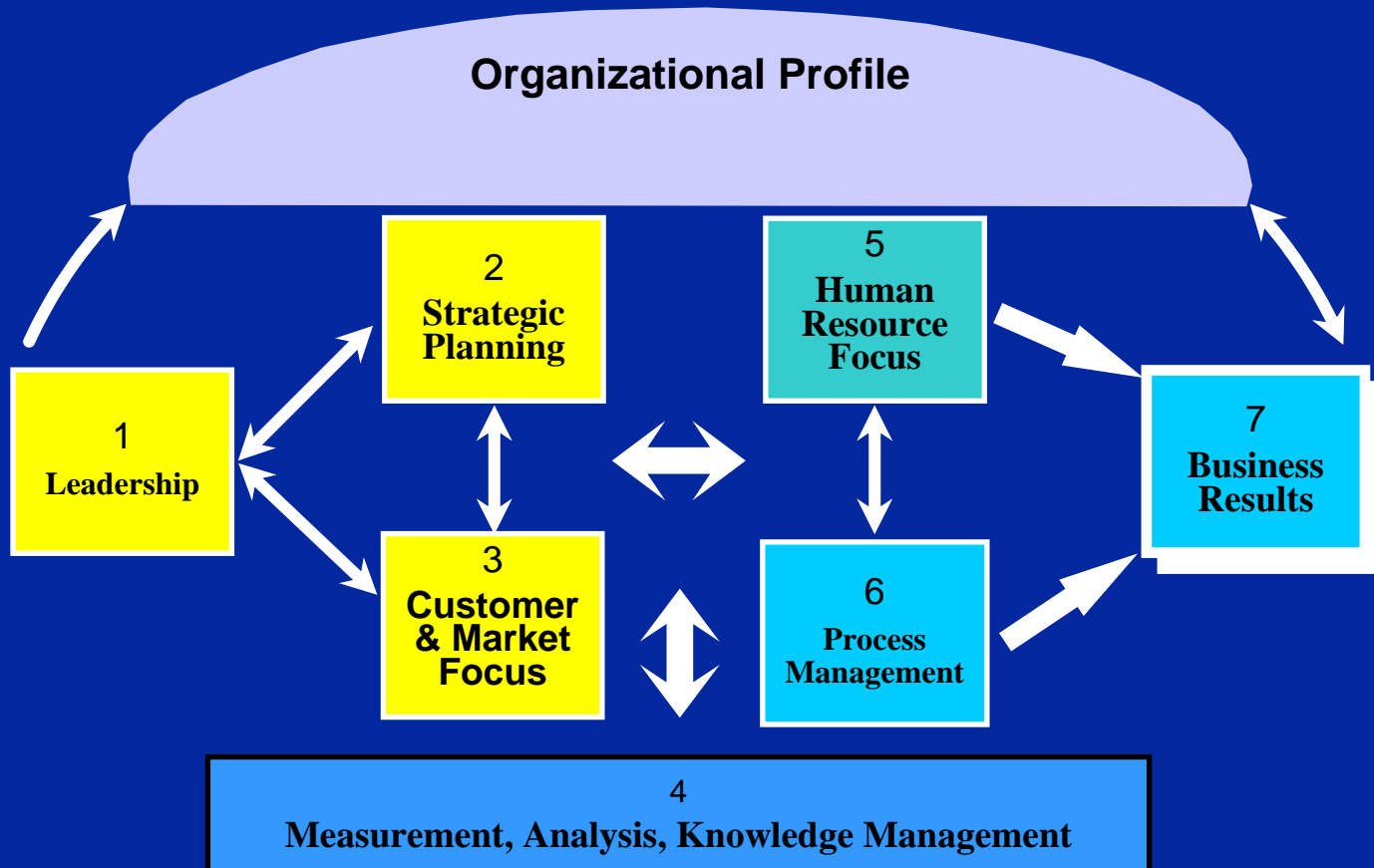
*Non-profit, tax-exempt 501(C)(3) foundation established in 1992:*

- CCE administers the CAPE and California Team Excellence Award programs.
- CAPE is the California Baldrige Award emulation... one of 56 programs across USA.
- CCE's focus is to help organizations achieve world-class results through the MBNQA.



# 2004 Baldrige Model for Performance Excellence:

## The Baldrige “Hamburger”



# BALDRIGE CORE VALUES AND CONCEPTS:

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- **Visionary Leadership**

- **Customer-Driven Excellence**

- **Organizational and Personal Learning**

- **Valuing Employees as Partners**

- **Agility**

- **Focus on the Future**



# **CAPE CORE VALUES AND CONCEPTS:**

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- **Managing For Innovation**
- **Management By Fact**
- **Social Responsibility**
- **Focus On Results And Creating Value**
- **Systems Perspective**



# CAPE's MOST IMPORTANT THEMES:

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**BALANCED PERFORMANCE**  
**FOCUSED PERFORMANCE**

- **Balance past, present, future**
- **Balance customer, shareholder, employee needs**
- **Emphasis on factors that provide competitive edge and addressing challenges**



# HIERARCHY OF 2004 BALDRIGE CRITERIA:

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# **7 BALDRIGE CATEGORIES:**

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- 1 - Leadership**
- 2 - Strategic Planning**
- 3 - Customer and Market Focus**
- 4 - Measurement, Analysis, and Knowledge Management**
- 5 - Human Resource Focus**
- 6 - Process Management**
- 7 - Business Results**



# EVALUATION FACTORS:

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- Approach

- Deployment

- Results



# CAPE ASSESSMENT FACTORS & POINTS:

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# Improving Results Long-Term:

- **Use the CAPE application and Feedback Report as a tool for Continuous Improvement.**
- **CAPE/Baldrige show you the “how” path to Excellence, but it does *not* tell you “what” you must do to achieve your long-term objectives. Each organization must determine this for themselves**
- **Become a CAPE Examiner.**
- **Re-apply to stay on the path to Excellence.**



# **How to Get Started:**

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- **Commitment on the part of Senior Leadership to make your organization a Best-in-Class role model.**
- **Train management and key employees in the CAPE/Baldrige Award Criteria.**
- **Prepare a Challenge or Prospector Award application.**
- **Use the Feedback Report from CAPE as part of your annual strategic plan.**
- **Re-apply for continuous improvement.**



# **Next Steps:**

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- **Attend a CCE Conference or Training Program to learn about the Baldrige Criteria.**
- **Create a Team of Champions to lead your CAPE application Best-in-Class Initiative.**
- **Prepare and submit your CAPE application.**
- **Use the Baldrige Award Criteria as the basis for your strategic plan.**



California Council for Excellence:

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*Have a Great Journey...*  
*and*  
*Good Luck!*



# California Council for Excellence:

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***Thank you!***

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