

In Pursuit of High Performance Boards: Indiana's Experience with "Tier II Certification"

Final Report

Background

In 1999-2001, Indiana embarked on an ambitious project: to develop qualities of high performance organizations in the state's newly formed local Workforce Investment Boards. Governor O'Bannon had already certified the boards at the "first tier;" i.e., for meeting the membership composition requirements of the Workforce Investment Act. However, since Indiana had given the boards responsibility for chartering one-stop centers for excellence, and had provided them with funds and responsibility for community strategic planning, there was interest in ensuring that the boards themselves were of the highest quality possible. The concept of certifying boards at a higher level, or "second tier" of excellence began to take hold.

Indiana began to develop the concept in the fall of 1999 through a series of meetings that included local and state board members and their staff, state agency partners, local elected officials, and other interested parties such as the state Chamber of Commerce. The workgroup concluded that there was value in pursuing an application and review process. Baldrige itself was examined, but deemed not to meet our needs. First, one of the major values of developing the process was the dialogue among stakeholders about the qualities of excellent boards. We were seeking ownership --- for the criteria as well as for being responsible for determining who gets certified and who doesn't and at what level. Secondly, Baldrige did not seem to readily apply to volunteer-driven entities that are involved in *leadership* rather than service delivery or selling a product. Third, we were hoping for a more self-explanatory process that would not require extensive training for either the boards or the reviewers. A simpler process would have a greater likelihood of being perpetuated.

Since the Governor had already performed one level of certification, it was agreed that Tier II would be the province of the Indiana Human Resource Investment Council (the State Workforce Investment Board). Doing so would give the state board a critical role to play in ensuring the overall quality of the workforce system and further develop the relationship between the state and local levels.

Process Development

Several steps were required before the process could begin. We spent 1999-2000 working on these issues. Any state adopting a Tier II process will need to address these steps:

1. Reach consensus among the stakeholders about the qualities of a high performance local board. The group should agree what distinguishes a mediocre board from an excellent board. Indiana organized those agreed-upon behaviors around the 7 categories of organizational behavior identified by Baldrige because they are translatable to any organization and are familiar terms to many board members.
2. Develop vision statements for each category of organizational behavior. The vision statements describe boards acting in a high performance way and incorporate the characteristics identified by the workgroup.
3. Design leading questions that elicit indicators of board behaviors related to the vision statements. Indiana's vision statements and leading questions can be found in [Attachment A](#).
4. Establish policy parameters for use of the Tier II system: e.g., will application be voluntary or mandatory? Are there eligibility criteria to apply? Will there be sanctions or rewards as a result? Will there be one level of certification or many? Will the certification be indefinite or must it be renewed? Will peer reviewers be acceptable? How will the process be funded? Should applications be accepted any time or only on a pre-determined cycle? Should anyone besides the applicant be permitted a copy of the feedback report (i.e., should it be shared with the state agency or state board). Should there be any limit on how soon a board may reapply?

Indiana's initial parameters included:

- Application is voluntary
- Only boards that meet Tier I criteria and meet Indiana's definition of being independently staffed are eligible to apply (the workgroup concluded that boards that had not divested themselves of service delivery were inconsistent with high performance board criteria)
- The rewards would be receiving feedback on how to improve the board's work, and being eligible for \$75,000 in strategic planning funds for one additional year (all boards were scheduled to receive \$75,000 for the first two years of WIA, but only boards applying for Tier II would receive 3rd year funds). It was determined that the rewards would be made to all *applicants*, not just those attaining a certification level because the primary intent was to

encourage the boards to pursue quality, not to pursue awards. There would be no sanctions for not applying.

- Rather than setting a single cut-off score, Indiana adopted broad bands of excellence. Boards could be certified at the bronze level (300-400 points); silver (500-600 points); gold (700-800 points), or platinum (900-1000 points). There were several reasons for doing this. First, since the primary purpose was to promote the pursuit of quality, we wanted boards to get engaged as quickly as possible and not wait until they felt like they could achieve a high cut-off of 600 points. There is much to be learned from going through the process and receiving a feedback report. Encouraging boards to apply immediately would push the quality agenda faster. Secondly, we did not want boards to rest on their laurels once Tier II certification was attained. We wanted them to continue to work on reaching an ever-higher level of certification. Finally, we recognized that because the boards are new and the criteria are rigorous, it may take years for a board to reach a high cut-off score. We wanted to acknowledge and reward increments of excellence along the way.
- It was determined that certification would only last 2 years, at which time the board must reapply if it had not already reapplied in order to attain a higher level of certification. We never wanted to be in the position of having a local board lay claim to a state board guarantee of excellence if that board should regress over time.
- The boards not only agreed to the use of in-state peer reviewers, but welcomed it. We were pleased to see boards willing to open their practices to peer inspection so that this could be a learning experience for both applicants and peer reviewers as well as foster a shared culture of quality and inter-WIB learning. Additionally, we added out-of-state peers to increase learning for Indiana's boards as well as for the system in general. Since Indiana's process is not competitive, but rather each board is evaluated on its own merit and rewards apply to all applicants regardless of certification, there were few concerns expressed about objectivity.
- It was agreed not to charge a fee to the applicants. We wanted to do everything possible to *encourage* application and did not want a fee to stand in the way. Again, our primary purpose was to promote the pursuit of quality. If a fee would interfere with that pursuit, we did not want to charge one. The Department of Workforce Development requested Technical Assistance and Training funds from the Region V Department of Labor, plus set aside funds in the event TAT money was not available or would not cover the full cost.
- It was determined that applications would be accepted according to a set schedule of approximately every 6 months. Since these are not awards for the sake of awards and the intent was not to announce, for example, "Year

2000 Tier II Certification Winners!” but to push excellence as quickly as possible, there was no reason to limit application to an annual process. The sixth month cycle was adopted only because a) that’s how long we judged one cycle would take from the point the board submits its business overview to the point the board receives a feedback report; and b) we needed a schedule rather than open-entry in order to know when to set up teams and the time frame for which we would need to engage them. It was a logistical issue.

- It was agreed that only the applying WIB would receive a copy of the feedback report. This process is for the benefit of the boards. The state benefits only insofar as having better boards at the local level. It was agreed that the state agency and the state board did not need to have copies. The applicant boards, of course, may share their feedback reports with whomever they like. All team members were required to sign confidentiality statements.
 - Boards may reapply as often as they are ready to improve their score. Again, the primary purpose is to imbed high performance behaviors as quickly as possible. During the course of the implementation, we further concluded that no board would officially “fail.” That is, we would consider their application to remain in a “state of play” and that they would be encouraged to keep working on the application until they reach the level of certification they desire. Feedback reports are not to announce failure; they are to provide instruction in how to refine practices to reach higher levels of excellence.
5. Develop a scoring guide. We attempted to develop a scoring guide that would be sufficiently self-explanatory that boards could use it to rate themselves. It turned out to still be too complex. The scorebook scored each guiding question independently which detracted from the main issue of the category. Feedback from reviewers was overwhelmingly in favor of simplifying the scoring to focus on one essential idea per subcategory. Interestingly, 2 of the 3 applicants favored retaining the current detailed scoring. Indiana’s initial scorebook may be found on the DWD website. Due to its size, it is not attached.
 6. Develop forms for reporting scores and organizing site visit questions and develop a protocol. We neglected to issue forms which resulted in each team building their own versions out of materials individual examiners had used. We shared the forms among the teams, but elected not to standardize on this initial round to see how easy or how difficult different kinds of forms were to use. Additionally, we did not have a protocol that would ensure each reviewer would be a “category champion” for one or more categories and what that role entailed. Thanks to the leadership of our experience examiners the concept of champions was put into play, but it had not been outlined beforehand.
 7. Solicit well-balanced teams. Indiana’s goal was that each team would have:
 - One coordinator
 - One State Human Resource Investment Council (state board) representative

- One state agency or DOL staff person
- One out-of-state peer (reviewers were recruited from Wisconsin, Minnesota, and Illinois)
- One in-state peer
- One certified and experienced examiner (Indiana Business Modernization and Technology helped to identify potential examiners)
- One “other” (reviewers were recruited from the National Governors’ Association, Institute for Work & the Economy, and National Association of Workforce Boards). Representatives from national organizations were recruited not only for their expertise, but to help them understand Indiana’s intent for workforce boards and the value of this process.

Reviewer Time Commitment

Total time commitment for reviewers was originally estimated at approximately 4 ½ days for orientation , reading and scoring, consensus phone call, on-site visit and debriefing, and reviewing the draft feedback report. The average turned out to be 7 days per reviewer, with individual ranges from 35 hours to 76 hours. The two reviewers who drafted the feedback reports devoted another 2-3 days per report.

The time expended could be reduced in a number of ways:

- with experience, but this is such an intensive investment of time that there may not be reviewers who would want to repeat the experience regardless of how much they enjoyed and benefited from the task;
- with more training, but that may be a trade-off. An extra day of training may result in only one day less spent on scoring;
- with more focused guiding questions and more focused responses so there would be less detail to score;
- by scoring only at the subcategory level rather than by guiding question;
- by increasing the team size so that each person only has to champion a subcategory rather than a category, but that would result in unwieldy teams and increase overall expense.

By increasing training and better focusing the guiding questions and scorebook it is anticipated that we could reduce the time commitment back to the original 4 ½ days, although that is still a heavy time investment that may make recruitment difficult.

Cost

Cost estimates were based on the following assumptions:

- Our DOL reviewers would have all their travel and time costs covered by DOL
- We would pay travel for our certified examiners, but they would donate their time (we did have to pay a daily rate for one examiner who is self-employed, but we felt it was critical that each team include a Baldrige examiner)
- Travel would be paid for all other team members, but they would donate their time.

Cash resources were needed for travel and per diem for the orientation in Indianapolis, the cost of three 4-hour consensus phone calls, travel and per diem for the on-site visit, and daily rates for one certified examiner. Cash resources needed for three teams of 7 individuals was estimated at \$30,688. For determining the value of in-kind time contributions, we estimated very conservatively that reviewers' time was worth \$200 per day and that Baldrige examiner time was worth \$800 per day. The total value of in-kind time for three teams was estimated at a little over \$56,000.

Grand total: Close to \$90,000, or approximately \$30,000 per application inclusive of all cash and in-kind resources (approximately \$10,000 per application for cash-only). It is obvious that charging WIBs a fee that would cover the expense would quickly dissuade any board from applying.

Costs could be reduced by:

- Reducing the size of the teams, which would correspondingly reduce the single largest item of cost: travel. Over \$8,000 was required for the orientation, about \$4,500 to hook up the large teams for the three long conference calls, and nearly \$13,000 for on-site visit travel and per diem.

Cutting team size in half would cut travel and conference call expenses in half. The trade-offs would be 1) there would be heavier time demands on the reviewers. They would each need to be champion for two categories rather than one. However, a few reviewers wound up taking on two categories anyway. Particularly if we become more focused in the guiding questions and scoring, handling two categories would not be particularly onerous; 2) a smaller team might offer less value to the applicant. We benefited considerably from the dialogue among team members and between team members and the board. If team sizes were reduced, we would need to ensure each member was dedicated, responsible for his/her categories and meeting timeframes, and well-trained to ensure consistency in scoring.

- Using only in-state reviewers. Again, this would lower the cost of travel. For the test round, we really felt like we needed out-of-state perspectives.
- Seeking more donated time and travel. Two of our certified Baldrige examiners were being paid by their employers to participate (one of whom ultimately also contributed all the individual's travel and per diem costs). One of the examiners who is self-employed understandably needed to charge a fee. We could lower costs somewhat by not using any examiners who require a fee, although that may affect quality if we don't get the right reviewers. We could also require in and out of state peers to finance their own travel and consider it part of the cost of a valuable learning experience, although that might recruitment more difficult.

Reviewer and Applicant Experiences

Applicants and reviewers were both very positive about their experiences and the value of the process (see **Attachment B** for a summary of applicant and reviewer feedback surveys). Peer reviewers appeared to have gained as much value from the experience as the applicants, and, in fact, scored their own learning a bit higher than the applicants'.

The largest single problem in the process was pre-training and preparation of both applicants and reviewers. Since this had never been done before, there were no case studies available. Everyone agreed that having a sample application, more time spent on the understanding the scoring concepts, and practice scoring would have made for an easier and less frustrating experience. The original orientation was scheduled for ½ day. All reviewers indicated they would have been willing to spend one full day or even up to two. The average was 1 ½ days, with the certified examiners being more willing to spend more time in training. This is probably a reflection of their existing commitment, since training to be a Baldrige certified examiner is more lengthy than Tier II.

Tier II and the Workforce Excellence Network Award

A side-by-side comparison of Tier II and the Workforce Excellence Network award may be found in **Attachment C**.

The Indiana Tier II Certification and Workforce Excellence Network (WEN) Award are both geared to developing quality principles within the workforce development system. They are, however, different awards. It is conceivable that a Workforce Investment Board (WIB) would meet the criteria for one, but not the other. They are not interchangeable.

The primary difference is that Tier II is customized to WIBs and their unique functions, while the WEN award is more generally applicable to all levels and types of organizations engaged in workforce development, and is bent more toward operational organizations.

Tier II places the greatest point emphasis on leadership and strategic planning in keeping with the role of WIBs. WEN places the greatest point emphasis on results, in keeping with its more operational focus. WIBs that operate services are not eligible to apply for Tier II, but might fare well under WEN.

Tier II uses in- and out-of-state peers on review teams. Peers ensure that on-site visit questions are credible and, most importantly, provide a learning experience to the peers. Indiana's process is inherently educational. One of the key purposes is to ensure that both applicants and reviewers learn more about quality principles that they can put to use. The WEN process uses only certified examiners for site visits; although learning will occur for the applicant, there is no goal to provide learning back to network members.

Tier II review is provided at no cost to the applicant because once again, Indiana’s goal is to encourage the use of quality principles in the system. We wanted to do everything possible to make application attractive. The WEN award, on the other hand, charges the applicant \$100 annually to become an associate member, plus \$500 to apply for select membership, plus half the cost of 2 certified examiners performing the on-site visit. The upfront cost is thus \$600, and the cost of the examiners’ visit is unknown. WEN does not indicate if the cost is just for travel or includes payment for time, or how much time is anticipated.

Tier II has established point levels that must be achieved to earn various levels of certification. WEN is an all or nothing award, and the point value required has not yet been established.

Indiana’s process requires re-application every two years to demonstrate continued or improved quality. The WEN award apparently allows the winners to forever advertise that they are “2001 WEN Award Winners” regardless of what might happen to their quality in 2003.

Indiana’s technical requirements for the application are minimal, with nothing but a page limit in light of the fact that it is non-competitive and its purpose is to encourage quality and learning. WEN’s bureaucratic list of requirements for format and typing appears more similar to a competitive process that weeds out applications failing to meet detailed format requirements.

In summary:

Tier II	WEN
<ul style="list-style-type: none"> • Limited Duration ensures continued quality • Purpose is to infuse quality principles into the system and promote learning. Therefore: <ul style="list-style-type: none"> - there is no cost to the applicant - technical requirements are minimal - the process is non-competitive - peer reviewers are included - the reward (\$75K strategic planning money) is to promote the proper work of the board in the community. • Customized for WIBs • Emphasis is on leadership and strategic planning, consistent with the role of boards. 	<ul style="list-style-type: none"> • One-time application with no end limit does not ensure continued quality • Purpose is to make awards. Therefore: <ul style="list-style-type: none"> - Applicants are charged to help finance WEN. - Technical requirements are extensive and process is competitive - There are no peer reviewers - The reward (\$10,000) must be used for work that does promote the board’s community work. It must be used to make presentations at national conferences. • Award is generic to any workforce entity. • Emphasis is on results, and geared toward operational entities.

Lessons Learned

- Tier II has value to the system, both for applicants and for reviewers.
- The dialogue among stakeholders to develop a vision for excellent boards is one of the greatest values of the process.
- Tier II is a unique process that is not duplicated by Baldrige or WEN.
- Costs may be prohibitive to maintaining Tier II in its current format.
- There are trade-offs to be made in terms of complexity, team size, time commitments, and cost which may make the process less expensive, but also less valuable.
- Through the use of peer reviewers, an inter-WIB culture of quality can be built. Boards can learn from each other.
- A process that represents a cost to the awarding body is unlikely to be perpetuated in the face of federal allocation reductions unless there is strong state level commitment.

Reducing the quality of the process to reduce costs would be counterproductive. The greatest value of Tier II is the educational benefit to both applicants and reviewers, not cash awards and not public recognition.

It is recommended that a more focused version of Tier II be made available to boards for use in a peer network. By participating in the process, boards will better understand how to develop a structured, continuous improvement methodology prior to applying for WEN or any other quality award. Additionally, boards can develop a non-competitive environment for pursuing a high performance path together.