2024 2025

THE STERLING COUNCIL
· ELEVATING PERFORMANCE EXCELLENCE ·

GOVERNOR'S STERLING

AWARD

AND

GEORGIA OGLETHORPE

AWARD

MANAGEMENT SYSTEM RESOURCE GUIDE

The #1 source for developing, accelerating, and recognizing management performance excellence.

BUSINESS | EDUCATION | HEALTHCARE

GOVERNMENT | NOT-FOR-PROFIT

AN ORGANIZATIONAL MODEL

FOR HIGH PERFORMANCE

The Sterling Council

Celebrating 32 Years of Excellence and Looking Forward

As we celebrate 32 years of service, we extend our deepest gratitude to our Board of Directors, Board of Examiners, volunteers, and partners whose dedication and contributions have been invaluable. Over the past six years, we have broadened our offering of products and services, hosted world-class conferences, and maintained year-round engagement with our customers through continuous learning opportunities.

Our expansion has taken us beyond Florida into Georgia, enhancing our reach and impact. We have fortified our partnerships with notable organizations such as ets, Inc. for Lean Six Sigma certification training, Stratex Solutions for our online assessment platform and tools, 223 Agency for marketing and social media services, and Sterling International to advance our global mission.

We remain committed to promoting and expanding our non-competitive management system assessments, including the Sterling Explorer, Sterling Challenge, and Sterling Collaborative, as well as the competitive Sterling Manufacturers Business Excellence (SMBE). These initiatives are essential as we assist organizations of all sizes and sectors in advancing their path to performance excellence.

Leadership demands agility and resilience, and we continually adapt our strategies to expand our customer base, foster organizational learning and improvement, maintain competitiveness, and keep our community well-informed. In 2024, we will enhance our offerings by promoting an interactive, non-competitive assessment process within our Sterling Community and focusing on enhancing our website.

In this Management System Resource Guide, you'll discover our latest Governor's Sterling and Georgia Oglethorpe role model organizations and our Sterling Manufacturing Business Excellence Award Gold Medal recipients. You will also find detailed information about the core Sterling and Challenge Criteria and other key management assessment opportunities.

We value your feedback on our products and services and invite your insights into our online application and assessment processes. We look forward to another year of partnership and progress, helping you continue your journey towards performance excellence.

Together we can elevate performance excellence.

Dione Geiger
President

Roland J. Martinez
Board Chair

Table of Contents

Section I

Introduction to the Sterling Council

Introduction

The Sterling Council was formed in 1992, aligned with Florida Statutes 110.235 and 381.001, as a not-for-profit 501(c)3, public/private partnership supported by the Office of the Governor. Our core business is the management of the Sterling/Baldrige National Criteria for Performance Excellence as a member of the national Alliance for Performance Excellence. Our extensive Examiner performance excellence professionals and Board of Directors ensure we maintain exceptionally high standards. We save organizations and the states of Florida and Georgia millions of dollars annually by evaluating organizational performance excellence.

The Sterling Council continues to grow in the achievement of our mission "Elevating Performance Excellence." In 2017, the Sterling Council expanded its base of operations to provide a full scope of assessments services in the state of Georgia.

As we continue to promote best practices and learning for those striving for performance excellence, in February 2022 we changed our name from the Florida Sterling Council to The Sterling Council, and enhanced our logo to represent our new, expanded identity. The center bars and arrow demonstrate our mission to promote continuous improvement, and our ability to enable our Sterling community to achieve higher performance and become role model organizations. The background contains a golden globe signifying our worldwide presence; with all surrounded by our new name and mission statement. Our revised brand demonstrates our continued commitment to bring the internationally known standard for performance excellence, the Sterling/Baldrige Framework throughout the world.

Partnerships

The Sterling Council is fortunate to have four key partnerships, which enable our organization to function at a higher level of performance excellence.

The first partnership includes a long-standing relationship with ets, Inc. to provide Lean Six Sigma training services. This enables Sterling to offer nationally certified Six Sigma from White Belt to Master Black Belt Certification.

Our second partnership is with Stratex Solutions, our partner in leveraging integrated web-based assessment services for both our applicants and examiners. This relationship has elevated the Sterling Examination processes to be more efficient and effective. It makes it easier to apply by providing an electronic submission as well as allows the examiners to conduct assessments across the entire assessment cycle.

Our third partnership, 223 Agency, has greatly enhanced Sterling's social media and web page footprint in this key space. Thank you, 223 Agency.

Our fourth partner is Sterling International who is the global partner to the Sterling Council and provides Performance Excellence education, consulting, and assessments around the globe.

Assessments

The Sterling Council has eight robust assessment processes that use the Criteria for Performance Excellence for any size public or private organization.

- Sterling Manufacturing Business Excellence Assessment* *Consulting & Competitive Assessment*
- Sterling Explorer *Consulting Assessment*
- Sterling Challenge *Advising Assessment*
- Sterling Collaborative *Consulting Assessment*
- Georgia Oglethorpe Award Assessment*
- Governor's Sterling Award Assessment*
- Georgia Oglethorpe Sustain Excellence Award Assessment*
- Governor's Sterling Award Sustained Excellence Assessment*

* These competing assessments are reviewed by an independent panel of judges, and if selected, organizations may be eligible for Governor's Sterling, Georgia Oglethorpe, or Sustained Excellence Award recognition.

Annually, The Sterling Council recognizes all organizations who apply for assessments as part of our Sterling conference at the Governor's Sterling Award.

Sterling Management Framework
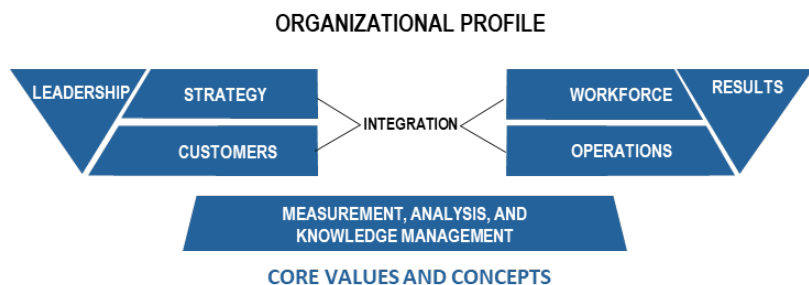
Recognition and Results

The Sterling Council has recognized 98 role model organizations as Governor's Sterling Award recipients and Georgia Oglethorpe Award recipients. Since our inception, we have also trained nearly 3,300 Examiners who have implemented Sterling practices within their own organizations. Through leadership, programs, and volunteers, The Sterling Council offers best practices, which drive results and success in both individual professional development and bottom-line performance.

Examiner Leadership Development

The Examiner Leadership Development program prepares and develops qualified individuals to serve as Examiners in the Sterling Performance Excellence Criteria. Sterling Examiners develop and refine leadership skills and competencies such as critical thinking, systems perspective, analytical skills, and business acumen. The Examiners learn how to be more effective with both teamwork and communication skills; project management; and understand the basics of Lean Six Sigma application, such as problem-solving methodologies, process mapping, and in-process and outcome measures. Finally, Examiners learn what it takes to be a more effective leader in understanding the difference between continuous improvement and innovation as a key performance improvement leadership competency.

Lean Six Sigma Process Management Training

The Sterling Council has multiple certification levels of Six Sigma application and knowledge for employees, key leaders, and executives:

- White Belt
- Advanced Yellow Belt (*Yellow Belt, DMAIC, and Project Management*)
- Green Belt
- Black Belt
- Executive Belt
- Silver Belt

Return on Investment (ROI)

We offer a multitude of high-value, high-impact training sessions for organizations of every size and sector. Results and savings are typically substantial; for example, the average ROI on Lean Six Sigma Green Belt projects is $760,000 annually (prior to replication). We offer incredible value at a rate significantly less than other providers offer and have sustained satisfaction ratings of 98%.

Sterling Institute for Organizational Learning and Development

The Sterling Institute for Organizational Learning and Development offers **Knowledge You Need Now**. Guaranteed to help drive high performance, the Sterling Institute offers an extensive array of educational opportunities across your organization that focus on Leadership, Strategic Planning, Customer and Workforce, and more. We provide distance-learning opportunities on an open enrollment basis, exclusively for you and your organization.

Annual Sterling Conference

Recognized as the premier conference in the nation for practical learning in leadership and management systems, the Sterling Conference is held annually in late May/early June. The conference offers two keynote speakers, concurrent workshops, certification tracks, direct application and take-away tools, a Team Showcase which features problem-solving process improvement strategies, a Storyboard Competition, the Products & Services Exposition, and extensive opportunities for networking and best practice sharing.

Industry leaders address current challenges and trending topics, with presenters from around the nation who have demonstrated expertise and have sustained top satisfaction ratings.

In our 32 years, we have hosted over 23,000 attendees who learned from the best organizational excellence presenters.

MEET ME AT THE HYATT

THE STERLING COUNCIL

ANNUAL STERLING CONFERENCE

MAY 27-30, 2025

THESTERLINGCOUNCIL.ORG

Examination Committee

2023 10+ Years Examiners
From left to right: Monique Akanbi, Sampson Gholston, Bob Elliott,
Dawn Antinori, Mary Beth Corace, Cindy Brislin, Norma Krech,
Anthony Napolitano, Michael Gagnon, Bob Madeiros, and Sara Morrison.
Not Pictured: Laura McNeil and Debbie Vass

2023 Examiner Excellence Award Recipient
Hannah Kuzlo, Advanced Examiner
Southwest Florida Water Management District
Pictured with Jeff Harris, Pasco County Government;
Bob Goehrig, Examination Committee Chair; and
Dione Geiger, Sterling Council, President

Mission:
To develop, implement, and manage processes that provide opportunities for
Examiners to continually build their leadership skills.

Vision:
To develop leaders that make a difference.

Throughout the year, the Examination Committee applies fact-based improvements to the Examiner Leadership Development training series to enhance the Examiner experience, provide vital feedback to strengthen the assessment processes, provide high-quality data and information to the Panel of Judges, and ensure the most important and relevant feedback is provided to Applicants that enable them to move to their next level of high performance.

"Being a Sterling Examiner is not just about evaluating an organization, but about cultivating trust, integrity, and excellence in every facet of the assessment process. The collaborative spirit of the examination team is like no other."

Jeanellys Perez, MSC, LMHC
Performance Excellence Specialist
Strategy and Innovation
Performance Excellence Office (PXO)
Lee Health
2024 Advanced Examiner

"Serving as an Examiner is an engaging experience, and an important aspect of my personal growth. As a healthcare leader, I need to remain current with evidenced-based practices that enable me to focus on both organizational, integrated systems; as well as continuous process improvement. The Sterling assessment process provides me the opportunity to enhance my leadership skills, observe best practices, and apply these learnings in my organization to better serve my patients and community."

Dr. Karim Godamunné,
Chief Medical Officer
Wellstar North Fulton Hospital
2024 Senior Examiner

Panel of Judges

The Sterling Council's Panel of Judges consists of six judges that are internationally recognized experts on organizational performance excellence in the Sterling / Baldrige Management System. The Panel of Judges makes recommendations for award recipients to the Sterling Council.

Our Judges are: Irving Briks, Phil Centonze – Chair, Rob Davis, Susan Grant, Dave Klater, and Susan White

Examiner Leadership Development Experience

The Sterling Council's Examiner Leadership Development training program is recognized as a benchmark for preparing and developing leaders and qualifying those individuals to serve on the Sterling Board of Examiners on an assessment team.

As a Sterling Examiner, you receive stellar training, and all Applicants receive site visits, which boosts the learning curve. You will invest a tremendous amount of time learning to be an Examiner in preparation for an Applicant assessment. You will have the opportunity to participate as a member of a high performing team where you will review an organization's application, and prepare for and conduct a site visit.

Further, **Leadership Development Competencies** are acquired as you learn and apply the Examiner skills, including:

- develop **leadership skills** that result in high-quality feedback and reports;
- learn why leveraging the key competency of **business acumen** is critical to understanding the importance and relevance of the systems and unique aspects of a business;
- understand how **systems thinking** provides the insight to ask the right questions, discern and prioritize information, and draw the correct conclusions;
- learn how **analytical skills** are used to evaluate and analyze factors that gauge the maturity of processes and results;
- understand the importance of **teamwork** and **communication** in driving high performance; and
- understand how leveraging the core competencies of **business acumen**, **systems thinking**, **critical thinking**, and **analytical skills** enable high performance leadership.

Examiner Leadership Development Feedback

100% of our Examiners rated the Application Assessment training as effective in enhancing their **critical thinking** and **systems thinking** competencies, with **99%** also stating it strengthened their **analytical skills** and **business acumen**. Overall, our Examiners rated this training as **99%** effective in strengthening their **leadership skills**.

2023 Cycle Examiner Training Survey Feedback

Monique Akanabi,
Master Examiner
10-Year Service Award
Pictured with Bob Goehrig, Examination Committee Chair

Dawn Antinori, Cindy Brislin, and Norma Krech,
Master Examiners
15-Year Service Award
Pictured with Bob Goehrig, Examination Committee Chair

Governor's Sterling and Georgia Oglethorpe Award and Sustained Excellence Award Recipients

Governor's Sterling and Georgia Oglethorpe Award
98 Award Recipients since 1992

Governor's Sterling and Georgia Oglethorpe Sustained Excellence Award
20 Recipients since 2011

2024

Lee Health

Wellstar Sylvan Grove Medical Center

2023

Health First Medical Group

Miami-Dade County Parks, Recreation, and Open Spaces Department

Wellstar Cobb Hospital

Wellstar West Georgia Medical Center

2022

Alachua County Tax Collector

Wellstar North Fulton Hospital

Wellstar Windy Hill Hospital

2021

The School District of Palm Beach County, Human Resources Division

2023

Wellstar Kennestone Hospital
(Georgia Oglethorpe Award 2020)

2019

Orange County Public Schools, Human Resources Division
(Governor's Sterling Award 2015)

2018

City of Tallahassee - Underground Utilities and Public Infrastructure (Governor's Sterling Award 2015)

2017

Florida Department of Health in Miami-Dade County (Governor's Sterling Award 2002, 2006, 2012, and Sustained Excellence 2014)

Florida Department of Health in St. Johns County (Governor's Sterling Award 2009, 2015, and Sustained Excellence 2011)

Orange County Public Schools, Operations Division (Governor's Sterling Award 2014)

Governor's Sterling Award and Georgia Oglethorpe Award Recipients
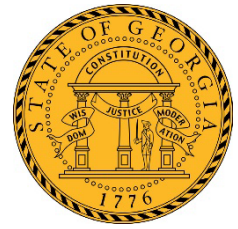
2023 Governor's Sterling Award Recipient
Health First Medical Group

2023 Governor's Sterling Award Recipient
Miami-Dade County
Parks, Recreation, and Open Spaces Department

2023 Georgia Oglethorpe Award Recipient
Wellstar Cobb Hospital

2023 Georgia Oglethorpe Award Recipient
Wellstar West Georgia Medical Center

2023 Georgia Olgethorpe Sustained Excellence Award Recipient
Wellstar Kennestone Hospital

"Leading high-performing teams and getting sustainable results is hard work. Leaders need to know how to connect all the key "must-do's" and make them harmonious. Joining this journey and using the Sterling/Oglethorpe road map, has proven to be one of the best decisions we made at Wellstar. Our leaders are vested in this model and live these standards as a beacon to success. Every organization is different. That is the beauty of it. Doing the right things for the right reasons, through the right people, and getting the right results....that is the Sterling Way. That is our way."

Mary Chatman, Executive Vice President
Acute Care Services
Wellstar Health System

The Sterling Council has demonstrated over 32 years of success using the nationally recognized Baldrige Criteria for Performance Excellence. This proven leadership framework has resulted in The Sterling Council leading organizations to outstanding results, including state and national comparative and benchmark levels, which directly supports our mission to *Elevate Performance Excellence*.

Sterling Manufacturing Business Excellence
Award Recipients

2023 Sterling Manufacturing Business Excellence Award
Gold Recipient
Palm Beach Water Utilities

2023 Sterling Manufacturing Business Excellence Award
Gold Recipient
TRU Simulation

2023 Sterling Manufacturing Business Excellence Award
Gold Recipient
Veethree Electronics

"The Sterling Manufacturing Business Excellence Award (SMBEA) and its requirements in manufacturing excellence, have elevated us to a higher level, as well as providing our company with more opportunities for development and growth! The value of the SMBEA Assessment has given us a pathway for reaching our goals and success as a company, and has fostered a passion for continuous improvement. It also provides an unwavering focus to our entire team on quality, efficiency, and customer satisfaction. Sterling has made a significant impact in our journey!"

Bill Allen,
Plant Manager / General Manager
Veethree Electronics
2023 SMBEA Gold Recipient

The Sterling Manufacturing Business Excellence (SMBE) Award is designed for manufacturing companies committed to improving company-wide leadership and management systems, based on the Sterling Criteria for Performance Excellence. This assessment uses the company's Organizational Profile as context for evaluating performance, and provides direct feedback of observed strengths and opportunities at the conclusion of the assessment process. Through this assessment, manufacturers are provided opportunities for organizational and learning development; and to promote and elevate participating manufacturers and the Florida manufacturing sector.

All manufacturers with production facilities in Florida are eligible to participate, and the manufacturer does not need to be a member of any association.

STERLING LEADERSHIP FELLOWS

2024 - 2025

Elevate your leadership journey, boost organizational performance, experience applied learning and connect with a learning network of visionary leaders.

An Exclusive Community of Aspiring Leaders

Sterling Leadership Fellows is an exclusive opportunity for aspiring leaders to transform their management style, broaden their perspective on performance excellence, and develop impactful leadership skills to drive sustained excellence in their organizations.

The Sterling Fellows Curriculum encompasses 14 monthly sessions to engage yourself in a dynamic learning experience with virtual sessions, in-person workshops, and industry-leading insights.

Overview and Key Benefits

Gain Exclusive Access: Integrate your executive learning journey with strategic events, including the Sterling Leadership Conference and South Florida Summit.

Grow your network with other performance leaders.

Sharpen your Skills: Master essential leadership competencies, including visioning, strategic thinking, data-driven decision-making, and problem-solving.

Network with the Best: Connect with a curated cohort of elite, high-potential leaders and build lasting relationships.

"The Sterling Fellows Program has been developed to transition aspiring leaders from managing tasks to leasing people while driving innovation and engagement within their teams."
- **Roland Martinez**, Broward County Health Department; Governor's Sterling Award winner

Establish a Basis for Action and embed high-performance behaviors of the ore Values like Visionary Leadership and Systems Perspective, Agility and Resilience, and Customer-Focused Excellence.

Bring Immediate Value and Improvement to your organization. Develop and put your skills to work addressing a real-life strategically oriented challenge your organization faces. Tackle real-world challenges through team-based projects and a Capstone Training Experience.

Earn Recognition: Graduate with a prestigious certification showcasing your leadership commitment and expertise.

"The program's focus on world-class leadership through applied learning will provide an invaluable framework for evaluating and improving organizational performance."
- **Victoria Dune-Chari**, Wellstar Kennestone; Georgia Oglethorpe Award winner

Elevate Your Leadership Journey

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Section II

Management Assessments

Sterling Management Assessment Descriptions

The Sterling Council offers several levels of assessments. This allows your organization to match the breadth and depth of the assessment engagement with your resource commitment, and where your organization is in its Path to Excellence. There are three approaches central to the Sterling assessments, which are **Consulting**, **Advising**, and **Competing**. These varied approaches allow your organization to select the best assessment method for moving your organization forward.

Consulting assessments include the Sterling Manufacturing Business Excellence (SMBE), Sterling Explorer, and Sterling Collaborative. These assessments include the submission of an Organizational Profile that defines your organization's key factors of success through response to "what" questions. Articulation of key success factors is not only important to your organization, but is critical to the Sterling Assessment Team as it begins to build its business acumen around the foundational elements of your business, as well as those that make your organization unique. These formal assessments provide direct consultative insights around key strengths and opportunities for improvement based on a series of critical "how" questions. This series of questions is derived from evidenced-based practices existing in high performing organizations, and make up the fabric of your leadership system. Consulting assessments allow your organization to focus on a systems approach, engage leaders in your leadership system, establish a performance baseline, and determine the most suitable approach for your organization to leverage best practices.

Advising includes our unique assessment; the Sterling Challenge. Your organization provides a written application based on a series of "how" questions coupled with organizational results, and is supported by an Organizational profile. This assessment engages all levels of your organization through a review and evaluation of how well your organization is performing across the Criteria's six Process Categories, and builds on the connection of your management processes to the results and outcomes they are currently able to achieve.

Competing assessments include the Sterling Manufacturing Business Excellence (SMBE), Governor's Sterling, Georgia Oglethorpe, Governor's Sterling Sustained Excellence, and Georgia Oglethorpe Sustained Excellence. Each series of competing assessments utilizes specific assessment processes, and methods and techniques that complement the award processes. For example, the Governor's Sterling and Georgia Oglethorpe assessments evaluate at the Malcolm Baldrige National Quality Award level, utilize the most robust assessment process, and include myriad of "how" questions demonstrating integration to the Results Item questions. These competitive assessments include detailed feedback reports, and are evaluated by the Sterling Panel of Judges who make recipient recommendations based on "role model" status.

Your organization will be recognized at the annual Governor's Sterling Award banquet for its assessment level, and your journey of performance excellence.

Call The Sterling Council office at **850-922-5316** to discuss which assessment is the right fit for your organization.

For additional information on all our assessment offerings, please visit our website at **www.thesterlingcouncil.org**.

Sterling Management Assessment Comparison

Assessment Name	Assessment Type	Applicant Engagement	Applicant Submittals	Assessment Team	Feedback Report	Best-Practice Coaching
STERLING MANUFACTURING BUSINESS EXCELLENCE	Consulting and Competing	Leaders and Managers	Org Profile	3 to 8 Examiners	In Person Category Level	During Feedback Report Delivery
STERLING EXPLORER	Consulting	Leaders, Managers, and Employees	Org Profile	2 to 3 Examiners	Written Category Level	During Site Visit
STERLING CHALLENGE	Advising	Leaders, Managers, and Employees	Org Profile and Application* (35-Page)**	5 to 8 Examiners	Written Item Level	Upon Request
STERLING COLLABORATIVE	Consulting	Leaders, Managers, and Employees	Org Profile	4 Examiners	Written Item Level	During Site Visit
GOVERNOR'S STERLING	Competing	Leaders, Managers, and Employees	Org Profile and Application* (50-Page)**	8 to 10 Examiners	Written Item Level	Upon Request
GEORGIA OGLETHORPE						
GOVERNOR'S STERLING SUSTAINED EXCELLENCE	Competing	Leaders and Managers	Org Profile and Application* (20-Page)	3 Examiners	Written Executive Summary	Upon Request
GEORGIA OGLETHORPE SUSTAINED EXCELLENCE						

* Applications include organizational results.

** The APEX online tool is used; available content space is equivalent to the number of pages.

Governor's Sterling Award & Georgia Oglethorpe Award
Management Assessment

"As a recipient of the Governor's Sterling Award, I can attest to the transformative power of the Sterling Management Framework. It provides a roadmap for businesses to leverage their strengths and cultivate a culture of excellence, propelling them toward sustainable success that goes beyond accolades, fostering resilience, innovation, and a commitment to continuous improvement for both individuals and organizations."

Maria I. Nardi, Director
Miami-Dade Parks, Recreation, and Open Spaces
2023 Governor's Sterling Award Recipient

The Governor's Sterling and Georgia Oglethorpe Award competitive assessment process is designed for organizations with mature, refined management processes and positive results, want further acceleration of sound practices in all areas of the Sterling Management System Framework, and may aspire to be recognized as a role model. The Governor's Sterling and Georgia Oglethorpe process is rigorous, consisting of an Organizational Profile and an application responding to the Sterling Criteria for Performance Excellence. This formal evaluation consists of both off-site and on-site assessment activities to determine how well your processes are defined, aligned, integrated, deployed, evaluated, and improved. Sterling Examiners review the application and conduct an extensive assessment comprising of Independent Evaluation, Consensus, and Site Visit stages that includes the compiling of a detailed Feedback Report at the Item level, which identifies strengths, opportunities, and crosscutting themes. The Panel of Judges determines each Applicant organization's role model status and eligibility to receive the Governor's Sterling or Georgia Oglethorpe Award for Performance Excellence. Governor's Sterling and Georgia Oglethorpe Award recipients are recognized at the Annual Sterling Conference and are expected to serve as role models by showcasing their journey and best practices to other aspiring organizations.

What do you need to do to move forward with the Governor's Sterling and Georgia Oglethorpe Award assessment?
- Submit an Application of Intent.
- Submit your completed Organizational Profile, application, and additional documents via electronic link provided by the Sterling office.
- Work with the Sterling office to schedule the assessment process with your assigned Sterling Assessment Team.
- Work with the Assessment Team Lead to schedule and coordinate the assessment process.
- Prepare your workforce for honest and open discussions with the Sterling Assessment Team.

What is the value for your organization?
- Continual learning about best practices in organizational management for leaders and the workforce as they work together to complete the application, prepare for the assessment process, and respond to Examiner questions.
- Receive a feedback report with Criteria Item level strengths and opportunities for improvement, and an Executive Summary with crosscutting themes to focus your organization on even higher levels of performance.
- Use the feedback to focus your energy and resources on the most critical improvement projects that will add the greatest value to your organization.
- Potentially be designated a role model for performance excellence in the states of Florida and Georgia.
- Receive recognition at the Governor's Sterling Award banquet at the Sterling Conference.

What is the cost?
> For cost structure, please refer Section V.

Sterling Challenge
Management Assessment

"Life's most enriching experiences often emerge from unexpected places. The Sterling Challenge site visit was truly inspiring for the Lee County Tax Collector team. We enjoyed sharing our story and identifying opportunities for improvement. The greatest gift we received from the site visit team was positive, actionable feedback. The site visit team did an outstanding job of teaching us that learning is not just a destination, but a journey woven with delightful surprises."

The Honorable Noelle Branning, Esq., CFC
Tax Collector, Lee County Tax Collector's Office

The Sterling Challenge is an advising management assessment tool designed for organizations that are committed to improving their leadership/management systems based on the Sterling Criteria to drive high performance. This includes documenting your organization's approaches to your management system in the six Process Categories, and how these approaches tie to your Results. The assessment also includes preparing an Organizational Profile that describes your organization's keys to success: your organizational environment and culture, key working relationships, strategic situation including your competitive environment, strategic challenges and advantages, and your performance improvement system. The Challenge questions are the top level "how to" Criteria Category areas and do not drill down to the same level of detail as the Governor's Sterling and Georgia Oglethorpe Award assessment processes. The Sterling Challenge assessment can be used as a stepping-stone for organizations aspiring to earn the Governor's Sterling and Georgia Oglethorpe Award.

What do you need to do to move forward with the Sterling Challenge assessment?
- Submit an Application of Intent.
- Submit your completed Organizational Profile, application, and additional documents via electronic link provided by the Sterling office.
- Work with the Sterling office to schedule the assessment process with your assigned Sterling Assessment Team.
- Work with the Assessment Team Lead to schedule and coordinate the assessment process.
- Prepare your workforce for honest and open discussions with the Sterling Assessment Team.

What is the value for your organization?
- Engage leaders and employees in continuous learning from developing the application to participating in the assessment interview process.
- Obtain an external view of how well your goals, plans, processes, and measures are aligned.
- Receive a feedback report at the abbreviated Category/Item level with strengths, opportunities for improvement, and an Executive Summary with recommendations for key crosscutting improvements.
- Use the feedback to focus your resources on the most critical improvement areas to develop and accelerate your management system's ability to focus on those improvement areas vital to your organization's success.
- Receive recognition at the Governor's Sterling Awards banquet at the Sterling Conference.

What does it cost?
    For cost structure, please refer to Section V.

Section III

Governor's Sterling and Georgia Oglethorpe Award Criteria

Sterling Management Framework
A Systems Perspective

System Foundation

The performance system consists of six Categories in the center of the figure. These Categories define your processes and the results you achieve.

Performance excellence requires strong LEADERSHIP and is demonstrated through Results.

The word "integration" at the center of the figure shows that all the elements of the system are interrelated.

The **center horizontal arrowheads** show the critical linkage between the Leadership Triad (Categories 1, 2, and 3), and the Results Triad (Categories 5, 6, and 7), and the central relationship between the Leadership and Results Categories.

The **center vertical arrowheads** point to the Organizational Profile and the system foundation, which provide information on, and feedback to, key processes and the organizational environment.

The **Leadership** Triad (**Leadership, Strategy, and Customers**) emphasizes the importance of a leadership focus on strategy and customers.

The **Organizational Profile** sets the context for your organization. It serves as the background for all you do.

The **Results Triad** (**Workforce, Operations, and Results**) includes your workforce-focused processes, your key operational processes, and the performance results they yield.

The **System Foundation** (**Measurement, Analysis, and Knowledge Management**) is critical to effective management and to a fact-based, knowledge-driven, agile system for improving your performance and competitiveness.

The basis of the Criteria is a set of **Core Values and Concepts** that are embedded in high-performing organizations (please see Section V.)

All actions lead to **Results**: a composite of product and process; customer; workforce; leadership and governance; and financial marketplace and strategy results.

Criteria for Performance Excellence
Item Format Structure

Items

There are 17 Criteria Items (plus 2 in the Organizational Profile), each with a particular focus. These items are divided into three groups according to the kinds of information for which they ask:

♦ The Organizational Profile asks you to define your organizational environment.
♦ Process Items (Categories 1-6) ask you to define your organization's processes.
♦ Results Items (Category 7) ask you to report results for your organization's processes.

See the next page for a list of Item titles and their point values for use in an organizational assessment against the Criteria.

An assessment against the Criteria is intended to be holistic, and there is not a one-to-one correspondence between Results Items and Criteria Categories 1-6; however, some process and results Items are closely linked. Those linkages are shown in the table.

Process Items	Results Items
Items 1.1 and 1.2	Item 7.4
Items 2.1 and 2.2	Item 7.5
Items 3.1 and 3.2	Item 7.2
Items 4.1 and 4.2	Items 7.1 and 7.5
Items 5.1 and 5.2	Item 7.3
Items 6.1 and 6.2	Item 7.1

Item Notes

Item notes (1) clarify terms or requirements, (2) give instructions and examples for responding, and (3) indicate key linkages to other Items. Item notes in italics pertain specifically to nonprofit (including government) organizations.
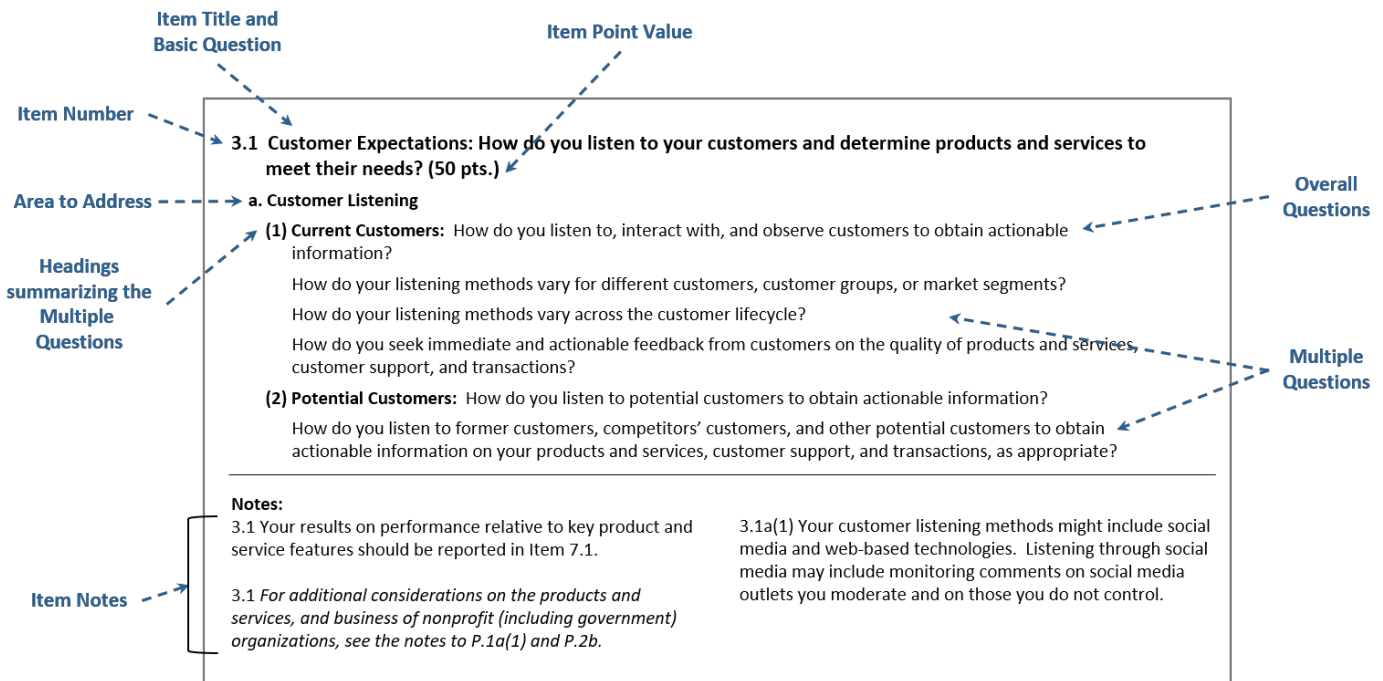
Areas to Address

Each Item includes one or more Areas to Address (labeled a, b, c, and so on).

Item Questions

Item Questions are expressed on three levels:

♦ *Basic Questions* are expressed in the Item titles.
♦ *Overall Questions* are expressed in boldface. These leading questions are the starting point for responding.
♦ *Multiple Questions* are those listed under the boldface questions.

Item Title and Basic Question
Item Point Value
Item Number
Area to Address
Headings summarizing the Multiple Questions
Overall Questions
Multiple Questions
Item Notes

3.1 Customer Expectations: How do you listen to your customers and determine products and services to meet their needs? (50 pts.)

a. Customer Listening

(1) Current Customers: How do you listen to, interact with, and observe customers to obtain actionable information?

How do your listening methods vary for different customers, customer groups, or market segments?

How do your listening methods vary across the customer lifecycle?

How do you seek immediate and actionable feedback from customers on the quality of products and services, customer support, and transactions?

(2) Potential Customers: How do you listen to potential customers to obtain actionable information?

How do you listen to former customers, competitors' customers, and other potential customers to obtain actionable information on your products and services, customer support, and transactions, as appropriate?

Notes:

3.1 Your results on performance relative to key product and service features should be reported in Item 7.1.

3.1 *For additional considerations on the products and services, and business of nonprofit (including government) organizations, see the notes to P.1a(1) and P.2b.*

3.1a(1) Your customer listening methods might include social media and web-based technologies. Listening through social media may include monitoring comments on social media outlets you moderate and on those you do not control.

Notes in italics are for nonprofit organizations

Criteria for Performance Excellence
Items and Point Values

See Section V for the scoring system used with the Criteria Items in a Sterling assessment.

P   **Organizational Profile**

    P.1   Organizational Description

    P.2   Organizational Situation

Category Items		Point Values	
1	**Leadership**		**140**
	1.1 Senior Leadership	90	
	1.2 Governance and Societal Contributions	50	
2	**Strategy**		**100**
	2.1 Strategy Development	50	
	2.2 Strategy Implementation	50	
3	**Customers**		**100**
	3.1 Customer Expectations	50	
	3.2 Customer Engagement	50	
4	**Measurement, Analysis, and Knowledge Management**		**100**
	4.1 Measurement, Analysis, Review, and Improvement of Organizational Performance	50	
	4.2 Information and Knowledge Management	50	
5	**Workforce**		**100**
	5.1 Workforce Environment	50	
	5.2 Workforce Engagement	50	
6	**Operations**		**100**
	6.1 Work Processes	50	
	6.2 Operational Effectiveness	50	
7	**Results**		**360**
	7.1 Product and/or Service, and Process Results	120	
	7.2 Customer Results	60	
	7.3 Workforce Results	60	
	7.4 Leadership and Governance Results	60	
	7.5 Financial, Marketplace, and Strategy Results	60	
	TOTAL POINTS		**1,000**

Sterling Criteria for Performance Excellence
Begin with the Organizational Profile

The Organizational Profile is the most appropriate starting point for a self-assessment and for writing an application. It is critically important for the following reasons:

♦ You can use it as an initial self-assessment. If you identify topics for which conflicting, little, or no information is available, use these topics for action planning.

♦ It sets the context for understanding your organization and how it operates, and allows you to address unique aspects of your organization in your responses to the Sterling Criteria Questions in Categories 1-7. Your responses to all other Questions in the Criteria should relate to the organizational context you describe in this profile.

♦ It helps you identify gaps in key information about your organization and focus on key performance requirements and results.

♦ The Organizational Profile is an invaluable tool for new and seasoned employees to fully understand your organization.

P. Organizational Profile

The Organizational Profile is a snapshot of your organization, and your strategic environment.

P.1   Organizational Description: What are your key organizational characteristics?

    a.   Organizational Environment

        (1) Product and Service Offerings: What are your main product and service offerings? What is the relative importance of each to your success? What are the delivery methods for these products and/or services?

        (2) Mission, Vision, Values, and Culture: What are your mission, vision, and values? What are the defining characteristics of your organizational culture? What are your organization's core competencies, and what is their relationship to your mission and vision?

        (3) Workforce Profile: What is your workforce profile? What are your workforce or employee groups and segments, and the key engagement drivers for each? What key changes are you experiencing in your workforce capability, capacity, and composition?

        (4) Assets: What are your major assets, such as facilities, equipment, technologies, and intellectual property?

        (5) Regulatory Environment: What are your key applicable regulations; and accreditation, certification, or registration requirements?

    b.   Organizational Relationships

        (1) Organizational Structure: What are your organizational leadership and governance structures? What are the key components of your organization's leadership system? What are the reporting relationships among your governance system, senior leaders, and parent organization, as appropriate?

        (2) Customers and Stakeholders: What are your key market segments, customer groups, and stakeholder groups, as appropriate? What are their key requirements and expectations for your products and/or services, customer support services, and operations, including any differences among the groups?

        (3) Suppliers, Partners, and Collaborators: What are your key types of suppliers, partners, and collaborators? What role do they play in producing and delivering your key products and/or services and customer support services? What role do they play in contributing and implementing innovations in your organization? What are your key supply-network requirements?

Notes

P. Your response to the Organizational Profile questions is very important. They set the context for understanding your organization and how it operates. Your responses to all other questions in the Sterling Criteria should relate to the organizational context you describe in this profile. Your responses to the Organizational Profile Questions thus allow you to tailor your responses to all other Questions to the unique aspects of your organization.

P.1a(1). How you deliver products and/or services to your customers might be direct or indirect, or through dealers, distributors, collaborators, or channel partners. *Nonprofit (including government) organizations might refer to their product and/or service offerings as programs or projects.*

P.1a(2). If your organization has a stated purpose as well as a mission, you should include it in your response here and as appropriate in the process Categories. Some organizations define a mission and a purpose, and some use the terms interchangeably. Purpose refers to the fundamental reason that the organization exists.

P.1a(2). Your values are part of your organization's culture. Other characteristics of your culture might include shared beliefs and norms that contribute to the uniqueness of the environment within your organization.

P.1a(2). Core competencies are your organization's area of greatest expertise. They are those strategically important, possibly specialized capabilities that are central to fulfilling your mission, or provide an advantage in your marketplace or service environment. Core competencies are frequently challenging for competitors, or suppliers and partners to imitate and often preserve your competitive advantage.

P.1a(3). As applicable, your workforce profile should include the location of your workforce, your organized bargaining units (i.e., union representation), and the special health and safety requirements of the workforce. Your workforce profile should specify any workforce groups the organization has identified for segmenting data. Organizations that also rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer facing) should include these groups as part of their workforce. Workforce or employee groups and segments might be based on type of employment or contract-reporting relationship, location (including remote work), work shift/tour of duty, work environment, use of flexible work policies, or other factors. Current and anticipated changes impacting your workforce members might relate to scheduling, location, and their requirements and expectations.

P.1a(5). Regulations and requirements include any applicable occupational health and safety regulations; industry standards; and environmental, financial, and product regulations. In the Criteria, industry refers to the sector in which you operate, and industry standards might include industrywide codes of conduct and policy guidance. *For nonprofit (including government) organizations, the sector in which you operate might be charitable organizations, professional associations and societies, religious organizations, or government entities – or a subsector of one of these.* Depending on the regions in which you operate, environmental regulations might cover greenhouse gas emissions, carbon regulations and trading, and energy efficiency.

P.1b(1). The organizational leadership and governance structure for privately held businesses, nonprofit organizations, and government agencies may comprise an advisory board, a family council, or local/regional leaders who are assembled to provide guidance. *For some nonprofit (including government) organizations, reporting relationships might include publicly elected officials, boards, and commissions, as well as relationships with major fund sources, such as granting agencies, legislatures, or foundations.*

P1.b(1). The Organizational Profile asks for the what of your leadership system. Questions in Categories 1 and 5 ask how the system functions.

P.1b(2). *For some nonprofit (including government) organizations, customers might include members, taxpayers, residents, visitors, businesses, clients, and beneficiaries; and market segments might be referred to as constituencies. For government agencies, the legislature (as a source of funds) may be a key stakeholder.*

P.1b(2). Customer groups might be based on common requirements and expectations, behaviors, preferences, or profiles. Within a group, there may be customer segments based on differences, commonalities, or both. You might subdivide your market into segments or customer groups based on product lines or features, distribution channels, business volume, geography, or other defining factors.

P.1b(2). The requirements of your customer groups and market segments might include on-time delivery; low defect levels; safety; security, including cybersecurity; ongoing price reductions; the leveraging of technology; rapid response; after-sales service; and multilingual services. The requirements of your stakeholder groups might include socially responsible behavior and community service. *For some nonprofit (including government) organizations, these requirements might also include administrative cost-reductions, at-home services, and rapid response to emergencies*

P.1b(3). Your supply-network consists of the external entities involved in producing and delivering your products and/or services to your customers, and offering post-sales support. For some organizations, these entities form a chain, in which one entity directly supplies another. Increasingly, however, these entities are interlinked rather than linear relationships. The Criteria use the term supply-network to emphasize the interdependencies among organizations and their suppliers. There term supply-network represents an evolution and maturity in supply-chain management.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Collaborators, Core Competencies, Customer, Governance, Innovation, Key, Mission, Partners, Segment, Senior Leaders, Stakeholders, Supplier, Supply-Network, Values, Vision, Workforce

P.2 Organizational Situation: What is your organization's strategic situation?

a. Competitive Environment

(1) Competitive Position: What are your size, share, and growth in your industry or the markets you serve? How many and what types of competitors do you have? What differentiates you from them?

(2) Competitive Changes: What key changes, if any, are affecting your competitive situation, including changes that create opportunities for collaboration and innovation, as appropriate?

(3) Comparative Data: What key sources of comparative and competitive data are available from within your industry? What key sources of comparative data are available from outside your industry? What limitations, if any, affect your ability to obtain or use these data?

b. Strategic Context

What are your key strategic challenges, threats, advantages, and opportunities?

c. Performance Improvement System:

What is your overall system for performance improvement? What key tools and methods are used as part of this system?

Notes

P.2a. *Nonprofit organizations must often compete with other organizations and alternative sources of similar services to secure financial and volunteer resources, membership, visibility in appropriate communities, and media attention.*

P.2b. Strategic challenges, threats, advantages, and opportunities might be in the areas of business, operations, societal contributions, and workforce. They might relate to products; finances; organizational structure and culture; emerging technology; digital integration; security and cybersecurity; emerging competitors; organizational resilience and risk management; changing stakeholder requirements and expectations; workforce capability or capacity; brand recognition and reputation; your supply-network; globalization; the environment and climate diversity, equity, and inclusion; and the upgrade and maintenance of facilities. *Throughout the Criteria, "business" refers to a nonprofit (or government) organization's main mission area or enterprise activity. For some nonprofit (including government) organizations, differentiators might also include relative influence with decision makers, ratio of administrative costs to programmatic contributions, reputation for program or service delivery, and wait times for service.*

P.2c. Excellence is not possible without robust evaluation and improvement of key processes, systems, and organizational results. The Sterling Scoring System uses performance improvement through learning and integration as a factor in assessing the maturity of organizational approaches and their deployment. This Question is intended to set an overall context for your approach to performance improvement. The system you use should be related to your organization's needs and compatible with your organization's capabilities, capacity, and culture. Specific tools and methods might be utilized as part of the system include, for example, the PDCA (Plan-Do-Check-Act) methodology, ISO (International Organization for Standardization) standards, a Lean Enterprise System, and the Six Sigma methodology, among others.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Innovation, Key, Opportunities, Performance, Strategic Advantages, Strategic Challenges, System

1. Leadership (140 Points)

The Leadership Category asks how senior leaders' personal actions guide and sustain your organization. It also asks about your organization's governance system; how your organization fulfills its legal and ethical responsibilities; and how it makes societal contributions.

1.1 Senior Leadership: How do your senior leaders lead the organization? (90 Points)

a. Mission, Vision, Values, and Culture

(1) Establishing Mission, Vision, Values, and Culture: How do senior leaders set and deploy your organization's mission, vision, values, and culture?

How do senior leaders deploy the mission, vision, values, and culture through your leadership system, to the workforce, to key suppliers and partners, and to customers and other stakeholders, as appropriate?

How do senior leaders' personal actions reflect commitment to the vision, mission, values, and culture?

(2) Promoting Legal and Ethical Behavior: How do senior leaders' personal actions demonstrate their commitment to legal and ethical behavior in all interactions?

How do senior leaders promote an organizational environment that requires it?

How do senior leaders require, foster, and measure ethical behavior throughout the organization; and in interactions with the workforce, customers, suppliers, partners, and other stakeholders?

How do senior leaders monitor and respond to breaches of ethical behavior?

b. Communication: How do senior leaders communicate with and engage the entire workforce, key partners, and key customers?

How do senior leaders:
- encourage frank, two-way communication;
- communicate key decisions and needs for organizational change; and
- take a direct role in motivating the workforce toward high performance, and a customer and business focus?

c. Focus on Organizational Performance

(1) Creating an Environment for Success: How do senior leaders create an environment for success now and in the future?

How do senior leaders:
- create and reinforce an organizational culture that values and fosters customer and workforce engagement, safety, diversity, equity, and inclusion;
- cultivate organizational agility and resilience, accountability, organizational and individual learning, innovation, and intelligent risk taking; and
- participate in succession planning and the development of future organizational leaders?

(2) Creating a Focus on Action: How do senior leaders create a focus on action to achieve the organization's mission and vision?

How do senior leaders:
- create a focus on action that will improve the organization's performance and work toward achieving the mission and vision;
- set expectations for organizational performance,
- include a focus on creating and balancing value for customers and other stakeholders,
- identify needed actions; and
- demonstrate personal accountability for the organization's actions?

Notes

1. Your response in Category 1 should align with the components of your leadership system listed in P.1b(1).

1.1. This Item deals specifically with senior leaders and how they lead the organization. Other Items focus on the organization.

1.1. Results related to the effectiveness of leadership and the leadership system should be reported in Item 7.4.

1.1. In leading their organizations and focusing on success, senior leaders should consider the entire workforce (whether in-person, hybrid, or remote).

1.1a(1). Your organization's mission and vision should set the context for the strategic opportunities, strategic objectives, and action plans you describe in P.2b, and Items 2.1 and 2.2.

1.1a(2). Senior leaders should have an active role in promoting, ensuring, and monitoring ethical behavior in all interactions with the workforce, customers, partners, suppliers, and stakeholders. Measures or indicators of ethical behavior might include the percentage of independent board members, measures of relationships with stockholder and non-stockholder constituencies, instances of unethical conduct or compliance breaches and responses to them, survey results showing workforce perceptions of organizational ethics, ethics hotline use, percentage of allegations substantiated, and results of ethic reviews and audits. Such measures or indicators might also include evidence that policies, workforce training, and monitoring systems are in place for conflicts of interest; protection and use of sensitive data, information, and knowledge generated through synthesizing and correlating these data; and proper use of funds.

1.1b. Two-way communication may include use of social media such as delivering periodic messages through internal and external websites, tweets, blogging, and customer and workforce digital forums, as well as monitoring external social media outlets and responding, when appropriate.

1.1b. Senior leaders' direct role in motivating the workforce may include participating in reward and recognition programs.

1.1b. Organizations that rely on volunteers and/or temporary staff members to accomplish core work (producing output that is necessary and/or customer facing) should also discuss efforts to communicate with these segments (see the first note to Item 5.1.). Similarly, organizations that rely heavily on suppliers should discuss efforts to communicate with and engage key suppliers.

1.1c(1). In creating an environment for success, leaders should consider both external and internal factors. Factors might include risk appetite and tolerance; the need for technological and organizational innovation, including risks and opportunities arising from emerging technology, data integration, and digitization; readiness for short- and long-term disruptions; organizational culture; work systems; the potential need for changes in structure and culture; workforce capability and capacity; resource availability; societal benefit and social equity; and core competencies.

1.1c(1). Fostering equity means supporting the fair treatment of all customers, workforce members, and all other key stakeholders of the organization. Inclusion refers to enabling their full participation and supporting them to feel a sense of belonging.

1.1c(2). Senior leaders' focus on action considers your strategy, workforce, work systems, and assets. It includes taking intelligent risks, implementing innovations, and ongoing improvements in performance and productivity, taking the actions needed to achieve your strategic objectives (see 2.2a(1)), demonstrating personal accountability for those actions, ensuring that adequate resources are made available, and establishing plans for managing organizational change or responding rapidly to significant new information, as necessary.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Agility, Culture, Customer Engagement, Customers, Deploy, Diversity, Ethical Behavior, Governance System, High Performance, How, Innovation, Intelligent Risk, Key, Leadership System, Learning, Mission, Partners, Performance, Resilience, Senior Leaders, Stakeholders, Suppliers, Values, Vision, Workforce Engagement, Workforce

1.2 Governance and Societal Contributions: How do you govern your organization and make societal contributions? (50 Points)

a. Organizational Governance

(1) Governance System: How does your organization ensure responsible governance?

How does your governance system review and achieve:
- accountability for senior leader's actions;
- fiscal accountability;
- transparency in operations;
- selection of governance board members and disclosure policies for them, as appropriate;
- independence and effectiveness of internal and external audits;
- protection of stakeholder and stockholder interests, as appropriate; and
- succession planning for senior leaders?

(2) Performance Evaluation: How do you evaluate the performance of your senior leaders and your governance system?

How do you use performance evaluations in determining executive compensation?

How do your senior leaders and governance system use the performance evaluation to:
- advance their development; and
- improve the effectiveness of leaders, the board, and the leadership system, as appropriate?

(3) Organizational Performance: How does your governance system review the organization's performance?

How does your governance system review progress on strategic objectives and action plans?

b. Legal and Regulatory Behavior: How do you address current and anticipate future legal, regulatory, and community concerns with your products and/or services, and operations?

How do you:
- address any adverse societal impacts of your products and/or services, and operations;
- anticipate public concerns with your future products and/or services, and operations; and
- proactively prepare for these impacts and concerns?

What are your key compliance processes, measures, and goals for meeting and surpassing regulatory and legal requirements, as appropriate?

What are your key processes, measures, and goals for addressing risks associated with your products and/or services, and operations?

c. Societal Contributions:

(1) Societal Well-Being: How do you incorporate societal well-being and benefit into your strategy and daily operations?

How do you contribute to the well-being of your environmental, social, and economic systems?

(2) Community Support: How do you actively support and strengthen your key communities?

How do you identify your key communities and determine areas for organizational involvement?

What are your key communities?

How do your senior leaders, in concert with your workforce, contribute to improving these communities?

Notes

1.2. Societal contributions in areas critical to your ongoing success should also be addressed in Strategy Development (Item 2.1) and Operations (Category 6). Key societal results should be reported in Leadership and Governance Results (Item 7.4).

1.2a(1). Transparency in the operations of your governance system should include your internal controls on governance processes. For some privately held businesses and nonprofit (including government) organizations, an external advisory board may provide some or all governance board functions. *For nonprofit (including government) organizations that serve as stewards of public funds, areas of emphasis are stewardship of those funds and transparency of operations.*

1.2a(1). In protecting stakeholder interests, the governance system should consider and approve appropriate levels of risk for the organization, recognizing the need to accept risk as part of running a successful organization.

1.2a(1). The governance board's review of organizational performance and progress, if appropriate, is addressed in Item 4.1(b).

1.2a(2). The evaluation of leaders' performance might be supported by peer reviews, formal performance management reviews, and formal or informal feedback from, and surveys of, the workforce and other stakeholders. For some privately held businesses and nonprofit and government organizations, external advisory boards might evaluate the performance of senior leaders and the governance board.

1.2b. Proactively preparing for any adverse societal impacts and concerns may include conservation of natural resources, reducing carbon emissions, and using effective supply-network management processes, as appropriate. *Nonprofit organizations should report, as appropriate, standards for fundraising and lobbying.*

1.2c. *Some charitable organizations may contribute to society and support their key communities totally through the mission-related activities described in response to other Criteria Questions. In such cases, it is appropriate to respond here with any "extra efforts" through which you support these and/or broader communities.*

1.2c(1). Societal well-being has become both an organizational differentiator and a strategic mandate across sectors. Areas of societal well-being and benefit to report are those that go beyond the compliance processes you described in 1.2b. They might include organization or collaborative efforts to improve the environment and advance the sustainability of natural resources (e.g., through a circular economy); strengthen community services, education, health, and emergency preparedness; address societal inequities; and improve the practices of trade, business, or professional associations. These efforts may have local, regional, national, or global impacts.

1.2c(2). Areas for organizational involvement in supporting your key communities might include areas that leverage your core competencies or may focus on helping to address systemic challenges that impact health, education, or economic opportunities.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Action Plans, Effectiveness, Goals, Governance, Governance System, How, Leadership System, Measures and Indicators, Performance, Processes, Senior Leaders, Stakeholders, Strategic Objectives

2. Strategy (100 Points)

The Strategy Category asks how your organization develops strategic objectives and action plans, implements them, changes them if circumstances require, and measures progress. When considering deployment of these approaches, also consider how these approaches are deployed to workforce, customers, key suppliers and partners, and other key stakeholders.

2.1 Strategy Development: How do you develop your strategy? (50 Points)

a. Strategy Development Process

(1) Strategic Planning Process: How do you conduct your strategic planning process, including key process steps?

What are your short-and longer-term planning horizons?

How does your strategic planning process address:
- the potential need for change,
- prioritization of change initiatives, and
- organizational agility and resilience?

(2) Strategy Considerations: How do you collect and analyze relevant data and develop information for use in your strategic planning process?

How do you consider the following key elements and risks as part of your strategy?
- Your strategic challenges and strategic advantages.
- Potential changes and disruptions in your regulatory and external environment, including from natural disasters, threats, or other emergencies.
- Innovations and technological changes affecting your products, services, operations, or markets.
- Potential blind spots in your information and data.
- Potential supply limitations or disruptions.
- Your ability to execute the strategic plan.
- Rapid changes that impact your organization and the potential need for frequent reinvention or transformation.

(3) Strategic Opportunities and Intelligent Risks: How do you identify strategic opportunities and stimulate innovation?

How do you decide which strategic opportunities are intelligent risks to pursue?

(4) Outsourcing and Core Competencies: How do you decide which key processes will be accomplished by your workforce and which by external suppliers, partners, and collaborators?

How do those decisions consider your strategic objectives, your core competencies; and the core competencies of potential suppliers, partners, and collaborators?

How do you determine what future organizational core competencies and work systems you will need?

b. Strategic Objectives

(1) Key Strategic Objectives: How does your strategic planning process identify your key strategic objectives and your timetable for achieving them?

What are your organization's key strategic objectives, and most important goals for achieving them?

What key changes, if any, are planned in your products and/or services, customers and markets, suppliers and partners, and operations?

(2) Strategic Objective Considerations: How do your strategic objectives achieve appropriate balance among varying and competing organizational needs?

How do your strategic objectives:
- address your strategic challenges;
- leverage your core competencies, strategic advantages, and strategic opportunities;
- balance short- and longer-term planning horizons; and
- consider and balance the needs of all stakeholders?

Notes

2.1. This item deals with your overall organizational strategy, which might include changes in customer engagement processes and product and/or service offerings. However, you should describe the customer engagement, product and/or service design strategies, respectively, in Items 3.2 and 6.1, as appropriate.

2.1. Strategy development refers to your organization's approach to preparing for the future. In developing your strategy, you should consider your level of acceptable enterprise risk. Strategy development might involve key suppliers, collaborators, distributors, partners, and customers. *For some non-profit organizations, strategy development might involve organizations providing similar services or drawing from the same donor population or volunteer workforce.*

2.1. The term "strategy" should be interpreted broadly. Strategy might be built around or lead to any or all of the following: new products and/or services; redefinition of key customer groups or market segments; definition or redefinition of your role in your business ecosystem (your network of partners, suppliers, collaborators, competitors, customers, communities, and other relevant organizations inside and outside your sector or industry that serve as potential resources); redefinition of your brand; new core competencies; revenue growth; divestitures; mergers and acquisitions; new partnerships, alliances, or roles within them; and new employee or volunteer relationships. It might also be directed toward meeting a community or public need.

2.1a(1). Consideration should be given as to how the strategic planning process addresses the potential need for transformational change, and organizational agility and operational flexibility. Organizational agility refers to the capacity for rapid change in strategy. Operational transformation refers to the ability to adjust your operations as opportunities or needs arise as a result of strategic or other changes. Strategic planning should address your ability to mobilize the necessary resources and knowledge to execute the strategic plan. It should also address your ability to execute contingency plans or, if circumstances require, a shift in strategy and rapid execution of new or changed strategic plans.

2.1a(2). Integration of data from all sources to generate strategically relevant information is a key consideration. Data and information might relate to customer and market requirements, expectations, opportunities, and risks; financial, societal, ethical, regulatory, technological, security and cybersecurity, and other potential opportunities and risks; your core competencies; the competitive environment and your performance now and in the future relative to competitors and comparable organizations; your product and/or service lifecycle, workforce and other resources needs, your ability to capitalize on diversity and promote equity and inclusion; prevent and respond to disasters and emergencies; opportunities to redirect resources to higher-priority products, services, or areas; changes in the local, national, or global economy; requirements for, and strengths and weaknesses of, your partners and supply-network; changes in your parent organization; and other factors unique to your organization.

2.1a(2). Your overall approach to risk management should be described in 6.2c(3).

2.1a(2). Technologies that continue to drive change in many industries include enhanced automation, the adoption of cloud operations, the use of data analytics, the Internet of Things, artificial intelligence, and large dataset-enabled business and process modeling.

2.1a(3). This question focuses on identifying strategic opportunities that stimulate innovation. Report your process for determining which innovations to pursue in 4.2c.

2.1a(4). External resources might include partners, suppliers, collaborators, competitors, customers, and other entities or organizations that are part of your business ecosystem. Decisions about outsourcing involve protecting intellectual property, capitalizing on core competencies, and mitigating risk. These decisions affect organizational design and structure, size, locations, profitability, and ongoing success.

2.1b(2). Strategic objectives should focus on your specific challenges, advantages, and opportunities - those most important to your ongoing success and to strengthening your overall performance and your successes now and in the future. Strategic objectives should align with your short- and long-term horizons / milestones.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Action Plans, Agility, Collaborators, Core Competencies, Customers, Goals, How, Innovations, Intelligent Risks, Key, Partners, Process, Resilience, Stakeholders, Strategic Advantages, Strategic Challenges, Strategic Objectives, Strategic Opportunities, Suppliers, Work systems, Workforce

2.2 Strategy Implementation: How do you implement your strategy? (50 Points)

a. Action Plan Development and Deployment

(1) Action Plans: How do you develop your action plans?

What are your key short- and longer-term action plans?

How do you ensure that they align with your strategic objectives?

(2) Action Plan Implementation: How do you deploy your action plans?

How do you deploy your action plans to your workforce and to key suppliers, partners, and collaborators, as appropriate, to ensure that you achieve your key strategic objectives?

How do you ensure that you can sustain the key outcomes of your action plans?

(3) Resource Allocation: How do you ensure that financial and other resources are available to support the achievement of your action plans while you meet current obligations?

How do you allocate these resources to support the plans?

How do you manage the risks associated with the plans to ensure your financial viability?

(4) Workforce Plans: What are your key workforce plans to support your strategic objectives and action plans?

How do the plans address potential impacts on your workforce members and any potential changes in workforce capability and capacity needs?

(5) Performance Measures: What key performance measures or indicators do you use to track the achievement and effectiveness of your action plans?

How do these action plan measures or indicators reinforce organizational alignment?

(6) Performance Projections: For these key performance measures or indicators, what are your performance projections for your short- and longer-term planning horizons?

How do you address gaps between your projected performance and that of your competitors or comparable organizations in your action plans?

b. Action Plan Modification

How do you recognize and respond when circumstances require a shift in action plans and rapid execution of new plans?

Notes

2.2. The development and deployment of your strategy and action plans are closely linked to other Criteria Items. The following are examples of key linkages:

- Item 1.1: how your senior leaders set and communicate organizational direction
- Category 3: how you gather customer and market knowledge as input to your strategy and action plans and to use in deploying action plans
- Category 4: how you measure and analyze data and manage knowledge to support key information needs, support strategy development, provide an effective basis for performance measurements, and track progress on achieving strategic objectives and action plans
- Category 5: how you meet workforce capability and capacity needs, determine needs and design your workforce learning and development system, determine workforce plans, and implement workforce-related changes resulting from action plans
- Category 6: how you address changes to your work processes, and products and/or services resulting from action plans
- Item 7.1: specific accomplishments relative to your organizational strategy and action plans
- Item 7.5: results for overall strategy and action plan achievement

2.2a(2,3). Action plan implementation and deployment may require modifications in organizational structure and resource allocation to achieve key strategic objectives and sustain key outcomes. Management of risks associated with plans should be reviewed to ensure financial viability.

2.2a(4). In developing your workforce plans, consider the impacts on your different workforce segments in relation to, and alignment with, organizational objectives around workforce demographics, diversity, and location (e.g., in-person hybrid, and remote).

2.2a(6). Projected performance might consider new ventures; organizational acquisitions or mergers; new value creation; market entry and shifts; new legislative mandates, legal requirements, or industry standards; and significant anticipated innovations. Your process for projecting future performance should be reported in 4.1b.

2.2b. Circumstances that might require shifts in action plans and rapid execution of new plans include disruptive internal or external events, changes in your competitive environment, changing economic conditions, the emergence of disruptive technologies, and sudden changes in customer requirements and expectations.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Action Plans, Alignment, Capability, Capacity, Collaborators, Deployment, Effectiveness, How, Key, Measures and Indicators, Partners, Performance, Performance Projections, Strategic Objectives, Suppliers, Workforce

3. Customers (100 Points)

The Customers Category asks how your organization engages its customers for ongoing success, including how your organization listens to customers, determines products and/or services to meet their needs, builds long-term customer relationships, and enhances the customer experience.

3.1 Customer Expectations: How do you listen to your customers and determine products and/or services to meet their needs? (50 Points)

a. Customer Listening

(1) Current Customers: How do you listen to, interact with, and observe customers to obtain actionable information?

How do your listening methods vary for different customers, customer groups, or market segments?

How do your listening methods vary across the customer lifecycle?

How do you seek immediate and actionable feedback from customers on the quality of products and/or services, customer support, and transactions?

(2) Potential Customers: How do you listen to potential customers to obtain actionable data and information?

How do you listen to former customers, competitors' customers, and other potential customers to obtain actionable information on your products and/or services, customer support, and transactions, as appropriate?

b. Customer Segmentation, and Product and/or Service Offerings

(1) Customer Segmentation: How do you determine your customer groups and market segments?

How do you:
- use information on customers, markets, and product and/or service offerings to identify current and anticipate future customer groups and market segments; and
- determine which customers, customer groups, and market segments to emphasize and pursue for business growth?

(2) Product and/or Service Offerings: How do you determine product and/or service offerings?

How do you:
- determine customer and market needs, requirements, and expectations for product and/or service offerings;
- identify and adapt product and/or service offerings to meet the requirements and exceed the expectations of your customer groups and market segments; and
- identify and adapt product and/or service offerings to enter new markets, to attract new customers, and create opportunities to expand relationships with current customers, as appropriate?

Notes

3. Customer data and information should be used to support your strategy development process in Item 2.1, your performance analysis and review in Item 4.1, and your product design in Item 6.1. Voice-of-the-Customer and market data and information to use might include aggregated data on satisfaction, dissatisfaction, and complaints; and as appropriate, data and information from social media and other web-based or digital sources.

3.1. Your results on performance relative to key product and/or service features should be reported in Item 7.1.

3.1. *For additional considerations on the products and/or services of non-profit (including government) organizations, see the notes to P.1 and P.2.*

3.1a(1). The customer lifecycle and experience begins in the product and/or service pre-sale period, and continues through all stages of your involvement with the customer. These stages might include relationship building, the active business relationship, and an exit strategy, as appropriate.

3.1b(2). In identifying product and/or service offerings, you should consider all the important characteristics of products and services, and their performance through their full lifecycle and the full consumption chain. The focus should be on features that affect customers' preferences for, and loyalty to, you and your brand – for example, unique or innovative features that differentiate them from competing or other organizations' offerings. Those latter features might include price, reliability, value, delivery, timeliness, product customization, ease of use, environmental or social stewardship, customer or technical support; the sales relationship, ease of transactions, a virtual customer experience, and the privacy and security of customer data.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Customer, How, Segments, Voice-of-the-Customer

3.2 Customer Engagement: How do you build relationships with customers and determine satisfaction and engagement? (50 Points)

a. Customer Experience

(1) Relationship Management: How do you acquire and retain customers by building and managing customer relationships?

How do you:
- build a more customer-focused organizational culture,
- manage and enhance your brand, and
- meet customers' requirements and exceed their expectations in each stage of the customer lifecycle?

(2) Customer Access and Support: How do you enable customers to do business with you, seek information, and obtain support?

How do you:
- determine your customers' key support requirements and expectations, and
- deploy these requirements to all people and processes involved in customer support?

How do your processes or mechanisms vary for different customers, customer groups, or market segments, as appropriate?

(3) Complaint Management: How do you manage customer complaints?

How do you resolve complains promptly and effectively, and recover your customers' confidence?

How do you analyze complaints, and use this information, to make the necessary changes to prevent future complaints?

(4) Fair Treatment: How do your customer experience processes promote and ensure fair treatment for different customers, customer groups, and market segments?

b. Determination of Customer Satisfaction, Dissatisfaction, and Engagement

Satisfaction, Dissatisfaction, and Engagement: How do you determine customer satisfaction, dissatisfaction, and engagement?

How do your methods for determining customer satisfaction, dissatisfaction, and engagement differ among your customer groups and market segments?

How do you act on the satisfaction, dissatisfaction, and engagement results?

How do you obtain information on customers' satisfaction with your organization relative to competitors and other organizations providing similar products and/or services?

Notes

3.2. Results for customer perceptions and actions (outcomes) should be reported in Item 7.2.

3.2a(4). You should ensure that your approaches for managing customer relationships, enabling customers to seek information and support, and managing complaints promote fairness, equity, and inclusion; and do not inadvertently discriminate.

3.2b. Determining customer dissatisfaction should be seen as more than reviewing low customer satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

3.2b. Information on relative satisfaction with other organizations may include comparisons with competitors, comparisons with other organizations that deliver similar products and/or services in a noncompetitive marketplace, or comparisons obtained through trade or other organizations. Such information may also include information on why customers choose your competitors over you.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Culture, Customer, Effective, Engagement, How, Processes, Results, Segments

4. Measurement, Analysis, and Knowledge Management (100 Points)

The Measurement, Analysis, and Knowledge Management Category asks how your organization measures, analyzes, reviews, and improves organizational performance; and how you manage your information and organizational knowledge assets.

4.1 Measurement, Analysis, Review, and Improvement of Organizational Performance: **How do you measure, analyze, review, and improve organizational performance? (50 Points)**

    a. Performance Measurement

        (1) Performance Measures: **How do you track data and information on daily operations and on overall organizational performance?**

        How do you:
- select, collect, align, and integrate data and information to use in tracking daily operations and overall organizational performance;
- track progress on achieving strategic objectives and action plans; and
- modify or adjust your measures to provide timely data to address rapid or unexpected organizational or external changes?

        What are your key organizational performance measures, including key short- and longer-term financial measures?

        (2) Comparative Data: **How do you select comparative data and information to support fact-based decision making?**

    b. Performance Analysis, Review, and Improvement:

        (1) Performance Analysis and Review: **How do you analyze and review your organization's performance and capabilities?**

        How do you use key organizational performance measures, as well as comparative data, in these reviews?

        What analysis do you perform to support these reviews and the validity of your findings?

        How does your organization and its senior leaders use these reviews to:
- assess organizational success, competitive performance, core competencies, and financial health;
- progress on achieving your strategic objectives and action plans; and
- respond rapidly to changing organizational needs and challenges in your operating environment?

        How do you project your organization's future performance?

        How do you use findings from performance reviews, and key comparative and competitive data in your projections?

        (2) Performance Improvement: **How do you use the findings from your performance reviews to identify priorities for continuous improvement and opportunities for innovation?**

Notes

4.1. The questions in this Item are closely linked to other Criteria Items. Your performance measurement, analysis, and review system should include measures for all key parts of your organization, including your leadership (Category 1), strategy (Category 2), customers (Category 3), workforce (Category 5), and operations (Category 6).

4.1a. Data and information from performance measurement should be used to support fact-based decisions that set and align organizational directions and resource use at the work unit, key process, department, and organizational levels.

4.1a(1). Modifying or adjusting your measures to provide timely data to address rapid or unexpected organizational or external changes may involve adopting different performance measures, or adjusting the intervals between measurements. These modifications might be necessary to respond to regulatory or other changes in the political or societal environment, disasters and emergencies, innovations in organizational processes or business models, new competitor offerings, or productivity enhancements.

4.1a(2). The comparative data and information you select should be used to support operational and strategic decision making. Comparative data and information are obtained by benchmarking and by seeking competitive comparisons. Benchmarking is identifying processes and results that represent best practices and performance for similar activities, inside or outside your industry. Competitive comparisons relate your performance to that of competitors and other organizations providing similar products and/or services.

4.1b. Review of organizational performance and capabilities includes governance board review of the organization's performance and its progress on strategic objectives and action plans, as appropriate.

4.1b. Performance analysis includes examining performance trends; organizational, industry, and technological projections; and comparisons, cause-effect relationships, and correlations. These analyses should support your performance reviews, help determine root causes, and help set priorities for resource use and transformational change, if appropriate. Accordingly, such analyses draw on all types of data: product and/or service performance, customer-related, workforce-related, and financial and market, operational, and competitive. These analyses should also draw on regulatory and other priorities for continuous improvement, and opportunities for innovation. Rapid response to changes in your operating environment might include the need to adjust your performance expectations.

4.1b(2). Priorities for continuous improvement should be considered as part of your performance improvement process in 6.1b. Opportunities for innovation should be considered as part of your process for pursuing potential innovations in 4.2c.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Action Plans, Analysis, Core Competencies, How, Innovation, Key, Knowledge Assets, Measures and Indicators, Performance, Senior Leaders, Strategic Objectives

4.2 Information and Knowledge Management: How do you manage your information and your organizational knowledge assets? (50 Points)

a. Data and Information

(1) Quality: How do you verify and ensure the quality of organizational data and information?

How do you manage digital and other data and information to ensure their accuracy and validity, integrity and reliability, and currency?

(2) Availability: How do you ensure the availability of organizational data and information?

How do you make needed data and information available in a user-friendly format and timely manner to your workforce, suppliers, partners, collaborators, and customers, as appropriate?

How do you ensure that your information technology systems are reliable and user-friendly?

(3) Cybersecurity: How do you secure sensitive or privileged data and information, information technology assets, and Internet-enabled systems?

How do you manage physical and digital data; information; and key networked, cloud-based, and/or Internet-enabled systems to ensure confidentiality and appropriate physical and digital access?

How do you:
- maintain your awareness of emerging security and cybersecurity threats;
- ensure that your workforce, customers, partners, collaborators, and suppliers understand and fulfill their security and cybersecurity roles and responsibilities;
- identify and prioritize key information technology and operational systems to secure; and
- protect these systems from potential cybersecurity events, detect cybersecurity events, respond to, and recover from, cybersecurity incidents?

b. Organizational Knowledge:

(1) Knowledge Management: How do you build and manage organizational knowledge?

How do you:
- collect and transfer knowledge among your workforce and other stakeholders to inform and support your strategy and operations,
- analyze data and information from difference sources to build organizational knowledge, and
- embed learning in the way your organization operates?

(2) Best Practices: How do you identify and share best practices in your organization?

How do you determine best practices from internal and external organizational sources, and implement them across your organization and with key supplier, partners, and collaborators, as appropriate?

c. Pursuit of Innovation: How do you determine which opportunities for innovation to pursue?

How do you make financial and other resources available to pursue these opportunities?

How do you deploy these opportunities, as appropriate, to your workforce and to key suppliers, partners, and collaborators?

How do you decide to discontinue pursuing these opportunities, when necessary?

Notes

4.2a(2). Information technology systems include, for example, physical devices and systems; software platforms and applications; and externally based or shared information systems, such as those stored in the cloud or outside your organization's control.

4.2a(3). Managing cybersecurity includes protecting against the loss of sensitive information about employees, customers, and organizations; protecting assets, including intellectual property; and protecting against the financial, legal, and reputational aspects of breaches.

4.2b(1). Building and managing organizational knowledge from different sources may involve handling big data sets and disparate types of structured and unstructured data and information, such as data tables, video, audio, photos, and text. Analyzing data and information may involve using artificial intelligence, digital data analytics, and data science techniques that detect patterns in large volumes of data and interpret their meaning. Using these techniques to make decisions requires deploying technology and leveraging data and information in a way that protects information about organizations and individuals.

4.2b(1). Embedding learning in the way your organization operates means that learning (1) is a part of everyday work; (2) results in solving problems at their source; (3) is focused on building and sharing knowledge throughout your organization; (4) is driven by opportunities to bring about significant, meaningful change, and to innovate; and (5) enables agile and sustainable processes.

4.2c. Your process for pursuing potential innovations should carefully evaluate all opportunities, including those identified in your strategic planning process (2.1a), your customer listening (3.1a), your product and service determination (3.1b(2)), your performance reviews (4.1b), your knowledge management system (4.2b(1)), and by your workforce and other stakeholders. Your assessment should consider which opportunities are intelligent risks worth pursuing and should balance the need for thoughtful assessment with the importance of implementing the innovations in a timely manner.

The following terms are defined for further clarity in the Glossary of Key Terms in Section V:

Collaborators, Customers, Deploy, How, Innovation, Key, Learning, Partners, Stakeholders, Suppliers, Systems, Workforce

5. Workforce (100 Points)

The Workforce Category asks how your organization assesses workforce capability and capacity, and provides a workplace climate to support high performance. The Category also asks how your organization engages, manages, and develops your workforce to utilize its full potential in alignment with your organization's overall business needs.

5.1 Workforce Environment: How do you build an effective and supportive workforce environment? (50 Points)

   a. Workforce Capability and Capacity

     (1) Capability and Capacity Needs: How do you assess your workforce capability and capacity needs?

       How do you assess the skills, competencies, certifications, and staffing levels you need in the short and long terms?

     (2) New Workforce Members: How do you recruit, hire, and onboard new workforce members?

       How do you ensure your workforce represents the diversity of ideas, cultures, and thinking in your hiring and customer communities?

       How do you ensure the fit of new workforce members with your organizational culture?

     (3) Workforce Change: How do you prepare your workforce for changing capability and capacity needs?

       How do you:
   - balance the needs of your workforce and your organization to ensure continuity, prevent workforce reductions, and minimize the impact of any necessary reductions;
   - prepare for, and manage, periods of workforce growth or shortages; and
   - prepare your workforce for changes in organizational structure, workplaces, work systems, and technology, when needed?

     (4) Work Accomplishment: How do you organize and manage your workforce to:
   - capitalize on your organization's core competencies;
   - reinforce organizational resilience, agility, and a customer and business focus; and
   - exceed performance expectations?

   b. Workforce Climate

     (1) Workplace Environment: How do you address workplace health and accessibility for the workforce?

       What are your performance measures and improvement goals for your workplace environmental factors?

     (2) Workforce Compensation and Benefits: How do you support your workforce via compensation and benefits?

       How do your policies relate to compensation address fairness?

       How do your benefits address the needs of a diverse workforce and different workforce groups and segments?

Notes

5. Results related to workforce environment and engagement should be reported in Item 7.3. People supervised by a contractor should be addressed in Categories 2 and 6 as part of your larger work system strategy and your internal work processes. Organizations that rely on volunteers and/or temporary staff members to perform core work (producing output that is necessary and/or customer facing) should include them as members of the workforce. Workforce approaches should include these segments, as appropriate, to the functions they fulfill for the organization.

5.1a. Workforce capability and capacity planning addresses the organization's needs; individual work members' needs are addressed in other areas of Category 5.

5.1a(1). Your assessment of workforce capability and capacity needs should consider not only current needs, but also future requirements based on the strategic objectives and action plans you identify in Category 2.

5.1a(3). Preparing your workforce for change might include preparing for (1) alternate workplaces or telework, (2) changes in customer or product and/or service requirements that lead to the use of new technology, (3) redesigned work systems, or (4) organizational transformation. Such preparation might include training, education, frequent communication, consideration of workforce employment and employability, career counseling, and other services. Preparing your workforce for change might also include addressing potential workforce burnout in times of staffing shortages or increased workload caused by emergencies or other unplanned circumstances.

5.1a(3,4). The way you organize and manage your workforce may be influenced by changes in your internal and external environment, culture, or strategic objectives; and should be capable of exceeding the expectations of customers, stakeholders, and the organization.

5.1a(4), 5.1b(1). Your organization should consider the multiple sites where employees work, including those who regularly work at home or other alternate sites through telework or remote-work arrangements.

5.1b(1). Workplace accessibility eliminates barriers that can prevent people with disabilities from working to their potential. Fully inclusive workplaces are physically, technologically, and attitudinally accessible without bias.

5.1b(1). If environmental factors and the related performance measures or targets differ significantly for different work sites or hybrid work, you should include these differences in your response.

5.1b(2). Fair compensation can be defined as adequate and appropriate pay for an employee's work based on the individual's experience and performance in relation to job requirements, as well as in alignment with relevant industry, market, and/or competitor comparisons.

The following terms are defined for further clarity in the Glossary of Key Terms:

Agility, Capability, Capacity, Core Competencies, Culture, Customer, Diversity, Goals, How, Measures and Indicators, Performance, Resilience, Segments, Work Systems, Workforce

5.2 **Workforce Engagement:** **How do you engage your workforce for retention and high performance? (50 Points)**

    a.   **Assessment of Workforce Engagement**

        (1) **Drivers of Engagement:** **How do you determine the key drivers of workforce engagement?**

            How do you determine these drivers for different workforce groups and segments?

        (2) **Assessment and Engagement:** **How do you assess workforce engagement?**

            What assessment methods and measures do you use to determine workforce satisfaction, workforce dissatisfaction, and workforce engagement?

            How do these methods and measures differ across workforce groups and segments?

            How do you use these and other indicators to assess and improve workforce engagement and retention?

    b.   **Organizational Culture:** **How do you foster an organizational culture that is characterized by open communication, high performance, and an engaged workforce?**

        How do you reinforce your organizational culture?

        How do you ensure that it:
- supports your mission, vision, and values;
- promotes empowerment, equity, and inclusion; and
- benefits from the diversity of ideas, cultures, and thinking of your workforce?

    c.   **Performance Management and Development**

        (1) **Performance Management:** **How does your workforce performance management system support high performance?**

            How does it consider:
- workforce compensation,
- reward,
- recognition,
- retention, and
- incentive practices?

            How does it:
- reinforce intelligent risk taking,
- a customer and business focus, and
- achievement of your action plans?

        (2) **Performance Development:** **How does your learning and development system support the personal development of workforce members and your organization's needs?**

            How does it:
- consider the learning and development desires of workforce members,
- support organizational performance improvement and intelligent risk taking, and
- support ethics and ethical business practices?

            How do you correlate learning and development outcomes with findings from your assessment of workforce engagement, and with key business results?

        (3) **Career Development and Succession Planning**: **How do you manage career development for your workforce and your future leaders?**

            How do you carry out succession planning for management, leadership, and other key positions?

        (4) **Equity and Inclusion:** **How do you ensure that your performance management, performance development, and career development processes promote equity and inclusion for a diverse workforce and different workforce groups and segments?**

Notes

5.2a(1). Drivers of workforce engagement identified in P.1a(3) refer to the drivers of workforce members' commitment, both emotional and intellectual, to accomplishing the organization's work, mission, and vision. Organizations should review these drivers periodically to ensure that they reflect any significant changes affecting workforce members; for example, a transition to regular off-site work or hybrid work-site arrangements.

5.2a(2). Other indicators to use in assessing and improving workforce engagement might include workforce retention, absenteeism, grievances, safety, and productivity. Determining workforce dissatisfaction should be seen as more than reviewing low workforce satisfaction scores. It should be independently determined to identify root causes and enable a systematic remedy to avoid future dissatisfaction.

5.2c(1). In some government organizations, compensation systems are set by law or regulation; therefore, reward and recognition systems must use other options.

5.2c(2). Your response should include how you address any considerations for workforce development, learning, and career progression that are unique to your organization. These might include development opportunities that address your organization's core competencies, strategic challenges, and action plans; organizational change and innovation; improvements in delivering a positive customer experience; and the reinforcement of new knowledge and skills on the job. Your response should also consider the breadth of development opportunities you might offer, including education, training, coaching, mentoring, and work-related experiences.

The following terms are defined for further clarity in the Glossary of Key Terms:

Action Plans, Customer, Culture, Empowerment, How, Intelligent Risks, Key, Learning, Measures and Indicators, Mission, Performance, Process, Segment, System, Values, Vision, Workforce, Workforce Engagement

6. Operations (100 Points)

The Operations Category asks how your organization designs, manages, and improves its products and/or services, and work processes; and ensures operational effectiveness to deliver customer value and achieve ongoing organizational success.

6.1 Work Processes: How do you design, manage, and improve your key products and/or services, and work processes? (50 Points)

    a. Product and/or Service, and Process Design

        (1) Product and/or Service Requirements: How do you determine your key product and/or service requirements?

        (2) Product and/or Service Design: How do you design your products and/or services to meet these key requirements?

        How do you incorporate:
- new technology,
- innovations,
- products and/or service excellence,
- customer values,
- consideration of risk (including environmental and societal impact), and
- the potential need for agility?

        (3) Process Requirements: How do you determine your key work process and support process requirements?

        What are your organization's key work processes and support processes?

        What are the key requirements for these processes?

        (4) Process Design: How do you design your key work processes and support processes to meet your key requirements?

        How do you incorporate:
- new technology;
- organizational knowledge;
- consideration of risk (including environmental and societal impact); and
- the potential need for agility into these processes?

    b. Process Management and Improvement

        (1) Process Implementation: How does your day-to-day operation of your key work processes, and support processes, ensure that they meet your key process requirements?

        What key performance measures or indicators, and in-process measures do you use to control and improve your key work processes and support processes?

        How do these measures relate to end product and/or service quality performance measures?

        (2) Process Improvement: How do you improve your key work processes and support processes to improve products and/or services, and process performance?

Notes

6.1. The results for product and/or service performance and process performance should be reported in Item 7.1.

6.1. Efforts to reduce adverse environmental and societal impacts associated with products and/or services should consider the design, material sourcing, production, delivery, and consumption of your products and/or services, as well as the disposal or reuse of your products. This consideration should be informed by the concepts and practices of a "circular economy."

6.1a(1). Your product and service requirements should address the key customer requirements and expectations identified in your Organizational Profile and inform applicable process requirements asked for in 6.1a(3), such as your internal process capability, supply-network capability, and partner and collaborator capability.

6.1a(3). Your key support processes should support your key work (value-creation) processes. They might include processes that support leaders and other workforce members engaged in, for example, product design and delivery, customer interactions, and business and enterprise management. Other examples might include accounting, purchasing, marketing, human resource management, and regulatory compliance.

6.1a(4). Process design may include the need to innovate or extensively redesign a process due to changes in requirements or technology, or the need to incorporate digital technology, such as enhanced automation, the Internet of Things, artificial intelligence, and cloud operations. Agility may be needed when work processes need to change as a result of overall work system changes, such as bringing a supply-network process in-house to avoid disruptions in supply due to unpredictable external events, or conversely outsourcing a process formerly carried out in house.

6.1b(2). Your tools and methods to improve your process performance should be part of the performance improvement system you describe in P.2c in the Organizational Profile.

The following terms are defined for further clarity in the Glossary of Key Terms:

Agility, Customer, Effectiveness, Excellence, How, Innovations, Key, Measures and Indicators, Performance, Process, Value, Work Process

6.2 Operational Effectiveness: How do you ensure effective management of your operations? (50 Points)

a. Operational Efficiency and Effectiveness: **How do you manage the cost, efficiency, and effectiveness of your operations?**

How do you:
- incorporate cycle time, productivity, and other efficiency and effectiveness factors into your work processes;
- reduce variability; and prevent defects, service errors, and rework;
- reduce waste associated with your products and/or services, and their production;
- minimize the costs of inspections, tests, and process or performance audits, as appropriate; and
- balance the need for cost control and efficiency with the requirements and expectations of your customers and other stakeholders?

b. Supply-Network Management: **How do you manage your supply-network?**

How do you select suppliers that:
- are qualified and positioned to meet your organizational needs,
- enhance your performance,
- support your strategic objectives, and
- enhance your customers' satisfaction?

How do you:
- promote alignment and collaboration within your supply-network;
- mitigate risk and enhance supply-network agility and resilience in responding to changes; and
- deal with poorly performing suppliers?

c. Safety, Business Continuity, and Resilience

(1) Safety: **How do you provide a safe and secure operating environment for your workforce and other people in your workplace?**

How does your safety and security system address accident prevention, inspection, root-cause analysis of failures, and recovery?

(2) Business Continuity and Resilience: **How do you ensure that your organization can anticipate, prepare for, and recover from disasters, emergencies, and other disruptions?**

How do you consider prevention, protection, and continuity of operations, recovery, and the opportunity for innovation or transformation in the event of disruptions?

How do you take into account customer and business needs, and your reliance on workforce, supply-network, and partners?

(3) Risk Management: **What is your organization's overall approach to risk management?**

How does this approach address the risks associated with your:
- legal and regulatory compliance;
- products and/or services,
- workforce,
- finances,
- technology,
- supply-network, as appropriate, and
- operations?

Notes

6.2a. The impact of your operations on society and the environment is increasingly becoming an important expectation of many customers and stakeholders, and should be among your considerations.

6.2a. Process effectiveness and efficiency should consider methods to minimize warranty costs and customers' productivity losses.

6.2b. To ensure that suppliers are positioned to meet operational needs and enhance your performance and your customers' satisfaction, you might partner with suppliers or form alliances among multiple organizations within your ecosystem to form a supply-network. Such networks reduce dependencies on sole-source suppliers and provide greater resilience than a traditional supply chain. Communication of expectations and feedback to suppliers should be two-way, allowing suppliers to express what they need from you and other organizations within the supply-network. For many organizations, these mechanisms may change as marketplace, customer, or stakeholder requirements change.

6.2c(2). Disasters and emergencies might be short- or longer-term and might be related to weather, climate, utilities, security; or a local, regional, national, or global health or other emergency. The extent to which you prepare for such events will depend on your organization's environment and its sensitivity to short- or longer-term disruptions of operations. Acceptable levels of risk will vary depending on the nature of your products, services, supply-network, and stakeholder needs and expectations.

The following terms are defined for further clarity in the Glossary of Key Terms:

Analysis, Approach, Customer, Effectiveness, Efficiency, How, Key, Partner, Performance, Process, Productivity, Stakeholder, Strategic Objectives, Supply-Network, Work Processes, Workforce

7. Results (360 Points)

The Results Category asks about your organization's performance and improvement in all key areas – product and process results; customer results; workforce results; leadership and governance results; and financial, marketplace, and strategy results.

7.1 Product, Service, and Process Results: What are your product and/or service, and process performance results? (120 Points)

a. Customer-Focused Product and Service Results: What are your results for your products and/or services?

What are your results for key measures or indicators of the performance of products and services that are important to, and directly serve, your customers?

How do these results differ by product and/or service offerings, customer groups, and market segments, as appropriate?

b. Work Process Effectiveness Results:

(1) Process Effectiveness and Efficiency: What are your process effectiveness and efficiency results?

What are your results for key measures or indicators of the operational performance of your key work processes and support processes, including productivity, cycle time, and other appropriate measures of process effectiveness, efficiency, security, and cybersecurity?

How do these results differ by process type, as appropriate?

(2) Safety and Emergency Preparedness: What are your safety and emergency preparedness results?

What are your results for key measures or indicators of the effectiveness of your organization's safety system and its preparedness for disasters, and emergencies, and other disruptions?

How do these results differ by location or process type, as appropriate?

c. Supply-Network Management Results: What are your results for key measures or indicators of the performance of your supply-network, including its contribution to enhancing your performance?

Notes

7. Results should be considered systemically, with contributions to individual Results Items frequently stemming from processes in more than one Criteria Category.

The following table shows where the results for the different Process Categories may be reported in Category 7.

Process Items	Results Items
Items 1.1 and 1.2	Item 7.4
Items 2.1 and 2.2	Item 7.5
Items 3.1 and 3.2	Item 7.2
Items 4.1 and 4.2	Items 7.1 and 7.5
Items 5.1 and 5.2	Item 7.3
Items 6.1 and 6.2	Item 7.1

The Scoring System asks for current, trended, comparative, and segmented data, as appropriate, to provide key information for reviewing and analyzing your organizational performance (Item 4.1), building organizational knowledge (Item 4.2), and providing the operational basis for customer-focused results (Item 7.2); workforce-focused results (Item 7.3); leadership results (Item 7.4); and financial, marketplace, and strategy results (Item 7.5).

In a few areas, your results may be qualitative or not amenable to trending over time. Some examples are results for governance accountability, for accreditation, and for limited or one-time projects.

Comparative data and information are obtained by benchmarking (inside and outside your industry, as appropriate) and by seeking competitive comparisons. In a few cases, such as results for projects or processes that are unique to your organization, comparative data may not be available or appropriate. In those situations, other sources might include best past performance, organizational budget, internal targets or goals, or internal projections.

7.1a. Results for your products and/or services should relate to the key product and service requirements that you identify in 6.1a(1), and your customer requirements and expectations, you identify in P.1b(2). These are based on information gathered through the processes you describe in Category 3. The measures or indicators should address factors that affect customer preference, such as those listed in the notes to P.1b(2) and 3.1b.

7.1a. *For some non-profit (including government) organizations, funding sources might mandate product or service performance measures. These measures should be identified and reported here.*

7.1b. Results should address the key operational requirements you identify in the Organizational Profile and in Category 6.

7.1b. Appropriate measures and indicators of work process effectiveness might include defect rates; rates and results of product, service, and work system innovation; results for simplification of internal jobs and job classifications; waste reduction; work layout improvements; changes in supervisory ratios; Occupational Health and Safety Administration (OSHA) reportable incidents; measures or indicators of the success of emergency drills or simulations, such as cycle time, containment, and meeting of standards; and results for work relocation or contingency exercises.

7.1b(1). Efforts to reduce waste in your processes, products, and/or services should be reported here. Overall efforts to contribute to society and the environment should be reported in 7.4a(5).

7.1b(1). Report your results for key measures or indicators of innovation in 7.5b.

7.1b(2). When possible, the effectiveness of your emergency preparedness should focus on outcomes, learning, and results beyond training activities and compliance.

7.1c. Appropriate measures and indicators of supply-network performance might include supplier and partner audits; just-in-time delivery; and acceptance results for externally provided products, services, and processes. Measures and indicators of contributions to enhancing your performance might include those for improvements in sub-assembly performance and in supplier services to customers.

The following terms are defined for further clarity in the Glossary of Terms:

Customer, Effective, Governance, Key, Measures and Indicators, Performance, Process, Results, Segment, Supply-Network, System, Workforce, Work Processes

7.2 Customer Results: What are your customer-focused performance results? (60 Points)

a. Customer-Focused Results

(1) Customer Satisfaction: What are your customer satisfaction and dissatisfaction results?

What are your results for key measures or indicators of customer satisfaction and dissatisfaction?

How do these results differ by product and service offerings, customer groups, and market segments, as appropriate?

(2) Customer Engagement: What are your customer engagement results?

What are your results for key measures or indicators of customer engagement, including those for building customer relationships and enhancing the customer experience?

How do these results compare over the course of your customer lifecycle, as appropriate?

How do these results differ by product and/or service offerings, customer groups, and market segments, as appropriate?

Notes

7.2. Results for customer satisfaction, dissatisfaction, and engagement should relate to the customer groups and market segments you identify in P.1b(2), and the listening and determination methods you report in Category 3.

The following terms are defined for further clarity in the Glossary of Key Terms:

Customer, Results, Key, Measures and Indicators, Segment, Customer Engagement

7.3   Workforce-Focused Results: What are your workforce-focused performance results? (60 Points)

    a.   Workforce-Focused Results

        (1)   Workforce Capability and Capacity: **What are your workforce capability and capacity results?**

        What are your results for key measures of workforce capability and capacity, including appropriate skills and staffing levels?

        How do these results differ by the diversity of your workforce, and by your workforce groups and segments, as appropriate?

        (2)   Workforce Climate: **What are your results for workforce health, and for workforce compensation and benefits?**

        What are your results for key measures or indicators of your workplace climate, including those for workforce health, security, accessibility, and compensation and benefits, as appropriate?

        How do these results differ by the diversity of your workforce, and by your workforce groups and segments, as appropriate?

        (3)   Workforce Engagement and Retention: **What are your workforce engagement results?**

        What are your results for key measures or indicators of your workforce satisfaction, dissatisfaction, workforce retention, and workforce engagement?

        How do these results differ by the diversity of your workforce, and by your workforce groups and segments, as appropriate?

        (4)   Workforce Development: **What are your workforce and leader development results?**

        What are your results for key measures or indicators of your workforce and leader development?

        How do these results differ by the diversity of your workforce, and by your workforce groups and segments, as appropriate?

Notes

7.3. Results reported in this Item should relate to the processes, measures, and indicators you report in Category 5. Your results should also respond to the key work process needs you report in Category 6 and to the action plans and workforce plans, you report in Item 2.2. Responses should report results for all workforce segments identified in the Organizational Profile, including those working virtually (from their homes or other alternate sites), or those who have hybrid work-site arrangements. Organizations that rely on volunteers or temporary staff members to accomplish core work (producing output that is necessary and/or customer facing) should report results for them, as appropriate.

The following terms are defined for further clarity in the Glossary of Key Terms:

Capability, Capacity, Diversity, Key, Levels, Measures and Indicators, Results, Segments, Workforce Engagement, Workforce

7.4 Leadership and Governance Results: What are your senior leadership and governance results? (60 Points)

a. **Leadership, Governance, and Societal Contribution Results**

(1) **Leadership:** What are your results for senior leaders' communication and engagement with the workforce, partners, and customers?

What are your results for key measures or indicators of senior leaders' communication and engagement with the workforce, partners, and customers to:
- deploy your mission, vision, and values;
- encourage two-way communication;
- cultivate a culture that values diversity and fosters equity and inclusion, innovation, and intelligent risk taking; and
- create a focus on action?

How do these results differ by organizational units and customer groups, as appropriate?

(2) **Governance:** What are your results for governance accountability?

What are your results for key measures or indicators of governance, and internal and external fiscal accountability, as appropriate?

(3) **Law and Regulation:** What are your legal and regulatory results?

What are your results for key measures or indicators of meeting or surpassing regulatory and legal requirements?

How do these results differ by organizational units, as appropriate?

(4) **Ethics:** What are your results for ethical behavior?

What are your results for key measures or indicators of ethical behavior, breaches of ethical behavior, and stakeholder trust in your senior leaders and governance?

How do these results differ by organizational units, as appropriate?

(5) **Society:** What are your results for societal well-being and support for your key communities?

What are your results for key measures or indicators of your societal contribution and support of your key communities?

Notes

7.4. Responses should relate to the communication processes you identify in Item 1.1; and the governance, legal and regulatory, ethics, and societal contribution processes and measures you report in Item 1.2. Workforce-related occupational safety and health results (e.g., OSHA-reportable incidents) should be reported in 7.1b(2) and 7.3a(2).

7.4a(2). Responses might include financial statement issues and risks, important internal and external auditor recommendations, and management's responses to these matters. *Some nonprofit organizations might also report results of the IRS 990 audits.*

7.4a(4). For examples of measures of ethical behavior and stakeholder trust, see the note to 1.2b(2).

7.4a(5). Measures of contributions to societal well-being might include those for environmental protection and those for support of communities, whether local, nationwide, or worldwide. Examples are results for reduced energy consumption, use of renewable energy resources and recycled water, reduction of your carbon footprint, waste reduction and utilization, alternative approaches to conserving resources (e.g., increased virtual meetings), the global use of enlightened labor practices, and donations of goods or services to promote housing, community health, and food security for all members of communities.

The following terms are defined for further clarity in the Glossary of Key Term:

Customers, Ethical Behavior, Governance, Key, Measures and Indicators, Partners, Results, Senior Leaders, Stakeholder, Workforce

7.5 Financial, Market, and Strategy Results: What are your results for financial and marketplace performance and strategy implementation? (60 Points)

a. Financial and Marketplace Results

(1) Financial Performance: What are your financial performance results?

What are your results for key measures or indicators of financial performance, including aggregate measures of financial return, financial viability, and budgetary performance, as appropriate?

How do these results differ by market segments and customer groups, as appropriate?

(2) Marketplace Performance: What are your marketplace performance results?

What are your results for key measures or indicators of marketplace performance, including market share or position, market and market share growth, and new markets entered, as appropriate?

How do these results differ by market segments and customer groups, as appropriate?

b. Strategy Implementation Results: What are your results for the achievement of your organizational strategy?

What are your results for key measures or indicators of the achievement of your organizational strategy and action plans?

What are your results for the key measures or indicators of your innovation efforts?

Notes

7.5a. Results should relate to the financial measures you report in 4.1a(1) and the financial management approaches you report in Item 2.2.

7.5a(1). Aggregate measures of financial return might include those for return on investment, operating margins, profitability, or profitability by market segment or customer group. Measures of financial viability might include those for liquidity, debt-to-equity ratio; days cash on hand, asset utilization, and cash flow. *For nonprofit (including government) organizations, measures of performance to budget might include additions to or subtractions from reserve funds; cost avoidance or savings; responses to budget decreases; lowering of costs to customers, or return of funds as a result of increased efficiency; administrative expenditures as a percentage of budget; and the cost of fundraising versus funds raised.*

7.5a(2). *For non-profit organizations, responses might include measures of charitable donations or grants, and the number of new programs or services offered.*

7.5b. Measures or indicators of strategy and action plan achievement should relate to the strategic objectives and goals you report in 2.1b(1), and the action plan performance measures and projected performance you report in 2.2a(5) and 2.2a(6), respectively.

7.5b. Results for your efforts to innovate should link to your approach for pursuing innovations and taking intelligent risks, as noted in 4.2c. The results should report the innovations as well as the impact on your organization's performance. Examples of such results include significant gains in market share and/or revenues related to new markets entered or product and/or services launched, or significant gains in effectiveness related to redesigned processes, facilities, or operations.

The following terms are defined for further clarity in the Glossary of Key Terms:

Action Plans, Customer, Innovations, Key, Measures and Indicators, Performance, Results, Segments

Section IV

Sterling Challenge Criteria

The Sterling Challenge Criteria is based on the 2024-2025 Sterling Criteria for Performance Excellence, and has been designed to address the most foundational and critical elements all leaders and organizations face. It is specifically designed as an intermediate step in an organization's journey to performance excellence.

In addition to the Sterling Challenge Criteria, the Sterling Explorer and Sterling Challenge Assessments utilize the:
- Organizational Profile,
- additional notes about each Criteria Item,
- Sterling Core Values and Concepts, and
- Glossary of Key Terms.

1. Leadership

The Leadership Category asks how senior leaders' personal actions guide and sustain your organization. It also asks about your organization's governance system, how your organization fulfills its legal and ethical responsibilities, and how it makes societal contributions.

1.1 Senior Leadership:

a. Establishing Mission, Vision, Values, and Culture:

How do senior leaders set and deploy the organization's mission, vision, values, and culture; and ensure their personal actions reflect commitment to the mission, vision, values, and culture?

How do senior leaders require, foster, and measure ethical behavior throughout the organization; and in interactions with the workforce, customers, suppliers, partners, and other stakeholders?

b. Communication:

How do senior leaders communicate with and engage the entire workforce, key partners, and key customers?

How do senior leaders encourage frank two-way communication and take a direct role in motivating the workforce toward high performance, and a customer and business focus?

c. Focus on Organizational Performance:

How do senior leaders create an environment for success now and in the future?

How do senior leaders create a focus on action to achieve the organization's mission and vision?

1.2 Governance and Societal Contributions:

a. Organizational Governance:

How does your organization ensure accountability for senior leaders' actions, fiscal accountability, and transparency in operations?

How do you evaluate the performance of your senior leaders and your governance system?

How does your governance system review the organization's performance?

b. Legal and Regulatory Behavior:

How do you address current and anticipate future legal, regulatory, and community concerns with your products and/or services, and operations?

c. Societal Contributions:

How do you incorporate societal well-being and benefit into your strategy and daily operations?

How do you actively support and strengthen your key communities?

2. Strategy

The Strategy Category asks how your organization develops strategic objectives and action plans, implements them, changes them if circumstances require, and measures progress.

2.1 Strategy Development:

a. Strategy Development Process:

How do you conduct your strategic planning, including key process steps?

How do you collect and analyze relevant data and develop information for use in your strategic planning process?

How do you identify strategic opportunities and stimulate innovation?

How do you decide which key processes will be accomplished by your workforce and which by external suppliers, partners, and collaborators?

b. Strategic Objectives:

How does your strategic planning process identify your key strategic objectives and your timetable for achieving them?

What are your organization's key strategic objectives and goals?

How do your strategic objectives achieve appropriate balance among varying and competing organizational needs?

2.2 Strategy Implementation:

a. Action Plan Development and Deployment:

How do you develop and deploy your action plans?

3. Customers

The Customers Category asks how your organization engages its customers for ongoing success, including how your organization listens to customers, determines products and/or services to meet their needs, builds long-term customer relationships, and enhances the customer experience.

3.1 Customer Expectations:

a. **Customer Listening:**

How do you listen to, interact with, and observe customers to obtain actionable information?

How do you listen to potential customers to obtain actionable data and information?

b. **Customer Segmentation and Product and/or Service Offerings:**

How do you determine your customer groups and market segments?

How do you determine product and/or service offerings?

3.2 Customer Engagement:

a. **Customer Experience:**

How do you acquire and retain customers by building and managing customer relationships?

How do you enable customers to do business with you, seek information, and obtain support?

How do you manage customer complaints?

How do your customer experience processes promote and ensure fair treatment for different customers, customer groups, and market segments?

b. **Determination of Customer Satisfaction, Dissatisfaction, and Engagement:**

How do you determine customer satisfaction, dissatisfaction, and engagement?

4. Measurement, Analysis, and Knowledge Management

The Measurement, Analysis, and Knowledge Management Category asks how your organization measures, analyzes, reviews, and improves organizational performance; and how you manage your information and organizational knowledge assets.

4.1 Measurement, Analysis, Review, and Improvement of Organizational Performance:

a. **Performance Management:**

How do you track data and information on daily operations and on overall organizational performance?

How do you select comparative data and information to support fact-based decision making?

b. **Performance Analysis, Review, and Improvement:**

How do you analyze and review your organization's performance and capabilities?

How do you use the findings from your performance reviews to identify priorities for continuous improvement and opportunities for innovation?

4.2 Information and Knowledge Management:

a. **Data and Information:**

How do you verify and ensure the quality of organizational data and information?

How do you ensure the availability of organizational data and information?

How do you secure sensitive or privileged data and information, information technology assets, and Internet-enabled systems?

b. **Organizational Knowledge:**

How do you build and manage organizational knowledge?

How do you identify and share best practices in your organization?

c. **Pursuit of Innovation:**

How do you determine which opportunities for innovation to pursue?

5. Workforce

The Workforce Category asks how your organization assesses workforce capability and capacity, and provides a workplace climate to support high performance. The Category also asks how your organization engages, manages, and develops your workforce to utilize its full potential in alignment with your organization's overall business needs.

5.1   Workforce Environment:

a.   Workforce Capability and Capacity:

How do you assess your workforce capability and capacity needs?

How do you recruit, hire, and onboard new workforce members?

How do you prepare your workforce for changing capability and capacity needs?

How do you organize and manage your workforce to reinforce a customer and business focus, and exceed performance expectations?

b.   Workforce Climate:

How do you address workplace health and accessibility for the workforce?

How do you support your workforce via compensation and benefits?

5.2   Workforce Engagement:

a.   Assessment of Workforce Engagement:

How do you determine the key drivers of workforce engagement?

How do you assess workforce engagement?

b.   Organizational Culture:

How do you foster an organizational culture that is characterized by open communication, high performance, and an engaged workforce?

c.   Performance Management and Development:

How does your workforce performance management system support high performance?

How does your learning and development system support the personal development of workforce members and your organization's needs?

How do you manage career development for your workforce and your future leaders?

How do you ensure that your performance management, performance development, and career development processes promote equity and inclusion for a diverse workforce, and different workforce groups and segments?

6. Operations

The Operations Category asks how your organization designs, manages, and improves its products and/or services, and work processes; and ensures operational effectiveness to deliver customer value and achieve ongoing organizational success.

6.1 Work Processes:

a. Product and/or Service, and Process Design:

How do you determine key product and/or service requirements?

How do you design your products and/or services to meet these key requirements?

How do you determine your key work process and support process requirements?

What are your organization's key work and support processes?

How do you design your key work processes and support processes to meet your key requirements?

b. Process Management and Improvement:

How do your day-to-day operations of key work processes, and support processes, ensure that they meet your key process requirements?

What key performance measures or indicators, and in-process measures do you use to control and improve your key work and support processes?

How do you improve your work processes and support processes to improve products and/or services, and process performance?

6.2 Operational Effectiveness:

a. Operational Efficiency and Effectiveness:

How do you manage the cost, efficiency, and effectiveness of your operations?

b. Supply-Network Management:

How do you manage your supply-network?

c. Safety, Business Continuity, and Resilience:

How do you provide a safe and secure operating environment for your workforce and other people in your workplace?

How do you ensure that your organization can anticipate, prepare for, and recover from disasters, emergencies, and other disruptions?

What is your organization's overall approach to risk management?

7. Results

The Results Category asks about your organization's performance and improvement in all key areas – product and process results; customer results; workforce results; leadership and governance results; and financial, marketplace, and strategy results.

7.1 Product, Service, and Process Results:

a. Customer-Focused Product and Service Results

What are your results for your products and/or services?

b. Work Processes Effectiveness, and Safety and Emergency Preparedness Results

What are your process effectiveness and efficiency results?

What are your security and cybersecurity results?

What are your safety and emergency preparedness results?

c. Supply-Network Results

What are your supply-network results?

7.2 Customer Results:

a. Customer Satisfaction Results

What are your customer satisfaction and dissatisfaction results?

b. Customer Engagement Results

What are your customer engagement results?

7.3 Workforce Results

a. Workforce Capability and Capacity Results

What are your workforce capability and capacity results?

b. Workplace Climate Results

What are your results for workforce health, and for workforce compensation and benefits?

c. Workplace Engagement and Retention Results

What are your workforce engagement results?

d. Workforce Development

What are your workforce and leader development results?

7.4 Leadership and Governance Results

a. Leadership Results

What are your results for senior leaders' communication and engagement with the workforce, partners, and customers?

b. Governance Results

What are your results for governance accountability?

c. Law and Regulations Results

What are your legal and regulatory results?

d. Ethic Results

What are your results for ethical behavior?

e. Society Results

What are your results for societal well-being and support of your key communities?

7.5 Financial, Market, and Strategy Results

a. Financial and Marketplace Performance Results

What are your financial performance results?

What are your marketplace performance results?

b. Strategy Implementation Results

What are your results for the achievement of your organizational strategy?

Section V

Support Materials

Scoring System

The scoring of responses to Sterling Criteria for Performance Excellence Items is based on two evaluation dimensions: process (Categories 1-6) and results (Category 7).

To score Criteria responses, consider the following information relative to the Item Questions and the Scoring Guidelines:

- the key business factors presented in the Organizational Profile;
- the maturity and appropriateness of the approaches, the breadth of their deployment, and the strengths of the learning and improvement process; and
- the level of performance and how results compare to those of other, relevant organizations or benchmarks.

Scoring Dimensions

Process

Process refers to the methods your organization uses and improves. Processes address the Questions in Categories 1-6. The four factors used to evaluate process are *approach, deployment, learning,* and *integration* (ADLI). Sterling-based feedback reflects strengths and opportunities for improvement in these factors. A score for a process Item is based on a holistic assessment of your overall performance, taking into account the four process factors.

Approach comprises

- the methods used to carry out the process,
- the appropriateness of these methods to the Item Questions and your operating environment,
- the effectiveness of your use of the methods, and
- the degree to which the approach is repeatable and based on reliable data and information (i.e., systematic).

Deployment is the extent to which

- your approach addresses Item Questions that are relevant and important to your organization,
- your approach is applied consistently, and
- your approach is used by all appropriate work units.

Learning comprises

- the refinement of your approach through cycles of evaluation and improvement, in alignment with your Performance Improvement System (P.2c);
- the adoption of best practices or innovations to improve your approach; and
- the sharing of refinements and innovations with other relevant work units and processes in your organization.

Integration is the extent to which

- your approach is aligned with the organizational needs identified in the Organizational Profile and other process Items;

- your measures, information, and improvement systems are complementary across processes and work units; and
- your plans, processes, results, analyses, learning, and actions are harmonized across processes and work units to support organization-wide goals.

In scoring process Items, keep in mind that approach, deployment, learning, and integration are linked. Descriptions of approach should always indicate the deployment – consistent with the specific Questions of the Item and your organization. As processes mature, the description should also show cycles of learning (including any innovations), as well as integration with other processes and work units.

Results

Results are the outputs and outcomes your organization achieves, which address the Questions in Category 7. The four factors used to evaluate results are *levels, trends, comparisons,* and *integration* (LeTCI). A score for a results Item is based on a holistic assessment of your overall performance, taking into account the four results factors.

Levels are your current performance on a meaningful measurement scale.

Trends comprise your rate of performance improvement or continuation of good performance in areas of importance (i.e., the slope of data points over time).

Comparisons comprise your performance relative to that of other, appropriate organizations, such as competitors or organizations similar to yours, or benchmarks.

Integration is the extent to which your results measures (often through segmentation) address important performance requirements relating to customers, workforce, products and/or services, markets, processes, action plans, and organization-wide goals identified in your Organizational Profile and in process items.
Note: Goals are generally not factored into evaluation of the goodness of results since how they are set is not always clear.

In the scoring of results Items, look for data on performance levels, trends, and relevant comparisons for key measures and indicators of your organization's performance, as well as integration with your organization's key requirements.

Results Items should also show data on the breadth of the performance results reported. This is directly related to deployment and organizational learning; if improvement processes are widely shared and deployed, there should be corresponding results.

"Importance" as a Scoring Consideration

A critical consideration in Sterling evaluation and feedback is the importance (the relevance) of your reported processes and results to your key business factors. The areas of greatest importance should be identified in your Organizational Profile and in Items such as 2.1, 2.2, 3.2, 5.1, 5.2, and 6.1. Your key customer requirements, competitive environment, workforce needs, key strategic objectives, and action plans are particularly important.

How to Score an Item Response

Follow these steps in assigning a score to an Item response.

Read the Scoring Guidelines.

Choose the Score Range (e.g., 30%-45%, 50%–65%, or 70%-85%) that is most descriptive of the organization's achievement level as presented in the Item response.

Choose this range based on a holistic view of either the four process factors (ADLI) or the four results factors (LeTCI) in aggregate. In this holistic view, the Score Range to assign is the one that best reflects the Applicant's response as a whole; do not tally or average independent assessments of each of the four factors. No one evaluation factor serves as a "gate" that keeps the score out of a higher range.

The "most descriptive" range is not necessarily a perfect fit. It often reflects some gaps between the response and the description of one or more of the factors in the chosen Score Range.

Read the next higher and the next lower Score Ranges.
Assign a score (e.g., 75% or 80%) within the chosen range by evaluating whether the Item response as a whole is closer to the statements in the next higher or the next lower Score Range.

Process Scoring Guidelines

(For Use with Categories 1-6)

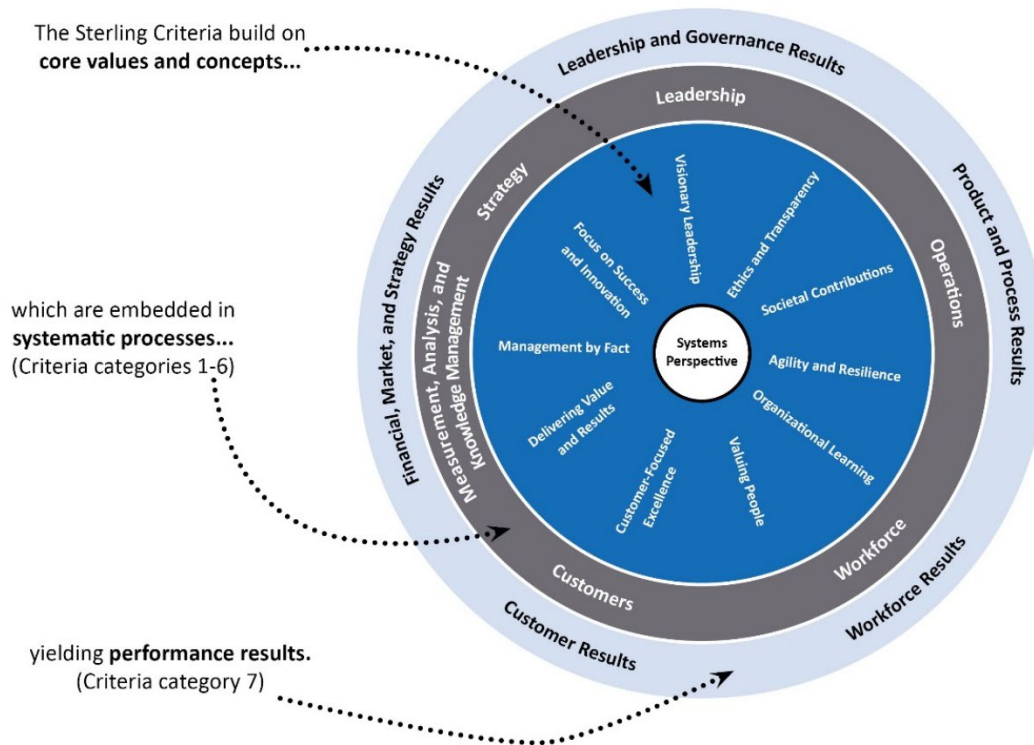| SCORE	DESCRIPTION
0% or 5%	• No SYSTEMATIC APPROACH to Item Questions is evident; information is ANECDOTAL. (A) • Little or no DEPLOYMENT of any SYSTEMATIC APPROACH is evident. (D) • An improvement orientation is not evident; improvement is achieved by reacting to problems. (L) • No organizational ALIGNMENT is evident; individual areas or work units operate independently. (I)
10%, 15%, 20%, or 25%	• The beginning of a SYSTEMATIC APPROACH to the BASIC QUESTION in the Item is evident. (A) • The APPROACH is in the early stages of DEPLOYMENT in most areas or work units, inhibiting progress in relation to the BASIC QUESTION in the Item. (D) • Early stages of a transition from reacting to problems to a general improvement orientation are evident. (L) • The APPROACH is ALIGNED with other areas or work units largely through joint problem solving. (I)
30%, 35%, 40%, or 45%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the BASIC QUESTION in the Item, is evident. (A) • The APPROACH is DEPLOYED, although some areas or work units are in early stages of DEPLOYMENT. (D) • The beginning of a SYSTEMATIC APPROACH to evaluation and improvement of key processes is evident. (L) • The APPROACH is in the early stages of ALIGNMENT with the organizational needs identified in response to the Organizational Profile and process Items. (I)
50%, 55%, 60%, or 65%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to the OVERALL QUESTIONS in the Item, is evident. (A) • The APPROACH is well DEPLOYED, although deployment may vary in some areas or work units. (D) • Some fact-based, SYSTEMATIC evaluation and improvement cycles; sharing of refinements, or some use of best practices, or instances of INNOVATION are in place for improving the efficiency and effectiveness of key processes. (L) • The APPROACH is ALIGNED with your overall organizational needs as identified in response to the Organizational Profile and process Items. (I)
70%, 75%, 80%, or 85%	• An EFFECTIVE, SYSTEMATIC APPROACH, responsive to relevant MULTIPLE QUESTIONS in the Item, is evident. (A) • The APPROACH is well DEPLOYED, with no significant gaps. (D) • Multiple fact-based, SYSTEMATIC evaluation and improvement cycles; sharing of refinements, or adoption of best practices, or instances of INNOVATION are evident for improving organizational efficiency and effectiveness. (L) • The APPROACH is INTEGRATED with your current and future organizational needs as identified in response to the Organizational Profile and process Items. (I)
90%, 95%, or 100%	• An EFFECTIVE, SYSTEMATIC APPROACH, fully responsive to the MULTIPLE QUESTIONS in the Item, is evident. (A) • The APPROACH is fully DEPLOYED without significant weaknesses or gaps in any areas or work units. (D) • Fact-based, SYSTEMATIC evaluation and improvement; sharing of refinements; adoption of best practices; and innovation are key organization-wide tools for improving efficiency and effectiveness. (L) • The APPROACH is well INTEGRATED with your current and future organizational needs as identified in response to the Organizational Profile and process Items. (I)

Results Scoring Guidelines

(For Use with Category 7)

SCORE	DESCRIPTION
0% or 5%	• There are no organizational performance results, or the results reported are poor. (Le)e • TREND data either are not reported or show mainly adverse TRENDS. (T) • Comparative information is not reported. (C) • Results are not reported for any areas of importance to the accomplishment of your organization's MISSION. (I)
10%, 15%, 20%, or 25%	• A few organizational performance results are reported, responsive to the BASIC QUESTION in the Item, and early good PERFORMANCE LEVELS are evident. (Le) • Some TREND data are reported, with some adverse TRENDS evident. (T) • Little or no comparative information is reported. (C) • Results are reported for a few areas of importance to the accomplishment of your organization's MISSION. (I)
30%, 35%, 40%, or 45%	• Good organizational PERFORMANCE LEVELS are reported, responsive to the BASIC QUESTION in the Item. (Le) • Some TREND data are reported, and some of the TRENDS presented are beneficial. (T) • Early stages of obtaining some comparative information are evident. (C) • Results are reported for many areas of importance to the accomplishment of your organization's MISSION. (I)
50%, 55%, 60%, or 65%	• Good organizational PERFORMANCE LEVELS are reported, responsive to the relevant OVERALL QUESTIONS in the Item. (Le) • Beneficial TRENDS are evident in areas of importance to the accomplishment of your organization's MISSION. (T) • Some current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of good relative performance. (C) • Organizational performance results are reported for most key customer, workforce, market, and process requirements. (I)
70%, 75%, 80%, or 85%	• Good-to-excellent organizational PERFORMANCE LEVELS are reported, responsive to the relevant MULTIPLE QUESTIONS in the Item. (Le) • Beneficial TRENDS have been sustained over time in most areas of importance to the accomplishment of your organization's MISSION. (T) • Many to most TRENDS and current PERFORMANCE LEVELS have been evaluated against relevant comparisons and/or BENCHMARKS and show areas of leadership and very good relative performance. (C) • Organizational performance results are reported for most key customer, workforce, market, process, and action plan requirements. (I)
90%, 95%, or 100%	• Excellent organizational PERFORMANCE LEVELS are reported that are fully responsive to the MULTIPLE QUESTIONS in the Item. (Le) • Beneficial TRENDS have been sustained over time in all areas of importance to the accomplishment of your organization's MISSION. (T) • Industry and BENCHMARK leadership is demonstrated in many areas. (C) • Organizational performance results and PROJECTIONS are reported for most key customer, workforce, market, process, and action plan requirements. (I)

Core Values and Concepts
The Role of Core Values and Concepts

The Sterling Criteria build on
core values and concepts...

which are embedded in
systematic processes...
(Criteria categories 1-6)

yielding **performance results.**
(Criteria category 7)

Leadership and Governance Results

Leadership

Financial, Market, and Strategy Results

Strategy

Measurement, Analysis, and Knowledge Management

Product and Process Results

Operations

Visionary Leadership

Focus on Success and Innovation

Ethics and Transparency

Societal Contributions

Management by Fact

Systems Perspective

Agility and Resilience

Delivering Value and Results

Organizational Learning

Customer-Focused Excellence

Valuing People

Workforce

Workforce Results

Customers

Customer Results

These beliefs and behaviors are embedded in high performing organizations. They are the foundation for integrating key performance and operational requirements within a results-oriented framework that creates a basis for action, feedback, and ongoing success.

The Sterling Criteria are built on the following set of inter-related core values and concepts:

- Systems Perspective
- Visionary Leadership
- Customer-Focused Excellence
- Valuing People
- Agility and Resilience
- Organizational Learning

- Focus on Success and Innovation
- Management by Fact
- Societal Contributions
- Ethics and Transparency
- Delivering Value and Results

Systems Perspective:

A systems perspective means managing all the components of your organization as a unified whole to achieve your mission, ongoing success, and performance excellence. A systems perspective also means managing your organization within the context of an interconnected ecosystem of organizations that presents opportunities for new and possibly innovative relationships.

Successfully managing overall organizational performance requires realization of your organization as a system with interdependent operations. Organization-specific synthesis, alignment, and integration make the internal system successful. *Synthesis* means understanding your organization as a whole. It incorporates key business attributes, including your core competencies, strategic objectives, action plans, work systems, and workforce requirements and expectations. *Alignment* means using key organizational linkages to ensure consistency of plans, processes, measures, and actions. *Integration* builds on alignment, so that the individual components of your performance management system operate in a fully interconnected, unified, and mutually beneficial manner to deliver anticipated results.

In addition, your organization exists within a business ecosystem - a network of organizations, including your partners, suppliers, collaborators, competitors, customers, communities, and other relevant organizations inside and outside your sector or industry. Within this larger system, roles among organizations may be fluid as opportunities arise and needs change. For your business ecosystem, *synthesis* means understanding your organization as part of a larger whole. It incorporates the key attributes that you contribute to and need from your partners, collaborators, competitors, customers, communities, and other relevant organizations, including those not traditionally considered as collaborators.

When your organization takes a systems perspective, your senior leaders focus on strategic directions and customers. Your senior leaders monitor, respond to, and manage performance based on your results. With a systems perspective, you use your measures, indicators, core competencies, and organizational knowledge to build your key strategies, link these strategies with your work systems and key processes, manage risk, and align your resources to improve your overall performance and your focus on customers and stakeholders. The Core Values and Concepts, the seven Criteria Categories, and the Scoring Guidelines are the system's building blocks and integrating mechanism.

Visionary Leadership:

Your organization's senior leaders should set a vision for the organization, create a customer focus, demonstrate clear and visible organizational values and ethics, and set high expectations for the workforce. The vision, values, and expectations should balance the needs of all your stakeholders. Your leaders should also ensure the creation of strategies, systems, and methods for building knowledge and capabilities; empowering the workforce; fostering, and capitalizing on diversity; stimulating innovation; managing risk; ensuring resilience; requiring accountability; and achieving performance excellence, thereby ensuring ongoing organizational success now and in the future.

The values and strategies leaders define should help guide all of your origination's activities and decisions. Senior leaders should inspire and encourage your entire workforce to contribute, to develop and learn, be innovative, and embrace meaningful change. Senior leaders should be responsible to your organization's governance body for their actions and performance, and the governance body should be responsible ultimately to all your stakeholders for your organization's and its senior leaders' ethics, actions, and performance.

Senior leaders should serve as role models through their ethical behavior and their personal involvement in planning, providing a supportive environment for innovation, communicating, coaching and motivating the workforce, developing future leaders, recognizing workforce members, promoting equity and inclusion, and reviewing organizational performance. Senior leaders should demonstrate authenticity and admit to their missteps and opportunities for improvement. As role models, they can reinforce ethics, values, and expectations while building leadership, commitment, and initiative throughout your organization.

Customer-Focused Excellence:

Your customers are the ultimate judges of your performance and the quality of your products and/or services. Thus, your organization must consider all product and/or service features and characteristics and all modes of customer access and support, and all organizational values and behaviors that contribute value to your customers. Such behavior leads to customer acquisition, satisfaction, preference, trust and loyalty; positive referrals; and, ultimately, the ongoing success of your business. Customer-focused excellence has both current and future components: understanding today's customer desires, and anticipating future customer desires and marketplace potential.

Many factors may influence value and satisfaction over the course of your customers' experience with your organization. These factors include your organization's customer relationship management, which helps build trust, confidence, and loyalty.

Customer-focused excellence means much more than reducing defects and errors, merely meeting specifications, or reducing dissatisfaction and complaints. Nevertheless, these factors contribute to your customers' view of your organization and thus, are important parts of customer-focused excellence. In addition, your success in

recovering from defects, service errors, and mistakes; fostering equity and inclusion; adapting to disruptions; and safeguarding customer information is crucial for retaining customers and engaging them for the long term.

A customer-focused organization addresses not only the product and service characteristics that meet basic customer requirements, but also those unique features and characteristics that differentiate the organization from competitors. This differentiation may be based on accelerated product development, innovative or customized offerings or customer experience, combinations of product and service offerings, price, societal contributions, or special relationships. These might include participation in alliances or collaborative, multilateral networks (ecosystems) of organizations that drive efficiency, effectiveness, and innovation.

Customer-focused excellence is thus a strategic concept. It is directed toward customer acquisition, retention and loyalty, stronger brand recognition, market share gain, and growth. It demands constant sensitivity to changing and emerging customer and market requirements and to the factors that drive customer engagement. It demands close attention to the Voice-of-the-Customer. It demands anticipating changes in the marketplace. Therefore, customer-focused excellence demands a customer-focused culture and organizational agility.

Valuing People:

An organization's success depends on an engaged workforce that benefits from meaningful work, clear organizational direction, the opportunity to learn, and accountability for performance. That work must also have a safe, trusting, and cooperative environment. The successful organization has a culture of equity and inclusion that capitalizes on the diverse backgrounds and characteristics, knowledge, skills, creativity, and motivation of its workforce, partners, and collaborators. Promoting equity means fostering the fair treatment of all customers and workforce members. Promoting equity also supports the ability of all workforce members to reach their full potential. Inclusion refers to empowering participation and promoting a sense of belonging. The successful organization also values all people who have a stake in the organization, including customers, community members, stockholders, and other people affected by the organization's actions.

Valuing the people in your workforce means committing to their engagement, development, and well-being. Major challenges in valuing your workforce members include (1) demonstrating your leaders' commitment to their success, (2) providing motivation and recognition that go beyond the regular compensation system, (3) supporting work-life balance through flexible work practices tailored to varying workplace and life needs; (4) creating an inclusive, equitable environment for a diverse workforce; (5) offering development and progression within your organization;

(6) providing support during disruptions and transitions; (7) sharing your organization's knowledge so that your workforce can better serve your customers and contribute to achieving your strategic objectives; (8) creating an environment that encourages intelligent risk taking to achieve innovation; and (9) developing a system of workforce and organizational accountability for performance. With increased remote and hybrid work, an additional challenge is ensuring that a geographically dispersed workforce benefits technology and other resource support, meaningful work, clear organizational direction, the opportunity to learn, and accountability for performance.

The success of your workforce members—including your leaders—depends on their having opportunities to learn. This learning includes preparing people for future organizational core competencies. On-the-job training offers a cost-effective way to cross-train and to link training more closely to your organization's capacity needs and priorities. If your organization relies on volunteers to perform core work, their personal development and learning are also important to consider.

To accomplish their overall goals, successful organizations build and value ecosystems of internal and external partnerships and collaborative, multilateral alliances. Internal partnerships might include collaboration between labor and management. Forming internal partnerships might also involve creating network relationships among people across work units and locations or between employees and volunteers to improve flexibility, responsiveness, learning, and knowledge sharing. As products and services become increasingly multidisciplinary, organizations may need new business models and ecosystems, including nontraditional partnerships with competitors or organizations outside the sector, alliances, consortia, and value networks.

Agility and Resilience:

Success in today's ever-changing, globally competitive environment demands agility and organizational resilience. Agility requires a capacity for rapid change and for flexibility in operations. Organizational resilience is the ability to anticipate, prepare for, and recover from disasters, emergencies, and other disruptions, and—when disruptions occur—to protect and enhance workforce and customer engagement, supply-network and financial performance, organizational productivity, and community well-being. Resilience includes the agility to modify plans, processes, and relationships whenever circumstances warrant.

Organizations face ever-shorter cycles for introducing new or improved products and services and for responding rapidly to new or emerging issues. Organizations must be capable of managing risk and making changes on an ever-shorter cycle time. Major improvements in response times often require new work systems; rapid decision making; reduced bureaucracy; the simplification of work processes; agile, efficient supplier and partner networks; effective, efficient

communication with the workforce, partners, and suppliers; and the ability for rapid changeover from one process or one location to another.

All aspects of time performance are now more critical, and cycle time is a key process measure. Other important benefits can be derived from this focus on time; time improvements often drive simultaneous improvements or changes in your work systems, organization, quality, cost, supply-network integration, productivity, and ongoing success in a challenging economy. A major success factor in meeting competitive challenges is design-to-introduction time (the time it takes to initiate a product or service feature) or innovation cycle time. To meet the demands of rapidly changing markets, your organization needs to carry out stage-to-stage integration of activities from research or concept to commercialization or implementation.

Disruptive events are occurring more frequently, triggered by economic or political upheaval or stress, major weather or health events, social or societal demands, or innovative technologies or product introductions. For an organization to be resilient leaders must cultivate the agility to anticipate opportunities and threats, adapt strategy to changing circumstances, and have robust governance with a culture of trust. Organizations must embrace data-rich thought processes and equip their employees with ongoing learning of new skills.

Agility and resilience can also be achieved through your business ecosystem, in which collaborations, strategic partnerships, or alliances might offer complementary core competencies that allow rapid response to disruptions, entry into new markets, or a rethinking of customer offerings in a larger context. Your ecosystem might also permit you to address common issues quickly by blending your organization's core competencies or leadership capabilities with other organization's complementary strengths and capabilities, creating a new source of strategic advantage. The result may be broad, interdependent, agile ecosystems that include traditional partners and collaborators, as well as suppliers, competitors, customers, communities, and organizations outside your sector or industry.

Organizational Learning:

Achieving the highest levels organizational performance requires a well-executed approach to organizational learning that includes sharing knowledge via systematic processes. In today's demanding environment, a cross-trained and empowered workforce and effective management of up-to-date organizational knowledge are vital assets. Organizational learning includes continuous improvement of existing approaches; the adoption of best practices and innovations; and significant, discontinuous change or innovation, leading to new goals, approaches, products, and markets.

Learning needs to be embedded in the way your organization operates. This means that learning (1) is a regular part of daily work; (2) results in solving problems at their source

(root cause); (3) is focused on building and sharing knowledge throughout your organization and your business ecosystem; and (4) is driven by opportunities to effect significant, meaningful change, and to innovate. Sources for learning include employees' and volunteers' ideas, research and development, customers' input, best-practice sharing, competitors' performance, and benchmarking. Your business ecosystem is another source of learning.

Organizational learning can result in (1) enhanced value to customers through new and improved products and customer services; (2) the development of new business opportunities; (3) the development of new and improved processes or business models; (4) reduced errors, defects, waste, and related costs; (5) increased productivity and effectiveness in the use of all your resources; (6) enhanced performance in making societal contributions; and (7) greater agility in managing change and disruption.

Focus on Success and Innovation:

Ensuring your organization's success now and in the future requires an understanding of the short- and longer-term factors that affect your organization and its environment. It also requires the ability to drive organizational innovation.

Sustained success requires managing uncertainty in the environment, as well as balancing some stakeholders' short-term demands with the need to invest in long-term success. The pursuit of sustained growth and performance leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders—your customers, workforce, suppliers, partners, and stockholders; the public; and the community. It also requires the agility to modify plans, processes, and relationships whenever circumstances warrant, which may entail business transformation.

Your organization's planning and resource allocation should anticipate many factors, such as customers' short and long-term expectations; new business models and collaboration or partnering opportunities; potential crises, including events that disrupt economic and social conditions; technology developments; workforce capacity and capability needs; community and societal expectations and needs; your competitive marketplace; security and cybersecurity risks; evolving regulatory requirements; and strategic moves by competitors. Your strategic objectives and resource allocations need to accommodate these influences. A focus on success includes ensuring resilience; developing your leaders, workforce, and suppliers; accomplishing effective succession planning; and anticipating areas for societal contributions and concerns.

A focus on success also includes a focus on innovation—making meaningful change to improve products, services, programs, processes, operations, business models, or societal well-being, with the purpose of creating new value for stakeholders. Innovation should lead your organization to new dimensions of performance and success. Innovation may be present in organizations of all sizes, sectors, and

maturity levels; in some cases, an organization's genesis is an innovation, with work systems and work processes developing as the organization matures.

Innovation is important for all aspects of your operations and all work systems and work processes. Innovation benefits from a supportive environment, a process for identifying strategic opportunities, and the pursuit of intelligent risks. Innovation and continuous incremental improvement are different, but complementary, concepts. Successful organizations use both approaches to improve performance. Your organization should be led and managed so that identifying strategic opportunities and taking intelligent risks become part of the learning culture. Innovation should be integrated into daily work and be supported by your performance improvement system. Systematic processes for identifying strategic opportunities should reach across your entire organization and should explore strategic alliances with complementary organizations and with organizations that have historically been outside your ecosystem.

Innovation may arise from adapting innovations in other industries to achieve a breakthrough in your industry. It builds on the accumulated knowledge of your organization and its people and the innovations of partners, collaborators, competitors, customers, and other relevant organizations, including those outside your sector. It may involve collaboration among people who do not normally work together and are in different parts of the organization. This can lead to the maximizing of learning through shared information and the willingness to use concepts from outside the organization as idea generators. Therefore, the ability to rapidly disseminate and capitalize on new and accumulated knowledge is critical to driving organizational innovation and success.

Management by Fact:

Management by fact requires you to measure and analyze your organization's performance, both inside the organization and in your competitive environment. Measurements should derive from business needs and strategy, and they should provide critical data and information about key processes, outputs, results, outcomes, and competitor and industry performance. Organizations need many types of data and information to effectively manage their performance. Data and information may come in many forms, such as numerical, graphical, or qualitative, and from many sources, including internal processes, surveys, and the Internet (including social media). Performance measurement should include measurement of customer, product, and process performance; comparisons of operational, market, and competitive performance; supplier, workforce, partner, cost, and financial performance; governance and compliance results; and accomplishment of strategic objectives.

A major consideration in performance improvement and change management is the selection and use of performance measures or indicators. The measures or indicators you select should best represent the factors that lead to improved customer, operational, financial, marketplace, and societal performance. A comprehensive, yet carefully selected, set of measures or indicators tied to customer and organizational performance requirements provides a clear basis for aligning all processes with your organization's goals. Measures and indicators support you in making decisions in a rapidly changing environment. By analyzing data from your tracking processes, you can evaluate the measures or indicators themselves and change them to better support your goals.

Analysis means extracting larger meaning from data and information to support evaluation, decision-making, improvement, and innovation. It entails using data to determine trends, projections, and cause-and-effect relationships that might not otherwise be evident. Analysis supports a variety of purposes, such as planning, reviewing your overall performance, improving operations, comparing your performance with competitors' or with best-practice benchmarks, and managing change. To facilitate analysis, data may need to be aggregated from various sources. Data may also need to be segmented by, for example, markets, product lines, and workforce groups so that you can gain a deeper understanding of significant differences.

Societal Contributions:

Your organization's leaders should stress contributions to the public and the consideration of societal well-being and benefit. Leaders should be role models for your organization and its workforce in the protection of public health, safety, and the environment. This protection applies to any impact of your organization's operations, as well as the lifecycles of your products. In addition, your organization should emphasize resource conservation, recycling, and waste reduction at the source. Planning should anticipate adverse impacts from the production, distribution, transportation, use, and disposal of your products. Effective planning should reduce or prevent problems; provide for a forthright response if problems occur; and make available the information and support needed to maintain public awareness, safety, and confidence.

Your organization should meet all local, state, and federal laws; and regulatory requirements, and should treat these and related requirements as opportunities to excel beyond minimal compliance.

Considering societal well-being and benefit means leading and supporting—within the limits of your resources—the environmental, social, and economic systems in your organization's sphere of influence. Such leadership and support might include improving education, health care, and other services in your local community and/or beyond; pursuing environmental excellence; being a role model for addressing socially important issues, such as diversity, equity, and inclusion; practicing resource conservation; reducing your carbon footprint; performing community service and

charity; improving industry and business practices; and sharing nonproprietary information. Increasingly, such social contributions are a customer or stakeholder requirement.

Leadership in this area may entail influencing other organizations, private and public, to partner for these purposes. Managing societal contributions requires your organization to use appropriate measures and your leaders to assume responsibility for those measures.

Ethics and Transparency:

Your organization should stress ethical behavior in all stakeholder transactions and interactions. Your organization's governance body should require highly ethical conduct and monitor all conduct accordingly. Your senior leaders should be role models of ethical behavior and make their expectations of the workforce very clear.

Your organization's ethical principles are the foundation for your culture and values. They distinguish right from wrong. Clearly articulated ethical principles, along with your organizational values, empower your people to make effective decisions and may serve as boundary conditions for determining organizational norms and prohibitions.

Transparency is characterized by consistently candid and open communication, accountability, and the sharing of clear and accurate information by leadership and management. The benefits of transparency are manifold. Transparency is a key factor in workforce engagement and allows people to see why actions are being taken and how they can contribute. Transparency and accountability are also important in interactions with customers and other stakeholders, giving them a sense of involvement, engagement, and confidence in your organization. Ethical behavior and transparency build trust in the organization and its leaders, and engender a belief in the organization's fairness and integrity that is valued by all key stakeholders.

Delivering Value and Results:

By delivering and balancing value for key stakeholders, your organization builds loyalty, contributes to growing the economy, and contributes to society. To meet the sometimes conflicting and changing aims that balancing value requires your organizational strategy should explicitly include key stakeholder requirements. This will help ensure that plans and actions meet differing stakeholder needs and avoid adverse impacts on any stakeholders. A balanced composite of leading and lagging performance measures is an effective means to communicate short- and longer-term priorities, monitor actual performance, and provide a clear basis for improving results.

Your organization's performance measurements need to focus on key results. Results should be used to deliver and balance value for your key stakeholders—your customers, workforce, stockholders, suppliers, partners, and collaborators; the public; and the community. Thus, results need to be a composite of measures that include not just financial and market results, but product and process results; customer and workforce satisfaction and engagement results; and leadership, strategy, and societal performance.

Glossary of Key Terms

The terms below are those used throughout the Sterling Criteria for Performance Excellence and Scoring Guidelines. Each term is followed by a definition in boldface. Subsequent sentences in the first paragraph elaborate on this definition. The paragraphs that follow provide examples, descriptive information, or key linkages to other information about the Sterling Framework.

ACTION PLANS. **Specific actions that your organization takes to reach its strategic objectives.** These plans specify the resources committed to, and the time horizon for, accomplishing the plans. Action plan development is the critical stage in planning when you make strategic objectives and goals specific so that you can effectively deploy them throughout the organization in an understandable way. In the Criteria, deploying action plans includes creating aligned measures for all affected departments and work units. Deployment might also require specialized training for some workforce members or recruitment of personnel.

For example, a strategic objective for a supplier in a highly competitive industry might be to develop and maintain price leadership. Action plans could entail designing efficient processes, creating an accounting system that tracks activity-level costs, aligning processes and accounting systems across the organization, and partnering with other suppliers. To deploy the action plans, the supplier might train work units and teams in setting priorities based on costs and benefits. Organizational-level analysis and review would likely emphasize productivity growth, cost control, and quality.

See also STRATEGIC OBJECTIVES.

AGILITY. **A capacity for rapid change and flexibility in operations.** Agility may be needed to respond to emergencies or address changes in your operating environment, to take advantage of an immediate opportunity, and/or to address a strategic challenge.

See also RESILIENCE.

ALIGNMENT. **A state of consistency among plans, processes, information, resource decisions, workforce capability and capacity, actions, measures, results, and analyses that support key organization-wide goals**. Effective alignment requires a common understanding of purposes and goals. It also requires the use of complementary data and information for planning, tracking, analysis, and improvement at three levels: the organizational level, the key process level, and the work unit level.

See also INTEGRATION.

ANALYSIS. **The examination of data and information to provide a basis for effective decision making.** Analysis often involves determining cause-effect relationships. Overall, organizational analysis guides you in managing work systems and work processes toward achieving key business results and attaining strategic objectives.

Although individual facts and data are important, they do not usually provide an effective basis for acting or setting priorities. Effective actions depend on an understanding of relationships and context, which is derived from the analysis of patterns in data and information.

ANECDOTAL. **In a response to a Criteria Item, information that lacks specific methods, measures, deployment mechanisms, and evaluation, improvement, and learning factors.** Anecdotal information frequently consists of examples and describes individual activities rather than systematic processes. For example, in an anecdotal response to how senior leaders deploy performance expectations, you might describe a specific occasion when a senior leader visited all of your organization's facilities. On the other hand, in describing a systematic process, you might include the methods all senior leaders use to communicate performance expectations regularly to all locations and workforce members, the measures leaders use to assess the effectiveness of the methods, and the tools and techniques you use to evaluate and improve the methods.

See also SYSTEMATIC.

APPROACH. **The methods your organization uses to carry out its processes.** Besides the methods themselves, approach refers to the appropriateness of the methods to the Item Questions and your organization's operating environment, as well as how effectively your organization uses those methods.

Approach is one of the factors considered in evaluating process Items. For further description, see the Scoring System.

BASIC QUESTION. **The most central concept of a Criteria Item, as presented in the Item Title Question.** For an illustration, see Criteria for Performance Excellence Structure in Section III.

BENCHMARKS. **Process and results that represent the best practices and best performance levels for similar activities, inside or outside your organization's industry.** Organizations engage in benchmarking to understand the current dimensions of world-class performance and to achieve discontinuous (non-incremental) or "breakthrough" improvement.

Benchmarks are one form of comparative data. Other forms include industry data collected by a third party, data on competitors' performance, and comparisons with similar organizations that are in the same geographic area or that provide similar products and services in other geographic areas.

CAPABILITY, WORKFORCE.

See WORKFORCE CAPABILITY.

CAPACITY, WORKFORCE.

See WORKFORCE CAPACITY.

COLLABORATORS. **Organizations or individuals who cooperate with your organization to support a particular activity or event, or who cooperate intermittently when their short-term goals are aligned with, or are the same, as yours.** Typically, collaborations do not involve formal agreements or arrangements.

See also PARTNERS.

CORE COMPETENCIES. **Your organization's areas of greatest expertise; those strategically important, possibly specialized capabilities that are central to fulfilling your mission or that provide an advantage in your marketplace or service environment.** Core competencies are frequently challenging for competitors or suppliers and partners to imitate, and they may provide an ongoing competitive advantage or create opportunities in your business ecosystem. The absence of a needed core competency may result in a significant strategic challenge or disadvantage for your organization in the marketplace.

Core competencies may involve technological expertise, unique service offerings, a marketplace niche, or business acumen in a particular area.

CUSTOMER. **An actual or potential user of your organization's offerings of products, programs, or services (all referred to as products and/or services in the Criteria).** Customers include the end users of your products and/or services, as well as others who are immediate purchasers or users, such as distributors, agents, or organizations that process your product as a component of theirs. The Sterling Framework addresses customers broadly, referencing your current and future customers, as well as your competitors' customers.

Customer-focused excellence is a Sterling Core Value embedded in the beliefs and behaviors of high performing organizations. Customer focus impacts, and should be a factor in integrating, your organization's strategic directions, work systems and work processes, and business results.

See also STAKEHOLDERS for the relationship between customers and others who might be affected by your products and/or services.

CUSTOMER ENGAGEMENT. **Your customers' emotional and intellectual commitment to your brand and product and/or service offerings.** It is based on your ongoing ability to serve their needs and build relationships so that they will continue using your products and/or services. Characteristics of engaged customers include retention, brand loyalty, willingness to make an effort to do business—and increase their business—with you, and willingness to actively advocate for and recommend your brand and offerings.

CUSTOMER EXPERIENCE. **The summation of customers' perceptions and feelings resulting from interactions with an organization in pursuit of their products and/or services.** Customer experience spans the lifetime of customers' relationships with a brand through all stages of the customer journey, starting before a purchase is made, continuing to active use, including obtaining customer support, and advancing to repeat interactions.

CYCLE TIME. **The time required to fulfill commitments or complete tasks.** Time performance and speed are important to improving competitiveness and overall performance. Cycle time refers to all aspects of time performance, such as time to market, order fulfillment time, delivery time, changeover time, customer response time, and other key measures of time. Improvement in cycle time may involve any or all of these.

DEPLOYMENT. **The extent to which your organization applies an approach in addressing the Questions of a Criteria Item.** Evaluation of deployment considers how broadly and deeply the approach is applied in relevant work units throughout your organization.

Deployment is one of the factors considered in evaluating process Items. For further description, see the Scoring System.

DIVERSITY. **Personal differences among workforce members that enrich the work environment and are representative of your hiring and customer communities**. These differences are based on many variables, such as race, religion, color, gender, national origin, disability, sexual orientation, age and generation, education, geographic origin, and skill characteristics, as well as ideas, thinking, learning styles, academic disciplines, and perspectives.

The Criteria refer to valuing and benefiting from the diversity of your workforce hiring and customer communities. Capitalizing on both in building your workforce increases your opportunities for high performance; customer, workforce, and community satisfaction; and customer and workforce engagement. When embraced, diversity can drive cultural, economic, and social vitality and innovation.

EFFECTIVE. **How well a process or a measure addresses its intended purpose.** Determining effectiveness requires: (1) evaluating how well the process is aligned with the organization's needs and how well it is deployed, (2) evaluating the outcome of the measure as an indicator of process or product performance, or (3) evaluating how well customer requirements have been met or exceeded.

EMPOWERMENT. Giving people the authority and responsibility to make decisions and take actions. When people are empowered, decisions are made closest to the frontline, where work-related knowledge and understanding reside.

The purpose of empowering people is to enable them to satisfy customers on first contact, improve processes and increase productivity, and improve your organization's performance results, as well as to encourage collaboration. An empowered workforce requires information to make appropriate decisions; thus, your organization must provide that information in a timely and useful way.

ENGAGEMENT, CUSTOMER.

See CUSTOMER ENGAGEMENT.

ENGAGEMENT, WORKFORCE.

See WORKFORCE ENGAGEMENT.

ETHICAL BEHAVIOR. The actions your organization and your leaders take to ensure that all your decisions, actions, and stakeholder interactions conform to your moral and professional principles of conduct. These principles should support all applicable laws and regulations and are the foundation for your organization's culture and values. They distinguish right from wrong.

Senior leaders should be role models for these principles of behavior. The principles apply to all people involved in your organization, from temporary workforce members to members of the board of directors. These principles benefit from regular communication and reinforcement. Senior leaders have the responsibility for the alignment of your organization's mission, vision, and values with its ethical principles. Ethical behavior encompasses interactions with all stakeholders, including your workforce, shareholders, customers, partners, suppliers, and local community members.

Well-designed and clearly articulated ethical principles empower people to make effective decisions with great confidence. In some organizations, ethical principles also serve as boundary conditions restricting behavior that otherwise could have adverse impacts on your organization and/or society.

EXCELLENCE.

See PERFORMANCE EXCELLENCE.

GOALS. Future conditions or performance levels that your organization intends or desires to attain. Goals can be both short- and longer-term. They are ends that guide actions. Quantitative goals frequently referred to as targets, include a numerical point or range. Targets might be desired performance based on comparative or competitive data. Stretch goals are goals for desired major, discontinuous (non-incremental) or "breakthrough" improvements, usually in

Goals can serve many purposes, including:
- clarifying strategic objectives and action plans to indicate how you will measure success,
- fostering teamwork by focusing on a common end,
- encouraging out-of-the-box thinking (innovation) to achieve a stretch goal, and
- providing a basis for measuring and accelerating progress.

See also PERFORMANCE PROJECTIONS.

GOVERNANCE. **The system of management and controls exercised in the stewardship of your organization.** Governance includes the responsibilities of your organization's owners/shareholders, board of directors, and senior leaders. Corporate or organizational charters, bylaws, and policies document the rights and responsibilities of each of the parties and describe how they will direct and control your organization to ensure (1) accountability to owners/shareholders and other stakeholders, (2) transparency of operations, and (3) fair treatment of all stakeholders.

Governance processes may include the approval of strategic direction, the monitoring and evaluation of the CEO's performance, the establishment of executive compensation and benefits, succession planning, financial and other fiduciary auditing, risk management, disclosure, and shareholder reporting. Ensuring effective governance is important to stakeholders' and the larger society's trust and to organizational effectiveness.

GOVERNANCE SYSTEM. The framework of procedures and practices by which a board of directors ensures accountability, fairness, and transparency in an organization's relationship with its stakeholders (funders, customers, management, employees, government, suppliers, and the community). An organization's values provide the general guidance to shape governance and behavior. The Governance System provides the reinforcement and boundaries that translate guidance into action, and ensure that behavior is ethical, legal, and appropriate.

A governance framework consists of three major elements:
1. Explicit and implicit agreements and contracts between the organization and the stakeholders for the distribution of responsibilities, rights, and rewards.
2. Procedures for reconciling potentially conflicting interests of stakeholders in accordance with their duties, privileges, and roles.
3. Procedures for proper oversight, control, and administration of information flows to serve as a system of checks-and-balances.

Although the Governance System is specifically addressed in Item Reference 1.2a(1), its influence impacts all Categories and Core Values.

HIGH PERFORMANCE: **High levels of overall organizational and individual performance, including quality, productivity, innovation rate, and cycle time. High performance results in improved service and value for customers and other stakeholders.** Approaches to high performance vary in their form, their function, and the incentive systems used. High performance stems from, and enhances, workforce engagement. It involves cooperation between management and workforce, which may involve workforce bargaining units; cooperation among work units, often involving teams; empowerment of your people, including personal accountability; and workforce input into planning. It may involve learning and building individual and organizational skills; learning from other organizations; creating flexible job design and work assignments; maintaining a flattened organizational structure where decision-making is decentralized and decisions are made closest to the front line; and effectively using performance measures, including comparisons. Many organizations encourage high performance with monetary and non-monetary incentives based on factors such as organizational performance, team and individual contributions, and skill building. Also, approaches to high performance usually seek to align your organization's structure, core competencies, work, jobs, workforce development, and incentives.

HOW. **The systems and processes that your organization uses to achieve its mission requirements.** In responding to "how" questions in Criteria Categories 1-6, you should include information on approach (methods and measures), deployment, learning, and integration.

INDICATORS.

See MEASURES AND INDICATORS.

INNOVATION(S). **Making meaningful change to improve processes, products and/or services, the organization, or societal well-being to increase value for stakeholders.** (The Criteria use the term innovation as a process/activity and the term innovations to refer to the outcomes.) Innovation involves adopting an idea, process, technology, product, or business model that is either new or new to its proposed application. Innovations are discontinuous or "breakthrough" improvements in results, products, processes, or societal well-being. Innovation benefits from a supportive environment, a process for identifying strategic opportunities, and a willingness to pursue intelligent risks.

Successful organizational innovation also entails knowledge sharing, a decision to implement, implementation, evaluation, and learning. Although innovation is often associated with technological innovation, it is applicable to all key organizational processes that can benefit from change through innovations, whether breakthrough improvement or a change in approach or outputs. Innovations may be present in organizations of all sizes, sectors, and maturity levels; in some cases, an organization's genesis is an innovative idea process, technology, product, or change in organizational structure or business model.

See also BENCHMARKING, INTELLIGENT RISKS and STRATEGIC OPPORTUNITIES.

INTEGRATION. **The harmonization of plans, processes, information, resource decisions, workforce capability and capacity, actions, results, measures, and analyses to support key organization-wide goals.** Effective integration goes beyond alignment and is achieved when the individual components of an organizational performance management system operate as a fully interconnected unit. Integration is one of the factors considered in evaluating both process and results Items. For further description, see the Scoring System.

See also ALIGNMENT.

INTELLIGENT RISKS. Opportunities for which the potential short- or long-term gain or benefit outweighs the potential harm or loss to your organization if you do not explore them (sometimes referred to as a calculated risk). Taking intelligent risks requires a tolerance for failure and an expectation that innovations are not achieved by initiating only successful endeavors. At the outset, organizations must invest in potential successes while realizing that some will lead to failure.

The degree of risk that is intelligent to take will vary by the pace, and level of threat and opportunity in the industry. In a rapidly changing industry with constant introductions of new products, processes, or business models, there is an obvious need to invest more resources in intelligent risks than in a stable industry. In the latter, organizations must monitor and explore growth potential and change but, most likely, with a less significant commitment of resources.

See also STRATEGIC OPPORTUNITIES.

KEY. **Major or most important; critical to achieving your intended outcome.** The Criteria, for example, refer to key challenges, plans, work processes, and measures—those that are most important to your organization's success. They are the essential elements for pursing or monitoring a desired outcome. Key is generally defined as around the most significant five (e.g., around five key challenges).

KNOWLEDGE ASSETS. **Your organization's accumulated intellectual resources; the knowledge possessed by your organization and its workforce in the form of information, ideas, learning, understanding, memory, insights, cognitive and technical skills, and capabilities.** These knowledge assets reside in your workforce, software, patents, databases, documents, guides, policies, procedures, and technical drawings.

Knowledge assets are the know-how that your organization has available to use, invest, and grow. Building and managing knowledge assets are key components of creating value for your stakeholders and sustaining a competitive advantage.

LEADERSHIP SYSTEM. **The way leadership is exercised, formally and informally, throughout your organization; the basis for key decisions and the way they are made, communicated, and carried out.** A leadership system includes structures and mechanisms for making decisions; ensuring two-way communication; selecting and developing leaders and managers; and reinforcing values, ethical behavior, directions, and performance expectations. An effective leadership system respects workforce members' and other stakeholders' capabilities and requirements, and it sets high expectations for performance and performance improvement. It builds loyalties and teamwork based on your organization's vision and values and the pursuit of shared goals. It encourages and supports initiative, innovation, and appropriate risk taking; subordinates organizational structure to purpose and function; and avoids chains of command that require long decision paths. An effective leadership system includes mechanisms for leaders to conduct self-examination, receive feedback, and improve.

LEARNING. **New knowledge or skills acquired and implemented through evaluation, study, experience, and innovation.** The Sterling Framework refers two distinct kinds or learning: organizational learning, and learning by people in your workforce. Organizational learning is achieved through research and development, evaluation and improvement cycles, ideas and input from the workforce and stakeholders, the sharing of best practices, and benchmarking. Workforce learning is achieved through education, training, and developmental opportunities that further individual growth.

To be effective, learning should be embedded in the way your organization operates. Learning contributes to a competitive advantage and ongoing success for your organization and workforce.

For further description of organizational and personal learning, see the related Core Values and Concepts: *Valuing People* and *Organizational Learning*.

Learning is one of the factors considered in evaluating process Items. For further description, see the Scoring System.

LEVELS. **Numerical information that places or positions your organization's results and performance on a meaningful measurement scale**. Performance levels permit evaluation relative to past performance, projections, goals, and appropriate comparisons.

MEASURES AND INDICATORS. **Numerical information that quantifies the input, output, and performance dimensions of processes, products, programs, projects, services, and the**

overall organization (outcomes). Measures and indicators might be simple (derived from one measurement) or composite.

The Criteria do not distinguish between measures and indicators. However, some users of these terms prefer "indicator" (1) when the measurement relates to performance but does not measure it directly (e.g., the number of complaints is an indicator but not a direct measure of dissatisfaction), and (2) when the measurement is a predictor ("leading indicator") of some more significant performance (e.g., increased customer satisfaction might be a leading indicator of market share gain).

MISSION. **Your organization's overall function.** The mission answers the question, "What is your organization attempting to accomplish?" The mission might define customers or markets served, distinctive or core competencies, or technologies used.

MULTIPLE QUESTIONS. **The details of a Criteria Item, as expressed in the individual questions under each lettered Area to Address.** Multiple Questions are those listed under the boldface questions. For an illustration, see the Criteria for Performance Excellence Structure in Section III.

Even high performing, high-scoring users of the Sterling Framework are not likely to be able to address all the Multiple Questions with equal capability or success.

OVERALL QUESTIONS. **The most important features of a Criteria Item, as elaborated in the first question (the leading question in boldface) in each paragraph under each lettered Area to Address.** For an illustration, see Sterling Criteria for Performance Excellence Structure in Section III.

PARTNERS. **Key organizations or individuals who are working in concert with your organization to achieve a common goal or improve performance.** Typically, partnerships are formal arrangements for a specific aim or purpose, such as to achieve a strategic objective or deliver a specific product or service.

See also COLLABORATORS.

PERFORMANCE. **Outputs and their outcomes obtained from processes, products and services, and strategies that permit you to evaluate and compare your organization's results to performance projections, standards, past results, goals, and other organizations' results.** The Criteria address four types of performance: (1) product and service, (2) customer-focused, (3) operational, and (4) financial and marketplace.

Product and service performance is performance relative to measures and indicators of product and service characteristics that are important to customers. Examples include product reliability, on-time delivery, customer-experienced defect levels, and service response time. For

some service organizations, including nonprofit organizations, examples might include program and project performance in the areas of rapid response to emergencies, at-home services, or multilingual services.

Customer-focused performance is performance relative to measures and indicators of customers' perceptions, reactions, and behaviors. Examples include customer retention, complaints, and satisfaction and engagement survey results.

Operational performance is workforce, leadership, and organizational performance (including ethical and legal compliance) relative to measures and indicators of effectiveness, efficiency, and accountability.

Examples include cycle time, productivity, waste reduction, workforce turnover, workforce cross-training rates, regulatory compliance, fiscal accountability, strategy accomplishment, and community involvement. Operational performance might be measured at the work unit, key work process, and organizational levels.

Financial and marketplace performance is performance relative to measures of cost, revenue, and market position, including asset utilization, asset growth, and market share. Examples include returns on investments, value added per employee, debt-to-equity ratio, returns on assets, operating margins, performance to budget, the amount in reserve funds, cash-to-cash cycle time, other profitability and liquidity measures, and market gains.

PERFORMANCE EXCELLENCE. **An integrated approach to organizational performance management that results in: (1) delivery of ever-improving value to customers and stakeholders, contributing to ongoing organizational success; (2) improvement of your organization's overall effectiveness and capabilities, and; (3) learning for the organization and for people in the workforce.** The Sterling Organizational Profile, Criteria, Core Values and Concepts, and Scoring Guidelines provide a framework and assessment tool for understanding your organization's strengths and opportunities for improvement and, thus, guiding your planning toward achieving higher performance and striving for excellence.

PERFORMANCE IMPROVEMENT SYSTEM. **An organizational approach for improving performance at all levels.** A Performance Improvement System includes the elements of direction setting by leadership, strategic planning, work system and process management, improvement methodologies (Lean, Six Sigma, PDCA, and others), organizational learning, systematic reviews of performance relative to goals, and governance. Examples of Performance Improvement Systems include the Enterprise Lean Six Sigma, International Standards Organization (ISO) systems, and Total Quality Management. These approaches promote both the

guidelines and methodologies to include leadership, governance, work systems, and performance improvement Systems.

Organizations that adopt these types of systems demonstrate a commitment to performance excellence in all aspects of their operations by ensuring the use of sound and systematic policies and procedures, and the ongoing improvement of them, thereby consistently meeting the needs of current and future customers. Other frameworks may not include all four of these elements, may only emphasize compliance to existing procedures and not improvement, or provide only a general framework.

While Lean or Six Sigma can be implemented in specific areas of an organization, this does not imply an organization-wide commitment to improvement and performance excellence.

PERFORMANCE PROJECTIONS. **Estimates of your organization's future performance.** Projections should be based on an understanding of past performance, rates of improvement, and assumptions about future internal changes and innovations, as well as assumptions about changes in the external environment that result in internal changes. Thus, performance projections can serve as a key tool in managing your operations and in developing and implementing your strategy.

Performance projections state your *expected* future performance. Goals state your *desired* future performance. Performance projections for your competitors or similar organizations may indicate challenges facing your organization and areas where breakthrough performance or innovations are needed. In areas where your organization intends to achieve breakthrough performance or innovations, your performance projections and your goals may overlap.

See also GOALS.

PROCESS. **Linked activities with the purpose of producing a product or service for a customer (user) within or outside your organization.** Generally, processes involve combinations of people, machines, tools, techniques, materials, and improvements in a defined series of steps or actions. Processes rarely operate in isolation and must be considered in relation to other processes that impact them. In some situations, processes might require adherence to a specific sequence of steps, with documentation (sometimes formal) of procedures and requirements, including well-defined measurement and control steps. In the delivery of services, particularly those that directly involve customers, process is used more generally to spell out what delivering that service entails, possibly including a preferred or expected sequence. If a sequence is critical, the process needs to include information that helps customers understand and follow the sequence. Such service processes also require guidance for service providers on handling contingencies

related to customers' possible actions or behaviors.

In knowledge work, such as strategic planning, research, development, and analysis, process does not necessarily imply formal sequence of steps. Rather, it implies general understandings of competent performance in such areas as timing, options to include, evaluation, and reporting. Sequences might arise as part of these understandings.

Process is one of the two dimensions evaluated in a Sterling-based assessment. This process evaluation is based on four factors: approach, deployment, learning, and integration. For further description, see the Scoring System.

PRODUCTIVITY. **Measures of the efficiency of resource use.** Although the term is often applied to single factors, such as the workforce (labor productivity), machines, materials, energy, and capital, the concept also applies to the total resources used in producing outputs. Using an aggregate measure of overall productivity allows you to determine whether the net effect of overall changes in a process—possibly involving resource trade-offs—is beneficial.

PROJECTIONS, PERFORMANCE.

See PERFORMANCE PROJECTIONS.

RESILIENCE. **An organization's ability to anticipate, prepare for, and recover from disasters, emergencies, and other disruptions, and when disruptions occur, to protect and enhance workforce and customer engagement, supply-network and financial performance, organizational productivity, and community well-being.** Beyond the ability to "bounce back" to a prior state when a disruption occurs, resilience means having a plan in place that allows your organization to continue operating as needed during disruptions. To achieve resilience, leaders must cultivate the agility to respond quickly to both opportunities and threats, adapt strategy to changing circumstances, and have robust governance with a culture of trust. Organizations must adopt an ecosystem mindset, embrace data-rich thought processes, and equip their employees with ongoing learning of new skills.

See also AGILITY.

RESULTS. **Outputs and outcomes achieved by your organization.** Results are evaluated based on current performance; performance relative to appropriate comparisons; the rate, breadth, and importance of performance improvements; and the relationship of results measures to key organizational performance requirements.

Results are one of the two dimensions (along with processes) evaluated in a Sterling-based assessment. This evaluation of results is based on four factors: levels, trends, comparisons, and integration. For further description, see the Scoring System.

SEGMENT. **One part of your organization's customer, market, product or service offering, or workforce base.** Segments typically have common characteristics that allow logical groupings. In Criteria Results Items, segmentation refers to disaggregating results data in a way that allows for meaningful analysis of your organization's performance. It is up to each organization to determine the factors that it uses to segment its customers, markets, products and services, and workforce.

Understanding segments is critical to identifying the distinct needs and expectations of different customer, market, and workforce groups, and to tailoring product and service offerings to meet their needs and expectations. For example, you might segment your market based on distribution channels, business volume, geography, or technologies employed. You might segment your workforce based on geography, skills, needs, work assignments, or job classifications.

SENIOR LEADERS. **Your organization's senior management group or team.** In many organizations, this consists of the head of the organization and his or her direct reports.

STAKEHOLDERS. **All groups that are, or might, be affected by your organization's actions and success.** Key stakeholders might include customers, the workforce, partners, collaborators, governing boards, stockholders, donors, suppliers, taxpayers, regulatory bodies, policymakers, funders, and local and professional communities.

See also CUSTOMER.

STRATEGIC ADVANTAGES. **Those benefits that exert a decisive influence on your organization's likelihood of future success.** These advantages are frequently sources of current and future competitive success relative to other providers of similar products and services. Strategic advantages generally arise from either or both of two sources: (1) core competencies which focus on building and expanding on your organization's internal capabilities and (2) strategically important external resources, which your organization shapes and leverages through key external relationships and partnerships.

When an organization realizes both sources of strategic advantages, it can amplify its unique internal capabilities by capitalizing on the complementary capabilities in other organizations.

See STRATEGIC CHALLENGES and STRATEGIC OBJECTIVES for the relationship among strategic advantages, strategic challenges, and the strategic objectives your organization articulates to address its challenges and advantages.

STRATEGIC CHALLENGES. **Those pressures that exert a decisive influence on your organization's likelihood of future success.** These challenges are frequently driven by your organization's anticipated competitive position in the future relative to other providers of similar products and services. While not exclusively so, strategic challenges are generally externally driven. However, in responding to externally driven strategic challenges, your organization may face internal strategic challenges.

External strategic challenges may relate to customer or market needs or expectations, product or technological changes, or financial, societal, and other risks or needs. Internal strategic challenges may relate to capabilities or human and other resources.

See STRATEGIC ADVANTAGES and STRATEGIC OBJECTIVES for the relationship among strategic challenges, strategic advantages, and the strategic objectives your organization articulates to address its challenges and advantages.

STRATEGIC OBJECTIVES. **The aims or responses that your organization articulates to address major change or improvement, competitiveness or social issues, and business advantages**. Strategic objectives are generally focused both externally and internally; and relate to significant customer, market, product, or technological opportunities and challenges (strategic challenges). Broadly stated, they are what your organization must achieve to remain or become competitive and ensure its long-term success. Strategic objectives set your organization's longer-term directions and guide resource allocation and redistribution.

See ACTION PLANS for the relationship between strategic objectives and action plans, and for an example of each.

STRATEGIC OPPORTUNITIES. **Prospects for new or changed products, services, processes, business models (including strategic alliances), or markets**. They arise from outside-the-box thinking, brainstorming, capitalizing on serendipity, research and innovation processes, nonlinear extrapolation of current conditions, and other approaches to imagining a different future.

The generation of ideas that lead to strategic opportunities benefits from an environment that encourages nondirected, free thought. Choosing which strategic opportunities to pursue involves consideration of relative risk, financial and otherwise, and then making intelligent choices (intelligent risks).

See also INTELLIGENT RISKS.

SUPPLIER. **An entity that supplies goods and services to another organization, and is usually a manufacturer or a distributor.** A supplier may also be part of an organization's supply-network.

SUPPLY-NETWORK. **A supply-network consists of the entities involved in producing products and services and delivering them to an organization's customers.**

For some organizations, these entities form a chain, in which one entity directly supplies another. Increasingly, however, these entities are interlinked and exist in interdependent rather than linear relationships. The term supply-network, rather than supply chain, emphasizes the interdependencies among organizations and their supplier.

SYSTEM. **A set of interrelated leadership and management elements of an organization used to integrate approaches, establish policies and objectives, and manage processes to achieve those objectives.** The overarching performance system depicted by the Sterling Excellence Framework consists of six process Categories and a results Category. Organizational systems establish processes, procedures, and responsibilities for achieving policies and objectives; and they may contain elements such as management structures (e.g., groups or committees), measurements, and multiple integrated systematic approaches used to conduct the work and support the organization. Organizational systems are generally focused internally, whereas the broader concept work systems include internal work processes and external resources of the organization.

See also WORK SYSTEMS.

SYSTEMATIC. **Well-ordered, repeatable, and exhibiting the use of data and information so that learning is possible.** Approaches are systematic if they build in the opportunity for evaluation, improvement, and sharing, thereby permitting a gain in maturity. To see the term in use, refer to the Process Scoring Guidelines.

SYSTEMS THINKING. **A discipline for identifying the "structures" that underline complex organizations or issues, realizing the impact feedback loops have on the system's performance, and distinguishing high from low leverage points.** Three important concepts form the basis for systems thinking:

1. All systems are composed of interconnected parts. The connections cause the behavior of one part to affect another. Because all parts are connected, a change to any part or connection affects the entire system.

2. The specific combination of parts and connections dictates how the parts work together and define the system. The same parts with different connections will define a different system with different performance. To change the system's performance, one must understand the parts, the connections, and how they work together.

3. Feedback loops inform each part of the system, overall. Feedback loops influence behavior at all levels to produce outcomes.

In management systems, systems thinking should be evident in all phases of management, such as needs assessment, product and service design, planning, execution, monitoring, and performance evaluation.

TRENDS. **Numerical information that shows the direction and rate of change of your organization's results or the consistency of its performance over time.** Trends show your organization's performance in a time sequence.

Ascertaining a trend generally requires a minimum of three historical (not projected) data points. Defining a statistically valid trend requires more data points. The cycle time of the process being measured determines the time between the data points for establishing a trend. Shorter cycle times demand more frequent measurement, while longer cycle times might require longer periods for a meaningful trend.

Examples of trends called for by the Criteria and Scoring Guidelines include data on product and service performance, results for customer and workforce satisfaction and dissatisfaction, financial performance, marketplace performance, and operational performance, such as cycle time and productivity.

VALUE. **The perceived worth of a product or service, process, asset, or function relative to its cost and possible alternatives**. Organizations frequently use value considerations to determine the benefits of various options relative to their costs, such as the value of various product and service combinations to customers. Your organization needs to understand what different stakeholder groups value and then deliver value to each group. This frequently requires balancing value among customers and other stakeholders, such as your workforce and the community.

VALUES. **The guiding principles and behaviors that embody how your organization and its people are expected to operate.** Values influence and reinforce your organization's desired culture. They support and guide the decisions made by every workforce member, helping your organization accomplish its mission and attain its vision appropriately. Examples of values include demonstrating integrity and fairness in all interactions, exceeding customer expectations, valuing individuals and diversity, protecting the environment, and striving for performance excellence every day.

VISION. **Your organization's desired future state.** The vision describes where your organization is headed, what it intends to be, or how it wishes to be perceived in the future.

VOICE-OF-THE-CUSTOMER. **Your process for capturing customer-related information.** Voice-of-the-Customer processes are intended to be proactive and continuously innovative to capture stated, unstated, and anticipated customer requirements, expectations, and desires. The goal is to achieve customer engagement. Listening to the Voice-of-the-Customer might include gathering and integrating various types of customer data, such as survey data, focus group findings, social media data and commentary, warranty data, marketing and sales information, and complaint data that affect customers' purchasing and engagement decisions.

WORK PROCESSES. **Your organization's most important internal value-creating processes**. They might include product design, production, and delivery; customer support; supply-network management; business; and support processes. They are the processes that involve the majority of your organization's workforce and produce customer, stakeholder, and stockholder value.

Your key work processes are always accomplished by your workforce. They frequently relate to your core competencies, the factors that determine your success relative to competitors, and the factors your senior leaders consider important for business growth. In contrast, projects are unique work processes intended to produce an outcome and then go out of existence.

WORK SYSTEMS. **The coordinated combination of internal work processes and external resources that you need to develop and produce products, deliver them to your customers, and succeed in your marketplace.** Within your work systems, internal work processes are those that involve your workforce. External resources may include processes performed by your key suppliers, partners, contractors, and collaborators, as well as other components of your supply-network needed to produce and deliver your products, and carry out your business and support processes. These internal work processes and external resources function together to accomplish your organization's work.

Decisions about work systems are strategic, as you must decide whether to use internal processes or external resources for maximum efficiency and sustainability in your marketplace. These decisions involve protecting intellectual property, capitalizing on core competencies, and mitigating risk. The decisions you make have implications for your organizational structure, people, work processes, and equipment/technology.

WORKFORCE. **All people actively supervised by your organization and involved in accomplishing your organization's work, including paid employees** (e.g., permanent, part-time, temporary, on-site, and remote employees, as well as contract employees supervised by your organization) and some volunteers (e.g., student/interns), as appropriate. Your workforce includes team leaders, supervisors, and managers at all levels.

WORKFORCE CAPABILITY. **Your organization's ability to accomplish its work processes through its people's knowledge, skills, abilities, and competencies.** Capability may include the ability to build and sustain relationships with customers; to innovate and transition to new technologies; to develop new products and services, and work processes; and to meet changing business, market, and regulatory demands.

WORKFORCE CAPACITY. **Your organization's ability to ensure sufficient staffing levels to accomplish its work processes and deliver your products and services to customers, including the ability to meet seasonal or varying demand levels.**

WORKFORCE ENGAGEMENT. **The extent of workforce members' emotional and intellectual commitment to accomplishing your organization's work, mission, and vision.** Organizations with high levels of workforce engagement are often characterized by high performance work environments in which people are motivated to do their utmost for their customers' benefit and the organization's success.

In general, workforce members feel engaged when they find personal meaning and motivation in their work, and receive interpersonal and workplace support. An engaged workforce benefits from trusting relationships, a safe and cooperative environment, good communication and information flow, empowerment, and accountability for performance. Key factors contributing to engagement include training and career development, effective recognition and reward systems, equal opportunity and fair treatment, and family-friendliness.

Award Process Overview, Timetable, and Fees

Activity	2025 Cycle
Application of Intent Available	June, 2024
Application of Intent Due	August 23, 2024
Applications Due	October 19, 2024
Consensus Meetings	January, 2025
Site Visits	March, 2025
Judge's Recommendation Meeting	April, 2025
Award Ceremony	May 30, 2025

THE AWARD PROMOTES
- awareness of performance excellence as an increasingly important element in competitiveness; and
- information sharing of successful performance strategies and the benefits derived from using these strategies.

AWARD PARTICIPANTS
The award eligibility categories include organizations in the following sectors:
- manufacturing
- service
- education
- healthcare
- non-profit, including government

There is no limit to the number of awards given in each sector.

APPLICATION REQUIREMENTS
- Provide an Application of Intent.
- Submit an Application of Intent Fee.
- Provide a Challenge, Governor's Sterling (GSA), or Georgia Oglethorpe Award application; including an Organizational Profile.
- Submit Application Fee, based on the Fee Schedule, at the time of application submission.
- Adhere to all online application instructions.
- Collaborate with the Sterling Office and the Assessment Team Lead in establishing, and adhering to your specific Assessment Schedule.

FEE SCHEDULE
- All assessments – Application of Intent Fee: $1,000
- Challenge Application:
  - Organizations up to 250 employees: $8,500
  - Organizations with more than 250 employees: $10,500
- GSA / Georgia Oglethorpe Application:
  - Organizations up to 250 employees: $11,500
  - Organizations with more than 250 employees: $13,500
- Examiner travel expenses will be incurred and paid at the Florida State rate.
- Examiner living logistics and expenses will be performed and incurred by the Applicant organization; and agreed upon with the Sterling Office.

Please note that all fees are non-refundable.

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