Introduction to Key Factors

2020 Examiner Training Series

Learning Objectives

Welcome to the Introduction to Key Factors!

During this session, the following objectives will be met.

- Understand the importance of Key Factors to the Assessment Team;

- Learn how to identify an organization's Key Factors;

- Learn how the Organizational Profile questions set the context for understanding the organization and how it operates;

- Understand the prework required before attending the Evaluating Applications workshop.

Importance of
Key Factors

Key Factors – Importance

Key Factors help Examiners understand the <u>importance</u> and <u>relevance</u> of the organization's processes and results when conducting their evaluation.

Key Factors:

- set the stage for evaluation and analysis through an understanding of the organization,

- identify key gaps in information provided by the organization, and

- provide focus on key performance requirements and results.

Key Factors develop the Business Acumen required to effectively evaluate the organization based on what is important and relevant to the organization based on the Criteria.

Key Factors – Importance

Examiners use Key Factors throughout the Assessment Process.

- For each Criteria Item (for example, 1.1 Senior Leadership), Examiners select the 4-6 most important and relevant Key Factors applicable to that Criteria Item.

- As Examiners develop Strength and Opportunity for Improvement (OFI) Comments, the selected 4-6 Key Factors are reviewed for alignment to the Strength / OFI Comments.

  - For each Strength / OFI Comment, the Examiner selects the single most important and relevant Key Factor to that Comment.

  - The selected Key Factor demonstrates *integration* between that Strength or OFI, and that Key Factor.

Identifying Key Factors

Key Factors – Identification

Each application contains a five-page Organizational Profile that provides an overview of the organization, including:

- The context in which the organization operates;

- The key requirements for current and future success, and sustainability;

- The needs, opportunities, and constraints placed on an organization's management system.

Most, but not necessarily all, Key Factors will be found in the five-page **Organizational Profile** contained within the application.

Key Factors – Identification

Key Factors may also be found in the following areas of the application:

Eligibility Certificate Form
- Profit versus Non-Profit
- Small Business
- Sector
- Key Business / Organizational Factors

Process Categories (1-6)
- Additional Key Factors
- Elaboration of the Organizational Profile responses

Results Category (7)
- Comparison Data Sources
- Segmentation of Customers, Suppliers/Partners, Workforce
- Relative Importance – Workforce Environmental Factors, Workforce Satisfaction/Engagement Factors, Customer Satisfaction/Dissatisfaction Factors

Key Factors – Identification

Start by reading each Organizational Profile question in the Resource Guide.

- Read the organization's response

- Highlight key words (Key Factors) that answer each question

- Document Key Factors in the *Key Factors Worksheet*

- Validate and elaborate on the Key Factors based on a review of the entire application.

A completed *Key Factors Worksheet* is provided at the Evaluating Applications workshop to facilitate you Case Study evaluation.

Additional direction and training on how to identify and utilize Key Factors will also be provided.

The Organizational Profile

Key Factors – Organizational Profile

The Organizational Profile requires responses
to a series of "What" questions.

**Please open your Resource Guide to Section III Page 29, and
review pages 29-31.**

We will now review several elements of the
Organizational Profile in more detail.

Key Factors – Organizational Profile

P.1a Organizational Environment

- Provides an understanding of why the organization exists, and where senior leaders want to take it in the future

- Consideration given to product and service offerings, and key delivery methods are essential to any organization's success

- The organization's vision, mission, values, and culture are key elements in understanding the organization

- Core Competencies are central to the organization's success now and in the future, and to competitive performance

  - Executing core competencies well is frequently a marketplace differentiator

  - Keeping organizational core competencies current with the strategic direction, can provide a strategic advantage to the organization

Key Factors – Organizational Profile

P.1a Organizational Environment (continued)

- An organization's workforce includes all people actively supervised by the organization, and involved in accomplishing the organization's work (permanent, part-time, temporary, on-site, remote, and contract employees supervised by the organization), and volunteers.

- Understanding and leveraging the diverse aspects of the workforce affects an organization's ability to meet or exceed customer expectations.

- Understanding the educational or certification requirements, and the key drivers of engagement, are essential components of the workforce for successful contribution to the organization's mission and goals.

Key Factors – Organizational Profile

P.1a Organizational Environment (continued)

- The regulatory environment in which the organization operates places requirements on the organization and affects how it is run.

  - Understanding this environment is key to making effective operational and strategic decisions.

  - It allows the organization to identify
    - whether it is merely complying with the minimum requirements of applicable laws, regulations, and standards of practice; or
    - exceeding them, a hallmark of leading organizations, and a potential source of competitive advantage.

Key Factors – Organizational Profile

P.1b Organizational Relationships

- Role model organizations – whether they are publicly or privately held, or are government or nonprofit organizations – have well-defined governance systems with clear reporting relationships.

- It is important to clearly identify which functions are performed by the senior leaders and, as applicable, by the governance board and parent organization.

- Board independence and accountability are frequently key considerations in the governance structure.

Key Factors – Organizational Profile

P.1b Organizational Relationships (continued)

- An organization might subdivide its market into segments based on product lines or features, distribution channels, business volume, geography, or other defining factors.

- Customer groups might be based on common expectations, behaviors, preferences, or profiles. Within a customer group, there may be customer segments based on differences, commonalities, or both.

- The requirements of 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 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.

Key Factors – Organizational Profile

P.1b Organizational Relationships

- In most organizations, suppliers play critical roles in processes that are important to running the business and to maintaining or achieving a sustainable competitive advantage.

- Supply networks consist of the entities involved in producing an organization's products and services, and delivering them to its customers.

- For some organizations, these entities form a chain, in which one entity directly supplies to another. Increasingly, however, these entities are interlinked and exist in interdependent rather than linear relationships.

- Supply-network requirements might include on-time or just-in-time delivery, flexibility, variable staffing, research and design capability, process and product innovation, and customized manufacturing or services.

Key Factors – Organizational Profile

P.2a Competitive Environment

- Competitive position is the stance an organization has acquired relative to its competitors.

- A competitive position gives the organization an advantage over its competitors, thus allowing it to attract/retain more customers, and gain mindshare of customers and market share.

- 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.

Key Factors – Organizational Profile

P.2a Competitive Environment (continued)

- Comparative data and information

  - should be used to support operational and strategic decision making, and

  - are obtained by benchmarking and by seeking competitive comparisons.

- Competitive comparisons relate an organizations performance to that of competitors and other organizations providing similar products and services.

- In addition to competitive comparisons, comparative data should be obtained throughout the organization's industry (within industry) and outside the organization's industry.

P.2b Strategic Context

- Strategic challenges and advantages might be in the areas of business, operations, societal contributions, and workforce.

- Strategic challenges and advantages might relate to:

  - products
  - finances
  - organizational structure and culture
  - emerging technology
  - digital integration

  - data and information security
  - brand recognition and reputation
  - the supply network
  - globalization
  - the environment and climate

Key Factors – Organizational Profile

P.2b Strategic Context (continued)

- Strategic challenges are those pressures that exert a decisive influence on an organization's likelihood of future success.

- These challenges are frequently driven by the organization's anticipated competitive position in the future relative to other providers of similar products and services.

- External strategic challenges may relate to customer or market needs or expectations; product or technology changes; or financial, societal, or other risks or needs.

- Internal strategic challenges may relate to capabilities or human and other resources.

Key Factors – Organizational Profile

P.2b Strategic Context

- Strategic advantages are those marketplace benefits that exert a decisive influence on an 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 an organization's internal capabilities, and

  2) strategically important external resources, which your organization shapes and leverages through key external relationships and partnerships.

Key Factors – Organizational Profile

P.2c Performance Improvement System

- The approaches used by an organization should be related to the organization's needs.

- Approaches that are compatible with the overarching systems approach provided by the Sterling framework might include:

  - implementing Six Sigma methodologies,

  - using PDCA methodologies,

  - using standards from ISO (e.g., the 9000 or 14000 series, or sector-specific standards),

  - using decision science, or

  - employing other improvement tools.

Key Factors – Organizational Profile

P.2c Performance Improvement System

Evaluation and review processes:

- Ensure the identification and prioritization of improvement initiatives.

- Determine the appropriate approach for the size and scale of the improvement initiative.

- Allocate resources in balance with strategic action plan execution and day-to-day work obligations.

- Review of the improvement initiative to evaluate progress, achievement of goals, and corrective actions.

Evaluating Applications Workshop Prework

Evaluating Applications – Prework

Prior to attending the Evaluating Applications workshop:

- Download the Case Study application from the Examiner Document Downloads page at www.floridasterling.com under the Training and Education menu.

- Read the entire Case Study application.

- Re-read Category 1 – Leadership, just prior to attending the Evaluating Applications workshop

- Complete the Certificate of Completion on the following slide.

- Bring printed copies of the Case Study application, and completed Certificate of Completion to the workshop.

For assistance or additional information, please contact your Mentor or the Sterling Office at 850-922-5316.

Introduction to Key Factors
Certificate of Completion

Name:

Date:

Mentor Name (1st year Examiners):

Print this completed Certificate and bring it to the Evaluating Applications Workshop