

Baldrige Approach: A Tool of Performance Management

Dr. Tripti Sharma

Assistant Professor
University College of Commerce and Management
Guru Kashi University

Abstract:

Pfizer Inc is an American multinational pharmaceutical and biotechnology company based in New York.. The purpose of this study is to analyze the case of that Company and the approach taken by the company to improve the performance. Case study method has been used to create an in –depth analysis and to understand and explain complex issues in its real life context. This research design is extensively used in social sciences and other disciplines. First objective of the study is to check the relevancy of Baldrige model towards performance management, according to the report of current company situation with the help of SWOT and PESTLE analysis. Second objective is to manage performance excellence through implementation of the Baldrige model. The findings of this research is that Pfizer Inc Company must look forward to its overall pricing model, its cost structure and the ways to reduce its dependence on two major customers for better performance.

Keywords: Baldrige excellence frame work, case study, performance management.

INTRODUCTION

Baldrige approach is a non-prescriptive technique that is essential tool to achieve organizational goals. It is also required to improve the output, and cope up with other competitors. Its practices on management education, leadership and issues of management into a numbers of questions that provide the guidance how anyone can manage components of the organization as a whole.

Baldrige criteria is an “integrated management framework” that is used for organizational performance. It is also known as the part of the bald ridge excellence framework. It is helpful in study of management criteria which provide a systematic approach and integration towards the organization. There are seven steps of baldrige criteria is helpful to develop the responses on the basis of the categories for performance excellence for example: leadership; knowledge management; strategic aspects; customers; analysis; measurement' workforce' operations ; and results. (<https://www.msqpc.com/business-solutions/baldrige-assessment/>)

History of Baldrige award for performance:

U.S. leaders took an initiative in 1980s regarding focus on quality by the company to cope up to compete in global scenario. Malcolm Baldrige, the secretary who was an advocate of assessment of the organization and quality management so that in case of U.S. prosperity. (<https://www.nist.gov/baldrige/how-baldrige-works/about-baldrige/history>).

The baldrige performance excellence criteria used for performance management. There are 7 categories are required to receive the award criteria for organizational performance, these are:

1) **Leadership for performance:** It examines about senior's guidance and organizational responsibilities towards public and practices as a good citizenship.

- 2) **Performance based Strategic planning:** It examines about strategic directions set by the organization and key action plans.
- 3) **Focus on Customer:** - Its main focus on the customer to examines about determination of requirements and expectations of markets and customers, acquisition, satisfaction and customer retention.
- 4) **Knowledge management, analysis and measurement:-** It is considered here about improvement of data analysis and management, information to support organizational processes and performance system of the organization.
- 5) **Focus on workforce:** - It is required to develop full potential and workforce is aligned with organizational objectives.
- 6) **Process management:-** Delivery support system, key production processes are designed, improved and managed.
- 7) **Performance Output vs. Results:-** organizational performance and improvement in its main business areas are: customer satisfaction, financial and performance, human resources, competitors, suppliers and partner performance, operational performance, and corporate governance and social responsibility of the business.

REVIEW OF LITERATURE

Purba et.al (2021) explained in the paper “A Systematic Literature Review of Malcolm Baldrige National Quality Award” MBNQA model is used as a quality awards such as the European Foundation for Quality Management (EFQM) and the Deming Prize to illustrate the criteria use in improving Business Excellent Models (BEM).

Stanley et.al (2021) studied that strategic leaders of nonprofit organization in California developed their organization to serve a larger population. Data collected through semi structured interviews and secondary sources. Data were analyzed by thematic analysis. There four themes highlighted: leader development, planning, growth and fundraising cycles. The results revealed that nonprofit leaders create standard operating procedures and focus on short and long-term goals such as growth, hiring, and recruitment to support growth and development planning for future leaders.

Alanazi et.al (2020) concluded in the paper “The mediating role of primary TQM factors and strategy in the relationship between supportive TQM factors and organizational results: An empirical assessment using the Baldrige model” that primary total quality management factors are operation management , measurement, analysis and knowledge management and the supportive TQM factors are leadership, workforce and customers. The respondents are 210 managers of Saudi firms. Structural equation modeling technique has been used. Malcolm Baldrige national quality award , this model has been used for getting organizational goals. The findings revealed that system perspective and organizational results achieved by the Malcolm Baldrige national quality award model.

Kahraman et.al (2019) analyzed the hierarchy process based on decision making approach measurement by applying baldrige criteria for performance excellence. Questionnaire are filled by experts as per their level of understanding. Comparative analysis has been done by AHP approach. The findings revealed that this approach effectively and efficiently measures the performance by using baldrige model.

Bailey (2015) explained that organization should use management frame work and it leads to improved organizational performance by reducing defects, better outcomes so that there is a need of Performance Excellence criteria. Secondary data has been used to describe baldridge approach in this literature review. Baldrige approach allows organizations to use common language that becomes the consideration to guide them to excellence.

Overview of the company

Pfizer Inc Company is a vaccine manufacturer of manufacturing plants located in country Y namely (Puurs, Belgium plant) and country Z namely Kalamazoo, Michigan plant)these are based in different countries. Vaccine is designed to immunize people against a virus and sells this vaccine at affordable price. Getting pre-orders, formal contracts and delivery of specified no. of vaccine at fixed prices. Country Y government placed order was consignment, but Country Z placed a larger order for a later consignment, they were promised about fulfilled due details. Country Y government received its vaccine supply from the plant situated in Country Y and received extra supplies from country Z's plant.

Pfizer Inc Company faced lot of problems at its major production facility in Country Z after mass production, with the small bottles supply into the vaccine. During production, technical problems generally associated with the production process. Workforce absenteeis due to sickness from the virus. This is the main reason not to fulfill larger order Pfizer nc. ompany was unable to fulfill its larger order to Country Z government from that plant alone. ue to pending orders legal action threatened given to the Company Z. Pfizer Inc. Company was unable to deliver the vaccine because of the problems at plant in Country Z. Country Y was still fulfilling the remaining amount of the prior orders placed to Country. Pfizer Inc. ompany faces a liability to pay damages to Country Z and due to this planned volumes are not being achieved properly and other fixed costs.

RESEARCH METHODOLOGY

Objective : 1 To check the relevancy of Baldrige model towards performance management.

Objective: 2 To study the Implementation of the Baldrige excellence framework in performance management

Nature of Research: In this study the descriptive research will be used for explaining the distinctiveness of the observed facts.

Target Population

The general population for this study is composed of pharma sector customers. Basically these respondents are asked regarding the current status of services offered by particular destination both externally and internally and their personal views about customer satisfaction.

Sample Size and Sampling Procedure

The sample size of employees will be limited to 120 respondents and due to various resources constraints the sample size of the customers will be limited to 80 respondents.

Data Collection Techniques

For this study, primary research and secondary research will be used.

Primary research is conducted using observation method. Secondary data are based from the recent literatures related to customers and patients.

I- To check the relevancy of Baldrige model towards performance management.

Baldrige model is an idealistic way to present about performance management. Its value creation tool for organizational competitiveness. These are relevant success factors for and excellence included within the Baldrige model. The Baldrige excellence framework is shown below by Malcom Baldrige for performance model in Figure 1:



Figure 1: Baldrige Excellence framework for Performance (Malcom Baldrige) by slide salad

According to the above (Figure-1): There are seven criteria's for competitiveness and performance excellence. At the top of the model the organizational profile determined by SWOT analysis or PESTEL analysis, used to understand about the organization their environment and companies situation.

The baldrige excellence framework suggests the strategic business leaders, it focused on the scanning of the environment, strategic partnership and company situation analysis to ensure performance management system to generate excellence and improve competitiveness.

II- To study the Implementation of the Baldrige excellence framework in performance management.

Pfizer Inc. Analysis:

According to the above model (Figure 1):- The main elements are concerned to the model is leadership because it is the cornerstone of performance excellence and competitiveness. At the top (Organization Profile section of the above model) specify that leaders must be identify and select strategic choice on the basis of strengths and weaknesses of the organization. Strategic choice has proper evaluation , business leaders take risk factors and focus on building strong team building and productive customers it is the as the main source of value.

Change is essential for any strategic implementation, business leaders primarily focus on its customers, but also on the workforce and management processes and operations by workforce, to ensure that strategy is implemented successfully to get the desired outcome.

As shown at the right-hand side of this excellence framework model: Corporate strategy is monitored by the use of data analysis and knowledge management. Performance excellence and increased competitiveness has been achieved. If result is underperformance, then the next step is to address the reasons to examine the key elements of the baldrige model to improve the organizational performance and competitiveness.

Geographical structure and Pfizer products

Pfizer Inc Company is vaccine manufacturers with manufacturing plants namely; Country Y and Country Z there plants are in different countries. Vaccine is designed to immunize people against a virus and sells this vaccine at affordable price. Getting pre-orders, formal contracts and delivery of specified no. of vaccine at fixed prices. Country Y placed its small order firstly and Country Z placed order later but larger consignment and promised to fulfilled within due time. Country Y received vaccine supply more from the plant situated in Country Y but was also getting additional supplies from the bigger plant in country Z

Production, contractual and operational problems

Pfizer Inc Company, after mass production faced difficulties, at major production facility in Country Z with the supply of small bottles into the vaccine which is dispensed during mass production, as well as experiencing technical problems with the production process. Workforce absenteeism is also there due to sickness from the virus which is intended by the vaccine prevention. Pfizer Inc Company findings were unable to fulfill its larger order of Country Z governments from that plant.

Legal actions by customers

The main threat is legal action by country Z's government for not fulfilling the order. Pfizer Inc Company argued for non delivery of the vaccine because of its problems in Country Z's plant, and Country Y's factory was fulfilling the remaining amount of the prior orders placed by that country.

Financial Implications

Recently, Pfizer Inc . Company faces liability to pay damages to Country Z's. Company is also losing money because the planned volumes being produced across both its plants are not being achieved to fully cover development and other fixed costs.

Issues faced by Company :

- Legal liability
- Low margins
- Profitability issues
- Customer's dissatisfaction
- Production and operational/ process problems
- Supply issues and staff shortage.

Strategic choice (options) and key areas of performance and current issues to address by strategic analysis of company with the help of baldrige model (seven steps) of performance.

Organizational profile

Pfizer Inc. Company is facing strategic issues and operational problems. Shortfall in production capability has produced lower volumes but required to cover fixed costs. Pfizer

Inc. Company relies on the sale of its entire output of the product which is extremely dissatisfied and is threatening to the company. Finally, in-bound product supply problems, workforce and operational issues to be addressed by the company.

Leadership

The leadership of the company should focus first and foremost on its customer's needs and supply, operational issues and workforce for getting better results. Company also address the issues urgently and act proactively current position for improvement. It is required to prioritize the issues one must deal with based on urgent basis.

Strategy

Pfizer Inc. Company should apply the alternative strategies to be considered to manage the customers issue and to improve production capacity by addressing the supply, workforce and operational/process problems. For the medium term the company needs to review its business model such as their reliance on only two main customers and on its overall vaccine pricing policy.

Customers

The company must engage positively and actively with its contractual arrangements to both governments, but first it must establish its contractual obligations and any flexibility there may be for any variations in the contract. In the short-term there may be a need to import some of the output from the plant sited in Country Y or to reduce exports from its factory in Country Z to Country Y. These proposals must be subject to meeting acceptable delivery times for the completion of the prior orders with Country Y and also fulfill their overall contractual obligations to Country Z.

Workforce consideration

There are workforce shortage problem at the plant. There seems to be a workforce shortage problem at the plant in Country Z and these needs to be resolved. The absenteeism is due to sickness caused by the virus which the vaccine produced is intended to prevent. An immediate concern would be to re-deploy additional staff, possibly from the other plant in Country Y, or to increase domestic recruitment for the plant in Country Z. Another possible solution would be to vaccinate all staff working at both plants to help prevent further spreading of the virus within the working environment. There may be scope to re-organize processes and retrain staff to improve output and/or reduce the number of staff required to operate the plant.

Operations process

There appears to be a specific operational issue with the supply of glass vials into which the vaccine is dispensed before packing. This needs to be investigated and a solution found. It may be an option to seek alternative suppliers or use a different material such as a suitable type of plastic, which might also save costs. There also seem to be other technical operational and process problems which need investigating, which may not only be causing the production problems but may increase the cost base. If properly investigated and resolved, this may mean that production output can be increased, and unit cost savings achieved, to help increase profit margins.

Knowledge Management, measurement and analysis:-

In addressing all of the above critical areas of performance, Pfizer Inc. Company needs to use effective knowledge management to measure and analyze its performance (results), particularly in the operational areas. It is required to measure and analyze the costs for break

even and CVP (cost –volume-profit analysis) needs to establish minimum volumes to sell to cover its costs and to meet its target related to output in both the terms workforce and operational.

FINDINGS AND CONCLUSIONS

Pfizer Inc Company's situation is facing difficulties that must be addressed timely. The most important is to effectively manage the desired expectations of the customers of Country Z, facing threatening in legal action; identification of offered flexibility within the basis of contract. Secondly it needs to be addressed the problems related to vaccine supply by re-scheduling its deliveries of vaccine from both plants and workforce should be available to deal with the supply issues which affect the product bottling. There are other immediate operational processes the main issues to resolve quickly. This Company must look forward to its overall pricing model, its cost structure and the ways to reduce its dependence on two major customers, in the longer term, by seeking other contracts, possibly on better term.

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