

State of Michigan

Office of Performance Excellence

QRS

Operating Guidelines

Mission: To assist departments and agencies in recognizing teams that implement improvements to organizational processes that meet customer/stakeholder needs and expectations.

February 1999

Table of Contents

Introduction and Overview	1
Quality Recognition System Flow Chart	3
Recognition	
Recognition Criteria.....	4
Recognition Processes and Requirements.....	4
Reporting Requirements.....	5
Forms of Recognition.....	7
Roles and Responsibilities	
State of Michigan Departments & Agencies	7
Quality Recognition System Department Contact.....	7
Office of Performance Excellence.....	8
Quality Recognition System Board	8
Participation	8
Patents, Copyrights and Trademarks	9
Appendices	
Quality Recognition System Terms and Definitions.....	10
Process Improvement Example	11
Transition from Suggestion Awards Program	12

These guidelines supersede all previous materials on the Quality Recognition System.

Introduction and Overview

Over the last ten years, organizations - including government, have been introducing a variety of new organizational models and initiatives into their culture. Customer service, self-directed teams, quality, process improvement/reengineering, and performance measures are some of the terms and models used. This shift toward teams, continuously improving processes and focusing on process performance measures supports what is beginning to occur in State of Michigan departments. It takes customer and stakeholder satisfaction to another level. The Quality Recognition System (QRS) is a tool that supports this shift.

Effective January 1, 1999, the Quality Recognition System, 1998 PA 119, replaced the Suggestion Awards Program, 1978 PA 325.

In summer 1993, the Suggestion Awards Board began to assess the Suggestion Awards Program by conducting focus groups. The focus groups surfaced so many issues and concerns that the only way to address them was to form a Process Redesign Committee. In January 1995, Martha Bibbs, State Personnel Director, in conjunction with the Board, charged a statewide workgroup "To develop a strategy to improve the Suggestion Program to:

- ✓ fit with quality systems;. . .
- ✓ speed up turnaround; and
- ✓ result in more collaborative participation. . ."

In spring 1996, the PRC released its recommendations in The AIM Report. Shortly after that the program was transferred to the Department of Management and Budget. In fall 1997, the program was moved to the Office of the State Employer. Soon after that a bill to modify the Suggestion Awards Program to include retired state employees was introduced into the legislature. During the Senate review, the bill was also modified to include those recommendations that recognize teams, continuous process improvement and process performance measures.

This shift toward teams, continuously improving processes and focusing on process performance measures is a significant change. It will require some re-learning and re-thinking about how we provide products and services both inside and outside state government.

The **Quality Recognition System (QRS) Mission...**

To assist departments and agencies in recognizing teams that implement improvements to organizational processes that meet customer/stakeholder needs and expectations.

The QRS aligns with **The Secchia Commission Report** – December 20, 1994. Toward a User-Friendly Government. It specifically addresses the sections entitled: “It Takes too Long to Get Things Done” and “Seek Customer Input.” (The Secchia Commission Report is available at the following web site: <http://www.migov.state.mi.us/secchia/secchia.html>.)

The QRS supports the **Governor’s Executive Directive No. 1996-1**, which states:

“To assure excellence and continuous improvement in the quality of services state government provides, we must work together to restructure and streamline the way business is conducted.”

The QRS aligns with the **Malcolm Baldrige Quality Award – Criteria for Performance Excellence***. It supports and links to the following categories:

Process Management – How organizational processes are designed, implemented, managed and improved to achieve better results.

Organizational Results – The organization’s performance and improvement measures... effectiveness, efficiencies, and customer and stakeholder satisfaction.

Human Resource Focus – How recognition and reward systems support organizational improvement.

* Contact the Office of Performance Excellence or the Michigan Quality Council for more information on the Criteria for Performance Excellence.

The QRS will be continuously improved. The Office of Performance Excellence (OPE) will charter a team, use the Plan-Do-Study-Act approach and performance data collected from customers and stakeholders to improve the QRS.

QUALITY RECOGNITION PROCESS FLOW CHART

Each department will be responsible for developing a process to support the Quality Recognition System. Following is a suggested format that departments or agencies can use:

IMPROVEMENT IDEA	DEVELOP POTENTIAL IMPROVEMENT	DEVELOP IMPROVEMENT PARAMETERS	IDENTIFY & DEVELOP IMPROVEMENT RECOMMENDATIONS	IMPLEMENT IMPROVEMENTS	GAIN RECOGNITION
<p>An individual or group needs to identify...</p> <ul style="list-style-type: none"> • A purpose statement. • Why it is important to improve this process. • Expected results of improvement. 	<p>The individual or group and the QRS contact need to...</p> <ul style="list-style-type: none"> • Continue to develop purpose, importance and results of the potential improvement. • If possible, identify: <ul style="list-style-type: none"> ➤ Process inputs & outputs. ➤ Process owner. ➤ Process customers. ➤ Process stakeholders. 	<p>The sponsor/ process owner and those who developed the potential improvement need to develop a team charter that includes...</p> <ul style="list-style-type: none"> • Level of decision-making authority the team has. • Identify what parameters may limit the range of acceptable solutions. • When the team needs to brief the sponsor. • What resources the team needs. <p>Continue to refine the purpose, importance and results of the potential improvement.</p>	<p>The process improvement team needs to...</p> <ul style="list-style-type: none"> • Use the Plan-Do-Study-Act (PDSA) or other quality problem solving tool to: <ul style="list-style-type: none"> ➤ Define the process. ➤ Define all customers. ➤ Assess its current situation. ➤ Analyze causes & generate an improvement theory. ➤ Determine performance measures. ➤ Test the theory on a small scale. ➤ Study results. ➤ Capture knowledge & plan for next cycle of improvement. 	<p>The process improvement team and those who are responsible for the implementation need to...</p> <ul style="list-style-type: none"> • Implement improvements. • Implement data collection feedback mechanisms to track performance measures. • Compile and submit recognition requirements to sponsor and Department's QRS contact. 	<p>The Department's QRS contact submits recognition requirements to the Office of Performance Excellence for approval and recognition.</p> <p>The OPE will...</p> <ul style="list-style-type: none"> • Submit to the QRS Board recognition valued at more than \$500. • Approve recognition. • Publish improvement results on a web site.

Recognition Criteria

To receive QRS recognition, a department or agency team has to demonstrate the use of a continuous process improvement problem-solving model to identify and recommend improvements. These improvements must be implemented and mechanisms must be in place to provide data on the process's quality performance measures results.

Quality performance measures are indicators to show the degree to which a product or service meets customer/stakeholder requirements and expectations. Measurement data must show that the implemented improvement resulted in one or more of the following:

- enhanced value to customers through new and improved products and services
- improved accuracy
- improved timeliness
- reduced number of complaints
- reduction in amount of re-work
- streamlined organizational processes
- cost savings

Recognition Processes and Requirements

There are two types of business improvements that are recognized by QRS: a first time improvement, and a second time improvement or any iteration thereafter. There are two categories for both types of improvements: implemented improvement with a plan to collect measurement data, and implemented improvement with measurement results.

Recognition will consider the **type of improvement**. Is it a first time improvement, second time improvement or any iteration thereafter?

Recognition will also consider the **results and scope of the improvement**. Did the improvement affect an internal process, or increase internal or external customer satisfaction? Did the improvement affect a portion of the department, the entire department, or is it external to the department?

See the following Process Recognition Tables for specifics.

Process Recognition Table First Time Improvement

Scope	Results					
	Improved: - accuracy - timeliness - streamlined process - cost savings - etc.		Improved Internal Customer Satisfaction		Improved External Customer Satisfaction	
External to Department	Implementation	\$ 500	Implementation	\$ 500	Implementation	\$ 500
	Results	\$1,000	Results	\$1,500	Results	\$2,500
	Total	\$1,500	Total	\$2,000	Total	\$3,000
Entire Department	Implementation	\$ 500	Implementation	\$ 500	Implementation	\$ 500
	Results	\$ 500	Results	\$1,000	Results	\$1,500
	Total	\$1,000	Total	\$1,500	Total	\$2,000
Part of Department	Implementation	\$ 500	Implementation	\$ 500	Implementation	\$ 500
	Results	\$ 250	Results	\$ 500	Results	\$1,000
	Total	\$ 750	Total	\$1,000	Total	\$1,500

Process Recognition Table Second Time Improvement or Any Iteration Thereafter

Scope	Results					
	Improved: - accuracy - timeliness - streamlined process - cost savings - etc.		Improved Internal Customer Satisfaction		Improved External Customer Satisfaction	
External to Department	Implementation	\$ 750	Implementation	\$ 750	Implementation	\$ 750
	Results	\$1,500	Results	\$3,000	Results	\$4,250
	Total	\$2,250	Total	\$3,750	Total	\$5,000
Entire Department	Implementation	\$ 750	Implementation	\$ 750	Implementation	\$ 750
	Results	\$1,000	Results	\$1,500	Results	\$3,000
	Total	\$1,750	Total	\$2,250	Total	\$3,750
Part of Department	Implementation	\$ 750	Implementation	\$ 750	Implementation	\$ 750
	Results	\$ 500	Results	\$1,000	Results	\$1,500
	Total	\$1,250	Total	\$1,750	Total	\$2,250

Reporting Requirements

The intent of the following requirements is to collect information and results that support improved process performance. The information required and the results must reflect accurate and substantiated data. A condensed version of these requirements and results will be published on the Office of Performance Excellence's web site.

First Time Improvement

The process has been flow-charted, is understood by employees and is operating as documented. Data collection on process performance has begun and feedback mechanisms are in place. To satisfy the recognition requirements at this level, the following information is required:

1. Include parts of the **Team's Charter** that address the following:
 - statement of problem
 - why it's important to solve this problem
 - expected outcomes
 - parameters that may limit the range of acceptable solutions
2. The **Team's Recommendations/Plan of Action** to improve the process.
3. A flow-chart of the process before and after the improvements have been implemented. Include interfaces with other processes.
4. The following **process identifiers**:
 - purpose statement of the process
 - output(s) – the product or service that is created; what is handed off to the customer
 - customers and their requirements of your output
 - participants – the people who actually do the steps of the process
 - process owner – who is responsible, the key decision maker
 - stakeholders – those who are not a supplier, customer or process owner, but have an interest and stand to gain or lose based on the results
 - boundaries – the first and last steps of the process
 - inputs – materials, equipment, information, people, money or environmental conditions
 - suppliers – those who supply the process with its inputs
5. A **memo from the Team's Sponsor** verifying that the recommendations have been implemented. Identify the improvement (first time improvement, second time improvement, etc.). Include what type of recognition the team wants.
6. A list of **Names, Phone Numbers and Addresses** – Include a contact name for questions and future follow-up (this name will be used on the web page). Also include the names and addresses of team members, stakeholders, customers and a few process participants.
7. **Quality Performance Measures** – Indicate which measure(s) have been identified and what feedback mechanisms are in place to support those measure(s).

NOTE: Departments and agencies can submit the requirements listed above for the appropriate recognition (see Recognition Tables). Once the results of the performance measure(s) have verified the improvement(s), those results can be submitted to collect additional recognition. Alternatively, the Department can wait until data has been collected to verify the improvement(s), and both the requirements and results can be submitted to collect the appropriate recognition.

Second Time Improvement or Any Iteration Thereafter

This is a continuous improvement to a process that has already been improved and recognized under QRS. Data collection on process performance measures continues, and results yield potential improvement information. Requirements for recognition are the same as for a First Time Process Improvement (see page 6 for specifics).

Forms of Recognition

The team and their sponsor will recommend the form of recognition and how they will use it. Appropriate items could be cash, gift certificates, luncheons, apparel, etc. If recognition is in the form of cash, it will be reported as income on IRS Form W-2 if the recipient is actively employed, or on IRS Form 1099 if the recipient is retired or not a state employee.

Recognition for QRS process improvements should be in accord with departmental guidelines that are established, be mutually valued by the team and department or agency, and be approved by the management of the department or agency.

If the person who proposed the idea was not on the improvement team, he or she must be included in the recognition.

Roles and Responsibilities

State of Michigan Departments & Agencies

The head of each state department needs to establish a process and appoint a QRS Department Contact (individual or workgroup) to support the QRS. The QRS aligns to a continuous quality improvement model and can easily be housed within this structure. It is important that the person or workgroup supporting the QRS have access to potential project sponsors, and also a working knowledge of the department's processes and systems and how these align to the department's business plan.

QRS Department Contact

- Promote and support QRS activities, process improvement proposals and implemented process improvements.
- Develop a process to log, track and maintain QRS information.
- Conduct all necessary correspondence related to QRS.
- Attend meetings and special events sponsored by the Office of Performance Excellence as it relates to QRS activities.
- Transmit departmental recommendations for QRS recognition to the Office of Performance Excellence for review and approval.

Office of Performance Excellence (OPE)

- Provide support services to all state agencies for their recognition systems.
- Coordinate proposals submitted by retirees and refer to appropriate department.
- Publish QRS successes and reports using appropriate media including, but not limited to, an Internet site and press releases.
- Review and approve all process improvement recognition submittals.
- Submit process improvement recognition submittals valued at more than \$500.00 to the QRS Recognition Board.
- Assist the QRS Recognition Board in conducting evaluations of the QRS using customer/stakeholder satisfaction and effectiveness performance measures to improve the system.

QRS Recognition Board

- Establish the guidelines for employee, retiree, and agency recognition.
- Establish guidelines for the type of recognition to be granted within the limits of section five of the Quality Recognition System Act.
- Perform the final review of process improvements that result in recognition actions that are valued at amounts greater than \$500.00.
- Conduct evaluations and make changes to improve QRS using customer/stakeholder satisfaction, effectiveness and efficiency as performance measures.

Participation

All employees of the State of Michigan's departments and agencies are eligible to participate and receive recognition for their contributions.

Retirees who are drawing a pension benefit are eligible to participate and receive recognition. Recognition in the form of cash will not be paid out from the retirement system and no adjustment or recalculation of retirement benefit will occur.

Non-state employees who participate on a team may be eligible to receive recognition depending on the form of recognition.

Patents, Copyrights and Trademarks

All intellectual property developed as a result of, or as part of, the process improvements submitted through the QRS become the property of the State of Michigan. In certain instances, participants may apply for a patent or a copyright for an idea, subject to state policy and rules. The State of Michigan shall not be required to compensate employees beyond QRS recognition for use of improvements recognized under this system.

Appendix

Quality Recognition System Terms & Definitions

Continuous Improvement

The ongoing improvement of processes, products, programs and services through incremental (progressive small steps) and breakthrough (giant step) actions.

Core Process

The process producing an output your customers purchase or acquire.

Customer

The person(s) next in line who receives your output. Whether the customers are internal or external to your organization, they use this output as an input to their work process(es). Almost anyone you interact with is a customer.

Process

A sequence of steps, tasks or activities that converts inputs from suppliers to an output. A work process adds value to the inputs by changing them or using them to produce something new.

Process Map (Flowchart)

A graphic representation of a process, showing the sequence of tasks.

Process Owner/Sponsor

The person who is responsible for the process and its output. The owner is the key decision-maker and can allot organization resources to process participants.

Stakeholder

Someone who may or may not receive a direct service or product, but has an interest in the process and stands to gain or lose based on the results of the process.

Support Process

Activities and processes that support or influence your core processes.

System

A set of well-defined, designed and related processes for meeting the organization's purpose, including quality and operating performance requirements.

Team

A group of people that share a purpose or task and depend on each other over an extended period of time to succeed.

Appendix

- PROCESS IMPROVEMENT EXAMPLE - Michigan Department of Treasury's Bureau of Controller Operations Check Tracing Process

Description of the Process

This is a process that involves matching deposited checks that have been separated from the taxpayer source (withholding form, income tax form, etc.). The process begins with a taxpayer or Treasury employee requesting a check trace (the process input), and concludes with a corrected account or a confirmation of funds received (the process output).

Cycle time for the original process ran from several weeks to sometimes months. This resulted in numerous complaints and backlogs. A team was formed to review the process and surface ways to improve it by reducing cycle time, complaints and backlogs.

Description of Process Improvement

The team was formed and chartered by the process sponsor. The team reviewed, mapped and analyzed the process, and discovered that the entire process averaged 14 to 30 days and took a total of 28 steps to complete.

By following the plan-do-study-act model, the team gathered data, spoke to their customers and vendors and designed a new process that required only 17 steps. Next the team identified what measures (reduce cycle time, backlogs and customer satisfaction) would be used to track process performance. The team then submitted their recommendations to the process sponsor for approval.

After approval was given, the team implemented this new 17-step process and the information systems that would track the performance measures. Once implemented, the team prepared the appropriate documentation to submit to the Office of Performance Excellence for \$500 recognition (**first time improvement without data to support performance measures**) for a team celebration.

Six months later...

The team requested an additional \$250 recognition (Results: Improved-timeliness, Scope: Part of Department) for another team party. The team's documentation showed that 90% of check tracing requests were completed in 2.9 days, and 5% of the remaining requests were completed in 30 days or less. Backlogs were completely eliminated and complaints were drastically reduced.

A couple of issues surfaced during the team's celebration. The use of new scanning and imaging technology would allow the process to be reduced from 17 steps to 4, which would also reduce staff – staff that could be transferred to another process. A bigger issue also surfaced, why did this problem occur in the first place. . . what process needed improving so that this situation didn't occur?

One year later...

A new team was formed and chartered by the process sponsor to conduct a second time improvement. The team reviewed, mapped and analyzed the process, and completed a second process improvement, etc. . . .

Appendix Transition from Suggestion Awards Program

The Quality Recognition System (QRS) replaces the Suggestion Awards Program (SAP) that operated from 1978 to 1998. The following provisions apply to transition from the SAP to QRS.

QRS Effective Date – The QRS took effect January 1, 1999.

Discontinuance of SAP – The Suggestion Awards Program discontinued receiving suggestion submissions December 15, 1998.

Treatment of Pending Actions in SAP – Suggestions with dispositions pending as of December 15, 1998, will be handled under the transition arrangements that follow.

All pending SAP ideas must be processed by June 30, 1999.

No rights to recognition (equity) or appeal under Suggestion Awards Program Rules will be maintained after June 30, 1999. Suggestions will not be renewed. Rather, the suggester will be encouraged to pursue implementation under QRS.

If a suggestion is several years old, the suggester is expected to assist in the process by reviewing it to see if it is still applicable. If it is, she/he may wish to contact the Office of Performance Excellence or their QRS Department Contact and take steps to form or join a team to implement it. If it is no longer relevant, she/he should withdraw the suggestion by writing to the Office of Performance Excellence and the file will be closed.

Suggesters whose suggestions are implemented before June 30, 1999, shall be eligible for recognition under the provisions of the Suggestion Awards Program Rules.