

# GIANTS Among Men

*Malcolm Baldrige National Quality Award recipient Southcentral Foundation picks up its second honor* | by Lindsay Dal Porto, assistant editor

**What is organizational excellence?** According to ASQ's Learn About Quality pages, it means "ongoing efforts to establish an internal framework of standards and processes intended to engage and motivate employees to deliver products and services that fulfill customer requirements within business expectations."<sup>1</sup>

But it's easier defined than achieved. Attempting to achieve organizational excellence is no small feat. Which is why every year, organizations apply for the Malcolm Baldrige National Quality Award—the highest presidential honor for performance excellence a U.S. organization can receive. Since the program's inception in 1987, nearly 1,700 organizations have applied for the award, but only 110 have received it.<sup>2</sup>

Organizations go through a tremendous amount of work to implement the Baldrige framework, so it is a great honor to receive the prestigious award. To receive it once is an outstanding accomplishment; to receive it twice is an accomplishment of an elite few.

Among the 24 organizations that applied for the 2017 Baldrige award, 14 emerged as finalists. Only five, however, received the award (see the sidebar, "2017 Baldrige Recipients"). South Central Foundation (SCF), an Alaska Native nonprofit 501c(3) healthcare system, was among the recipients and claimed its second Baldrige award.



Not only is SCF a two-time award recipient, it is only the second Alaskan organization to receive the award and the only healthcare organization to receive the award twice.<sup>3</sup>

“[Receiving the award twice] is a testament to tribal leadership, Alaska Native people and SCF’s dedicated workforce, who have transformed the way healthcare is delivered in partnership with the customer-owners we serve,” said SCF president and CEO Dr. Katherine Gottlieb. “It is a reflection of the hard work and accomplishments of everyone at SCF, and I am proud that the community will benefit from their commitment to excellence and innovation.”

## The beginning

SCF’s Baldrige journey officially began in 2002, but its quest for quality started much earlier. SCF was established in 1982 under the tribal authority Cook Inlet Region Inc. to address the unique healthcare and cultural needs of Alaska Native and American Indian people.

However, until Congress passed Public Law 105-83 in 1997 allowing self-determination, Alaska Native people didn’t have much control over the healthcare services they received. They were patients of the government-run Indian Health Service’s Native hospital, but weren’t receiving the care they needed.<sup>4</sup>

According to a survey, patients were unhappy with the healthcare they were provided. Care was impersonal—patients were identified only by numbers, not their names, and saw different providers each time they visited. It also wasn’t unusual for patients to wait weeks for an appointment.<sup>5</sup>

## Just the Facts

*In 2017, Southcentral Foundation (SCF) received its second Malcolm Baldrige National Quality Award. It is the second Alaskan organization to receive the award and the only healthcare organization to receive the award twice.*

*SCF uses the Nuka System of Care, which is a relationship-based, customer-driven healthcare system, to provide physical, emotional, spiritual and mental health services to 65,000 Alaska Native and American Indian people*



With the passing of Public Law 105-83, Native people could own the entities that delivered the services they used, which gave them control over the quality of care they received. Instead of being just patients, they now were customers and owners of their own tribally mandated healthcare.

SCF's Nuka System of Care was a way to provide the holistic approach to healthcare that the Alaska Native people had been missing. The all-encompassing nature of the system is evident in its name: "Nuka" refers to strong, giant structures and living things. It is a value-based comprehensive care system that brings together mental, emotional, physical and spiritual health services. It focuses on improving healthcare, lowering costs and managing chronic diseases through strong relationships between care providers and patients—which it refers to as customer-owners.<sup>6</sup>

## The Nuka System of Care

Today, the Nuka System of Care's is recognized as a leading model of healthcare around the world. SCF's approach to healthcare through the Nuka System of Care is unique: Unlike other healthcare organizations, it is a customer-driven, relationship-based approach to transforming healthcare, improving outcomes and reducing costs.

It has been recognized numerous times for its effectiveness, including receiving the 2014 Anchorage School District Spirit of Tomorrow Award, the 2012 Alaskan Cultural Humanitarian Award and, of course, the 2011 and 2017 Baldrige awards.<sup>7</sup>

Another testament to the Nuka System of Care's effectiveness are the many people from around the world who visit SCF each year to gain insight and guidance on how they can implement the system's operating principles and structures into their own healthcare organizations.

The Nuka System addresses more than just physical health.

**With the passing of Public Law 105-83, Native people could own the entities that delivered the services they used, which gave them control over the quality of care they received.**

It provides a holistic approach to healthcare that includes spiritual, mental and emotional health. It addresses the community's healthcare needs through unique approaches, including office and

home visits, email and telephone visits, educational services and outpatient services. SCF staff also travel to 55 remote Alaskan villages to provide various services. Through its 33 facilities, the healthcare system provides services to almost the entire Alaska Native and American Indian population in a 107,400-square-mile radius—about 65,000 people.



**Katherine Gottlieb (center) and the members of the Southcentral Foundation leadership and executive leadership teams accept the 2017 Malcolm Baldrige National Quality Award.**

With such an important duty to so many people, SCF needed a way to ensure it continually met the needs of its community. So, in 2002, SCF adopted the Baldrige Criteria for Performance Excellence, which provided the organization a systematic way to review its key processes and performance. Getting community involvement and buy-in was crucial.

"It was a challenge for me as the leader to buckle down and focus inward on details of infrastructure," Gottlieb recalled. "I was wondering if maybe I wasn't the leader necessary at [that] time. But before I decided, I looked for a tool that might assist on this phase of our journey."

According to Gottlieb, "Baldrige is a tool and process that influences without controlling systematic change and allows the community to be innovative while staying true to their values and culture."

## The Baldrige process

Gottlieb joined SCF in 1987 and has been in her current role as president and CEO since 1991. Her résumé is impressive by anyone's standards:

- + She served on the National Library of Medicine Board of Regents.
- + She is a visiting scientist at Harvard Medical School.
- + She is active in Alaska Native and American Indian policy issues.
- + She is a founding board member of Cook Inlet Native Head Start, a school dedicated to "building strong foundations with Alaska Native Families through Alaska Native cultures and education."<sup>8</sup>
- + In 2004, she received the MacArthur Fellows Award, which is awarded to U.S. citizens who have shown "extraordinary originality and dedication in their creative pursuits and a marked capacity for self-direction."<sup>9</sup>
- + In 2005, she received an honorary doctoral degree from Alaska Pacific University for her public service.

✦ In 2015, she received the Harry S. Hertz Leadership Award from the Foundation for the Malcolm Baldrige National Quality Award.

The list goes on. So, it should come as no surprise that it was under Gottlieb's leadership that SCF received both of its Baldrige awards. In 2002, when SCF first implemented the Baldrige framework, Gottlieb was leading more than 900 employees and serving a community of 40,000 people with a budget of \$150 million. She realized that for the organization to be sustainable and offer the highest quality service, it must implement a systematic infrastructure.

"We needed to make systematic changes throughout our organization to support the reforms to the healthcare system that the customer-owners we serve had asked for," Gottlieb said. "We needed a tool to assist with projected growth that would impact employees in every division. We needed to have everyone on the same page and speaking the same language when it came to change and improvement."

The Baldrige framework was the answer. It aligned with SCF's values and encouraged systematic change by asking questions, not dictating what the organization must do, which allowed for creative and innovative answers. It also made it easy for SCF employees to jump on board with the organization's improvement efforts.

"Everyone at SCF is committed to building and maintaining a high-quality organization, and offering the best possible service to customer-owners," said Gottlieb. "Also, at SCF, we strive to be as transparent as possible about our planning processes, so employees can see the reasoning behind changes being implemented and offer input as appropriate. This helps for getting buy-in for change."

## Continuous improvement

SCF provides the best healthcare possible through its continuous improvement efforts, which focus on three corporate objectives:<sup>10</sup>

**1. Improving work environments and employee development systems with an emphasis on Alaska Native employees.** SCF has a rigorous new-hire orientation that all employees must complete. The three-and-a-half-day program familiarizes employees with SCF's corporate culture and its mission, vision, values and goals. Employees also are introduced to the Nuka System of Care and SCF's process improvement methods and efforts.

Through these efforts, SCF's employee turnover decreased by 15% between 2007 and 2015. Between 2005 and 2015, the organization saw an 8% increase in workforce engagement—from 3.91 to 4.22.

**2. Ensuring continuous improvement of systems and processes.** Implementing the detailed Baldrige review process allows SCF to continuously identify areas of improvement.

"Getting feedback from an external source is very valuable because it offers insight and affirms our strengths and

opportunities for improvement," said Gottlieb. "Sometimes, as we continue to push for improvement and innovation, we forget how far we have come. Submitting a [Baldrige] application not only gives you [opportunities for improvement], but it reminds you of your strengths."

Part of SCF's continuous improvement efforts include a personal wellness care plan for each customer-owner with an adverse health symptom. The plans are designed to help customer-owners reach their health goals and address the root causes of their health issues. Employees work closely with the customer-owner to determine what they can do to best assist the customer-owner.

Through these wellness care plans, SCF can evaluate in real time whether the services it is providing are having the intended effect on the customer-owners, and determine areas for improvement and adjustment. SCF also uses data from the wellness care plans to improve population health. For example, only 14% of the customer-owners with wellness care plans who were admitted to SCF in 2015 were readmitted within 30 days of their initial visit.<sup>11</sup>

**3. Increasing the number of Alaska Native employees in all job categories.** According to a 2013 study, the unemployment rate for Alaska Native and American Indian people was twice that of white Alaskans. So, in addition to helping customer-owners, SCF also provides professional development opportunities to its Alaska Native employees (which make up 62% of its workforce) through two programs:

- ✦ The certified medical assistant (CMA) program prepares employees for a CMA program facilitated through Alaska Career College.
- ✦ The RN internship program prepares employees for nursing positions at SCF. The RN program has an 88% completion rate. Of the eight RN interns who have gone through the program, seven successfully completed the internship and six were placed in one of SCF's clinics.

## Operational excellence

To Gottlieb, operational excellence means "providing the best possible services to customer-owners and working in partnership with them to continually improve the organization to meet their needs."

To achieve operational excellence, SCF focuses on three specific goals: finance, facilities and IT. These, according to Gottlieb, are key to SCF's success.

To improve the management of expenses, SCF implemented cloud-based purchasing software that handles its procurement.

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# The Other 2017 Baldrige Recipients

IN ADDITION TO SOUTHCENTRAL FOUNDATION, FOUR OTHER ORGANIZATIONS RECEIVED THE 2017 MALCOLM BALDRIGE NATIONAL QUALITY AWARD

## **Bristol Tennessee Essential Services (BTES):**

An electric, internet, telephone and cable provider.

### **SMALL BUSINESS SECTOR.**



BTES is the first utility organization to receive the Baldrige award. With just 68 employees, the organization serves 33,000 customers throughout the City of Bristol and Sullivan County, TN. It maintains operational excellence through customer and employee satisfaction, and its culture of success.

Customer satisfaction ratings for many of the organization's product and performance measures approach 100%—and for good reason. Over the past 40 years, BTES has saved its customers about \$70 million by implementing new technology and innovations, such as cost evaluation and control, and energy-efficient home improvement loans, lighting and equipment.

With less than 60 minutes of service interruption per customer per year, BTES's reliability far outperforms the industry, regional and best-in-class averages of 90-100 minutes. (Service reliability is measured by dividing a customer's minutes of interrupted service by the total number of customers, known as the national System Average Interruption Duration Index.)

BTES also is diligent about collecting and addressing customer feedback. The organization tracks and reviews all feedback at its weekly continuous improvement team meeting, and uses the data to identify and address any trends, gaps and improvement opportunities.

BTES works just as hard to ensure employee satisfaction as it does customer satisfaction, as evidenced by an employee retention rate of 100% and the fact that 75% of its employees have perfect attendance (well above the industry average of 20%). The organization encourages the health of its employees by offering access to healthy living information, exercise equipment and flu shots, for example.

BTES's vision is "to be the best electric, internet, telephone, and cable television provider," which it achieves by building a culture of continuous improvement from senior leaders to field workers. The numbers prove its success: Its market shares for electrical (100%), internet (75%), telephone (60%) and cable (70%) services top the charts, and its annual revenue has climbed to \$112 million.

## **Stellar Solutions, Palo Alto, CA:**

A woman-owned global systems engineering service provider.



### **SMALL BUSINESS SECTOR.**

There may not be a perfect place to work, but Stellar Solutions comes about as close as you can get, according to its employees. From 2014 to 2017, the organization was named a Great Place to Work by *Fortune*. And, according to Great Place to Work benchmarks, Stellar Solutions ranks above the 95<sup>th</sup> percentile for employee perceptions of feeling healthy at work (physically, emotionally and psychologically), that the organization is fostering a healthy working environment, and satisfaction with benefits.

The results of a recent employee survey indicated that nearly 100% of respondents are happy with management—they receive the right amount of support from their managers, they are kept well informed and management's expectations are clear.

Support doesn't just come from management, but also from the C-suite. Each employee has a monthly one-on-one meeting with his or her sector vice president to share personal accomplishments, areas in which he or she needs improvement or support, and insights into the organization's customers.

Stellar Solutions also supports a healthy work-life balance by offering health and financial benefits, as well as annual professional development opportunities.

Happy employees translate to happy customers: Stellar Solutions' work environment has a positive effect on its customer satisfaction. In a survey, customers rated the organization a 4.7 on a five-point scale, where four was very satisfied and five was extremely satisfied. Between 2013 and 2016, every customer surveyed said they would recommend Stellar Solutions to others.

The organization also is working on creating a global earthquake warning system. In 2000, it created QuakeFinder and is developing sensors that monitor electromagnetic precursors to earthquakes. The organization analyzes the data gathered by QuakeFinder and the sensors to try to forecast earthquakes.

## Adventist Health Castle (AHC), Oahu, HI:

A community hospital system.

### HEALTHCARE SECTOR.

Castle Medical Center



AHC is one of 20 hospitals that are part of the Adventist Health system, headquartered in California, and is the first organization in Hawaii to receive the Baldrige award.

The hospital's services encompass more than just physical health—AHC also addresses the community's mental health needs through its inpatient behavior health unit, which is one of only two on Oahu. To offer more affordable care, AHC is transitioning from a fee-for-service model to promoting overall community wellness.

In addition to serving the community, the hospital also works hard to ensure its employees have a great place to work. *Pacific Business News* rated AHC the "Healthiest Place to Work in Hawaii," and the American Heart Association awarded the hospital its Fit Friendly Gold Award. AHC also was the first employer in Hawaii to become a Blue Zone employer. The Blue Zones Project brings together citizens, schools, restaurants, community leaders, grocery stores and employers to improve the well-being and longevity of a community's residents.

The community hospital is dedicated to quality improvement efforts, which have allowed it to:

- + Achieve a rate of between 0 and 1% for common hospital-acquired infections, such as *Clostridium difficile* and surgical site infections.
- + Improve its evidence-based care, patient safety and mortality related to its clinical care processes by 12% between 2014 and 2016.
- + Rank in the top 25% of hospitals nationally for patient satisfaction.
- + Rank in the top 3% of U.S. healthcare organizations for inpatient care results.

AHC leadership is dedicated to establishing a culture of engagement and performance by working closely with hospital employees and establishing strong relationships by personally writing thank-you notes and presenting awards. Also, annual performance appraisals ensure AHC's senior leaders are held accountable for their performance throughout the year, and to ensure their goals are aligned with those of the organization.

## City of Fort Collins, CO:

A municipal corporation.

### NONPROFIT SECTOR.



The City of Fort Collins' road to performance excellence started way back in 2005 when it completed its first budgeting for outcomes cycle and created a city vision, including its mission and values. It takes those values—collaboration, excellence, integrity, outstanding service, safety and well-being, and stewardship—to heart and has worked hard to achieve them.

According to the Fort Collins Citizen Survey, the city is high ranking in several measures compared to all cities nationally, including in the top 10% for air quality, attractiveness, best place to live, best place to work, availability of job opportunities, and quality of culture and recreation. It also is in the top 1% for emergency preparedness and drinking water quality.

One way the city achieves these excellent ratings is through its transparent government. The City of Fort Collins works directly with citizens to identify issues and planning opportunities, and listens to its citizens and implements improvement initiatives. It works closely with citizens and businesses through neighborhood gatherings, mobile apps, its website and public meetings to determine what challenges residents face, and how they can be solved.

The city also ensures transparency and trust by working directly with residents to identify and resolve issues, and plan for the city's future. To facilitate this work, the city uses IT such as a virtual comments, complaints and suggestions box on its website.

With a Moody's Investors Service rating of "Aaa," the city's credit rating ranks in the top 4% of governments. That, coupled with diligent budgeting, allowed the city to reduce its debt 24% between 2014 and 2016—from \$119 million to \$90 million.

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### EDITOR'S NOTE:

Statistics are based on data available at the time the award was announced in November 2017.

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The software, called Coupa, offers expense reporting, inventory and asset tracking, and cost savings features. Implementing the software has expedited expense approvals by allowing users to review purchases via email and its mobile app.

The organization also improves the use of IT and data support systems and services. SCF's annual planning tool aligns the organization's various departments so they can better meet corporate objectives and initiatives. The finance administration and data services departments, for example, work together to publish monthly reports so directors and managers can easily access them.<sup>12</sup>

### Commitment to customers

SCF listens to its customer-owners to identify areas of opportunity and improvement related to the community's changing healthcare needs.

"At SCF, we are always striving to make improvements based on what customer-owners want to see, feel and experience," Gottlieb said. "The Baldrige framework has helped us take their feedback and translate it into specific actions that bring about the changes they ask for. It has helped us to build systems that make us more responsive to customer feedback."

According to Gottlieb, Baldrige encouraged SCF to look at the system as a whole, which revealed and confirmed improvement opportunities, and helped the organization align employee contributions to SCF's vision, mission, goals and objectives.

As a result, 76% of customer-owners would recommend SCF, and customer-owner satisfaction exceeds the national 90<sup>th</sup> percentile benchmark.<sup>13</sup>

SCF also exceeds the Healthcare Effectiveness Data and Information Set's 90th percentile ranking in the following indicators: outpatient visits per 1,000 members, ER visits per 1,000 members, cardiovascular LDL, cervical and breast cancer screening, and diabetes care.<sup>14</sup>

SCF also has implemented programs to improve family and community well-being through education, training and community engagement. One such program, the Family Wellness Warrior Initiative, works to eliminate disparities. Other programs address child abuse and neglect, and domestic violence.<sup>15</sup>

### Baldrige as a way of life

Although SCF received the Baldrige award twice, it all has been part of the same experience. "We didn't have two Baldrige experiences," Gottlieb explained. "Even though we could not apply for the award for six years after we won [in 2011], we continued to use the Baldrige tools and processes."

And just because it received another Baldrige award doesn't mean the organization is going to stop improving.

**Even though we could not apply for the award for six years after we won [in 2011], we continued to use the Baldrige tools and processes.**

"We update our Baldrige application every year, even when we do not plan to apply for the award," Gottlieb said. "This process helps us examine our improvement systems and ensure that they are working as they should be, as well as identify new opportunities to make improvements based on the data we collect."

"Baldrige is now part of how we do our work. It is integrated into our strategic planning cycle, into our improvement and innovation approaches, and is part of our common language."

SCF is dedicated to the community it serves, which is why it has engrained the Baldrige framework into the way it operates.

"SCF employees and customer-owners have put a tremendous amount of work into building our healthcare system and making it one of the best in the world. It means a great deal for their efforts to be recognized with the highest national award for performance excellence," Gottlieb said. "[The Baldrige award] is a way to give credit back to not only employees but Alaska Native people for all that has been accomplished."

What has been the biggest challenge about receiving the 2017 Baldrige award? Deciding who to invite to the party.

"It is a big recognition of achievement that includes Alaska Native customer-owners, tribal leadership and the 2,300 SCF employees," Gottlieb said. "We have been celebrating for a few months now and will continue until I think we have honored this accomplishment." QP

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