

Ensuring High Quality Career Centers Through Chartering

*USDOL One-Stop Career Centers
System Building Capacity Grant*

*Final Report on Grant Activities
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Report by Project Partners:

Corporation for a Skilled Workforce

Boston Private Industry Council

N.C. Governor's Commission on
Workforce Preparedness

Private Industry Council of
Louisville/Jefferson County

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EXECUTIVE SUMMARY

In June 1996, a One-Stop Career Center System Building Grant was awarded by the U.S. Department of Labor to a strategic alliance of four partners to examine and report on the use of charters as a tool to ensure high-quality services in the One-Stop Career Center environment.

The Project Partners believe that the examination of the chartering concept is timely because of pending legislation and the general interest of local governance boards in broadening their focus away from funding streams towards community-wide workforce development strategies. Local Workforce Development Boards are, in fact, already emerging in many areas under the current federal and state job training structures based on an expanded worldview. Should reform legislation pass, chartering has direct application with respect to a specific characteristic of block grants: no presumed deliverer of services.

Moreover, the heightened attention to quality in publicly-funded service delivery organizations is addressed by the chartering model. The inclusion of continuous quality improvement processes into the day-to-day Career Center operations is viable only if a strong and clear vision of quality service delivery is maintained over time. Tools such as chartering criteria are needed to move Career Centers from “start-up concerns” to sustainable organizations with a capacity to deliver quality products and services over the long-run. Service delivery organizations vying for a charter, whether public or private, can be encouraged by local Workforce Development Boards throughout the chartering process to innovate, restructure and retool the service delivery structure.

The Project Partners share the belief that local authority for charter issuance and process management is essential to the viability of an employment and training system that is, by design, locally accountable. Without chartering authority, the Project Partners believe that local policy boards cannot be seen as equal partners in the service delivery structure.

The Project Partners reviewed the charter concept and practice from a number of perspectives:

- The North Carolina approach to the development of chartering criteria is a compelling framework for intergovernmental One-Stop Career Center development efforts. The unique blend of state and local roles in North Carolina was examined.
- Louisville is transforming its local governance and service delivery structures. The policies and mechanics that comprise the local chartering process in Louisville have allowed multiple policy boards, the service delivery organizations (established and new) and the private sector to focus across-the-board on quality career services. A detailed examination by the Project Partners of the Louisville chartering experience to date was undertaken with particular attention to the roles and impact of its governance structures.
- Boston PIC recognized from the outset of the One-Stop Career Center initiative that high-quality service delivery is critical to the continued relevance of publicly-funded services in the career and labor exchange marketplace. A systemic approach to high-quality service delivery, the Service Quality Information System (SQIS), was examined. A cycle of

customer advisory panels and total market surveys were completed during the grant period and the results were shared with Project Partners.

- Benchmarking of public and private entities that have to be concerned with high-quality service delivery from Day One led to research and analysis of corporate (i.e., central) standards for “doors open” at multi-site, front-line (i.e., distributed) operations. The Project Partners examined the standards in three spheres: 1) among the Partners themselves, 2) other One-Stop Career Center implementations, and 3) other public and private sector settings across industry segments.

The Project Partners have identified the following key lessons on the use of chartering:

- Charters ensure accountability by establishing an enterprise relationship between Workforce Development Boards and Operators.
- Continuous Quality Improvement (CQI) must be a priority in policy and practice. Service Quality Information Systems (SQIS) to support these efforts must be developed over time.
- Chartering Criteria must be locally developed and local oversight bodies (e.g., Workforce Development Boards) must receive training and technical assistance.
- The chartering approach energizes business participation.

Project replication by local Workforce Development Boards at other sites across the country will require:

- A full understanding of the chartering concept and tools by the Workforce Development Board, Operators, and other local parties;
- Practical knowledge of the workforce development environment;
- A board-level strategy for deployment of the chartering process; and,
- An infrastructure, including a Service Quality Information System, to support administration of the chartering process.

In its implementation, chartering must effectively be tied by a Workforce Development Board to quality service delivery and be structured as an interactive and iterative process if it is to be more than a pro forma designation.

I. INTRODUCTION

The chartering process is a combination of policy (national, state, and local) and mechanics (standards, tools and relationships). This report on chartering examines the mix of policies and mechanics that comprise the chartering process in two local sites and one state environment. Given the distributed nature of the federal Career Center initiative and the varied approaches taken by states and locals, policy boards can adopt any of a number of organizational development models for Career Centers: franchising, venture capital, and startup. The experience reported herein reveals that chartering is a flexible tool that can be tailored to meet a variety of local workforce development needs.

The USDOL System Building Grant

The U.S. Department of Labor introduced One-Stop Career Centers in 1994 as the vehicle to significantly improve the quality of the services and information provided to individual jobseekers and employers. Both sets of customers face a new employment landscape shaped by the reality of global markets and a growing use of information technology. Career transitions are now universal, cutting across all industry and occupational groupings. Providers of career services, whether public or private, are being driven toward reinvention by a rapidly changing marketplace.

To date, a majority of states have received federal implementation grants to establish a system of high-quality Career Centers that offer improved access to education, training and employment-related services. These implementation grants represent the devolution of power and responsibility from the federal level to states and local communities. Publicly-funded career services are being offered in new ways and, in some instances, by non-traditional providers.

As the labor market changes and communities respond through the design and implementation of One-Stop Career Centers, the concept of quality management has emerged as a central issue for the local public/private boards given the oversight responsibility for public investments. Public resources for intensive career services are scarce and public agencies have limited experience with quality management principles. Innovative public management practices must be developed, tested and broadly disseminated if new systems are, in fact, to take hold and match the challenges presented by the new world of work.

In June 1996, a One-Stop Career Center System Building Grant was awarded by the U.S. Department of Labor to a strategic alliance of four partners to examine and report on the use of charters as a tool to ensure high-quality services in the One-Stop Career Center environment.

Organization of the Partnership

The Project Partners are:

- *Corporation for a Skilled Workforce (CSW)*, an Ann Arbor, Michigan-based not-for-profit policy organization which has worked extensively on Career Center system design and implementation since the inception of the federal Career Center initiative. CSW is currently working with states and communities to develop effective Career Centers and Workforce Development Boards. Corporation for a Skilled Workforce (CSW) served as the grant administrator for the project team.
- *The Boston Private Industry Council*, is the City of Boston's Regional Employment Board. It was one of the initial two regional boards to tackle the chartering of Career Centers in Massachusetts. The Boston PIC, noted for its strong private sector leadership on a variety of education and workforce issues, has chartered three Centers for operation thus far.
- *The Private Industry Council of Louisville/Jefferson County*, one of the nation's earliest creators of a multi-agency Career Center. Louisville, a One-Stop learning lab site and a Commonwealth of Kentucky One-Stop Career Center implementation site, is presently transforming its JobLink Career Center into an upgraded, neighborhood-based series of smaller and more diversified Career Centers through a non-profit organization, Career Resources, Inc. The PIC's chartering framework is being developed in concert with Louisville Area Workforce Development Council, a broad-based Workforce Development Board which will become the primary policy body for managing workforce issues in the region.
- *The North Carolina Commission on Workforce Preparedness*, the state's human resource investment council. The Commission is coordinating the implementation of One-Stop Career Centers in North Carolina, executing statewide planning activities, and managing the transition of local workforce board structures.

Partners' Perspectives on the Project

The grant application stated a common belief among the partners that high quality, effectively governed Career Centers can be realized by focusing on the roles of local Workforce Development Boards (WDBs) in quality control, using chartering/certification processes for Career Centers and broadening performance analysis to include service quality measures.

The Project Partners have believed from the onset that this project adds value to Career Center development activities nationally for the following reasons:

“We will have one opportunity to launch Career Centers as a new public service. If we don't deliver dramatically high quality, customers will test them and go away dissatisfied, and we will have missed a great opportunity.”

Nancy Snyder, Policy Director,
Boston Regional
Employment Board

- There is continuing legislative interest in Workforce Development Boards as the vehicle for service integration.
- There are distinct lessons to be learned from implementation of charters in three environments; two local and one state.
- The collaboration among the Project Partners under this grant award will sharpen the focus in each of the areas on quality issues and solutions.
- A focus on standards may give Workforce Development Boards much-needed tools to leverage quality.
- Quality considerations are central to a “New System” given widespread perceptions about the quality of public service delivery mechanisms.

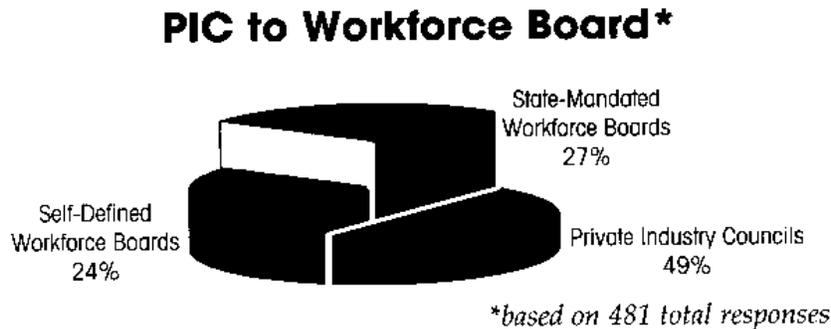
As the partners have met and reviewed the status of Career Center development in their respective areas, it has become clear that tools such as chartering criteria will be needed to move Career Center development from “start-up concerns” to sustainable organizations with a capacity to deliver quality products and services over the long-run.

II. GOVERNANCE - STATE AND LOCAL ROLES IN CHARTERING

Winds of Change

The movement to block grant funding for federal employment and training activities has been debated extensively in recent years and reform legislation is making its way slowly through the 105th Congress. Reform supporters see an opportunity to explicitly mandate local Workforce Development Boards, consolidate funding streams, reduce reporting requirements and focus on service outcomes, including customer satisfaction, as the primary performance measures.

In contrast to local Private Industry Councils which were authorized under the Job Training Partnership Act of 1982 (JTPA), a broader set of objectives is usually associated with local Workforce Development Boards (WDBs). Local Workforce Development Boards are, in fact, emerging under the current federal job training structure in many areas based on an expanded worldview. The National Association of Private Industry Councils (NAPIC) recently reported on the broad-based movement:



Source: National Association of Private Industry Councils, "NAPIC Survey Highlights Expanded Roles for Local Boards", *Workforce Advisor*, September/October 1997.

Moreover, pending federal reform legislation is explicit about a shift. NAPIC has summarized the new roles associated with Workforce Development Boards as outlined by H.R. 1385:

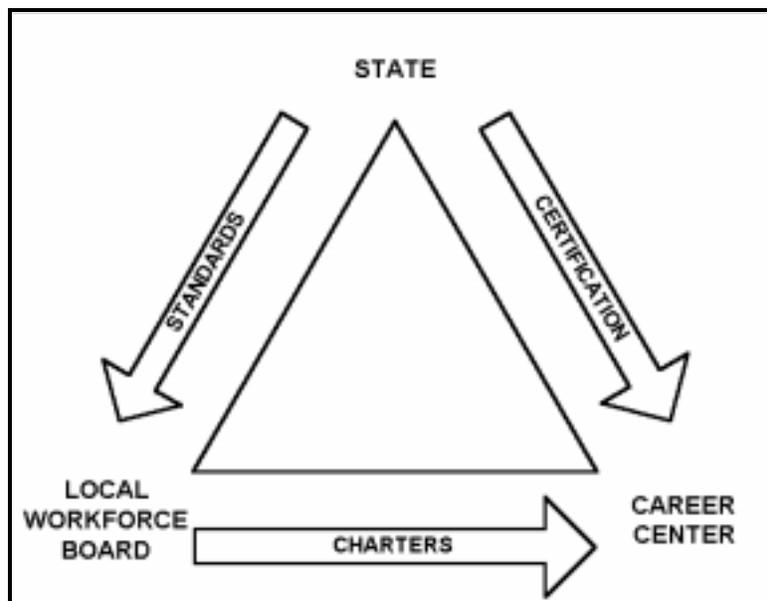
"The board would be responsible for the local workforce development plan and for *chartering* the local One-Stop Career Centers (certain limitations would apply to states that have implemented One-Stop Centers prior to effective date of bill). The board also would select service providers and oversee the budgets for local operation of the block grants" (*emphasis added*).¹

¹ National Association of Private Industry Councils, *Faxline*, May 19, 1997.

Chartering has direct application with respect to another characteristic of block grants; no presumed deliverer of services. With funding stream consolidation, overlapping or duplicative services currently being provided by multiple service delivery agencies can be reduced by redesignation, restructuring and re-engineering of traditional service delivery mechanisms. Service delivery organizations vying for a charter, whether public or private, can be encouraged by local Workforce Development Boards throughout the chartering process to innovate, restructure and retool the service delivery structure.

State and Local Roles

A distinguishing feature of this project is the prominent and decisive role for local Workforce Development Boards in the chartering of One-Stop Career Centers. The term “chartering” has been used by a number of states which have sought to develop local service delivery capacity. *What is unique about the experiences reported herein is that the authority for issuing charters explicitly lies with local boards.* We note that state-level perspectives on One-Stop Career Center certification/chartering have been reported to USDOL by Social Policy Research Associates.² As a group, the Project Partners share the belief that local authority for charter issuance and process management is essential to the viability of an employment and training system that is, by design, locally accountable. Without chartering authority, the Project Partners believe that local Workforce Development Boards cannot be seen as equal partners in the service delivery structure. Chartering provides the mechanism through which local involvement in Career Center operations is assured:



² Weitekamp, Maurie and Deborah Kogan, *Overview of State Certification/Chartering Criteria for One-Stop Career Centers - Final Narrative*, Social Policy Research Associates, January 30, 1997.

North Carolina - A Compelling State/Local Framework

The State of North Carolina has a strong history of commitment to workforce development; the first state-level workforce coordinating council was established in North Carolina in 1972. In the 1980s, Governor James Martin established a Commission on Workforce Preparedness (temporary) by Executive Order. The Commission was charged with creating a comprehensive, market-driven and customer focused workforce development system accessible to all North Carolinians with “a level of integration of human resource programs to provide a continuum of seamless services.” In 1993, Governor Hunt made the Commission on Workforce Preparedness a permanent policy board, designating it the State’s Human Resource Investment Council. The Commission is a 40-member board that includes membership from business, organized labor, heads of state departments responsible for workforce development, community organizations and education agencies. Historically, the State had been the primary force behind the development of North Carolina’s workforce development strategy, and local governments had been responsible for the implementation of this strategy and service delivery.

State/Local Roles - General

A change in philosophical and organizational governance structure occurred in North Carolina at the onset of the One-Stop Career Center initiative. The State recognized that successful One-Stop implementation would require significant participation from the local level and, as a result, has restructured the state and local governance mechanisms as part of its One-Stop Career Center system implementation strategy. North Carolina’s focus on interagency and intergovernmental participation in decision making as well as its reliance on greater local level governance distinguishes its approach to redesigning workforce development.

In revamping the State’s workforce development system, the focus of the Commission on Workforce Preparedness has been on creating an interagency decision making structure. The creation of work groups made up of state and local interagency partners, insures that all key partners play an active role in determining service delivery. These work groups, which focus on particular issues, are charged with developing design and implementation strategies for Career Centers. Work groups, created to address particular issues, are disbanded as the issues are resolved and new groups are continually created to address emerging issues.

The early reorganization of North Carolina’s PICs into WDBs has facilitated greater local level participation and governance responsibility in One-Stop Career Center implementation. In December 1995 Governor Hunt issued Executive Order 90 which called for the transition of existing PICs into WDBs. These new WDBs were to be integrated local boards with broad-based policy authority to create an integrated statewide workforce development system. The development of strong, private-sector-led, independent boards with expanded governance and oversight roles was considered essential to North Carolina’s efforts to achieve a high performance workforce. The new roles of the WDB provide the pivotal opportunity for local boards to broaden their focus from the detail of program minutiae to the entirety of workforce development needs and issues within a region.

The Commission on Workforce Preparedness chose to use chartering as the implementation tactic to ensure the quality of local Career Centers and that One-Stop Career Centers meet the needs of their customers. Executive Order 90 also designated WDBs as the local governing body for North Carolina's One-Stop Career Center system (JobLink), with responsibility for ensuring that Career Centers are of the highest possible quality. WDBs would accomplish this by issuing and overseeing Career Center charters. In order for a Center to be designated a JobLink Career Center, the local WDB must develop a chartering agreement with the agencies preparing to operate it. The primary purpose of the charter is to establish that Centers are capable of meeting or exceeding established quality standards. Therefore, the granting of a charter certifies the readiness of the Center to deliver high quality services to its customers.

The State's model for chartering places the primary responsibility for setting chartering standards with the local level. However, to ensure consistency of quality across all JobLink Career Centers, the State established a statewide vision and framework that WDBs are required to follow. The State developed its quality vision based on the compelling private sector framework associated with the Malcolm Baldrige National Quality Award Criteria.

The new vision and framework for JobLink Career Centers was developed on the presumption that Centers should strive and be designed to achieve the three objectives of successful organizations, as defined by the Baldrige Award: superior performance, continuous improvement and highly satisfied customers.

The State established a vision statement for each of the seven major categories of the Baldrige Award criteria, which include leadership, information and analysis, strategic planning, human resource development and management, process management, business results, and customer focus and satisfaction. Local WDBs are charged with defining specific criteria and measurements that are consistent with that vision but are also responsive to local priorities. On the basis of these criteria and measurements, local WDBs issue charters to Center Operators and measure improvement in Career Center service quality.

State-Level Responsibilities

Upon reflection, all Project Partners agreed that a clear, up-front delineation of state and local roles immeasurably enhances intergovernmental implementation efforts. To assist WDBs and Center management and staff in developing successful Career Centers, the State of North Carolina assumed the following responsibilities under the One-Stop Career Center initiative:

- *Vision and Framework* - As described previously, to ensure consistency of quality, the State developed the statewide vision and chartering framework to which local WDBs must adhere in issuing charters.
- *Training Strategy* - The State recognized that a successful Career Center chartering initiative would require training at the local level. The State has developed a statewide strategy for training local WDBs and JobLink Career Center management and staff on the use of quality standards and Career Center chartering and their respective roles in the process. This strategy is comprised of the following components:

- ◆ Workforce Development Institute Training - The Institute, a resource for quality examination statewide, maintains an ongoing calendar of training covering a range of topics to help staff move toward implementing JobLink Career Centers. This training is available to anyone (implementation or planning sites) who would like to participate and is scheduled regionally throughout the state. An example of this type of training is a workshop entitled, “Reinventing Assessment for One-Stops.”
 - ◆ Implementation Work Group Training Modules - Several modules of training targeted at implementation sites are offered by the One-Stop Implementation Training Team, an interagency team chaired by the Workforce Development Institute. The modules offered include Orientation Training, Coping with Change, Creative Problem Solving, Team Building and Action Planning, and Customer Satisfaction and Customer Service. There is no charge for this training and dates and times are set with each implementation site to ensure maximum attendance.
 - ◆ Consultant Technical Assistance - The State engaged a consulting team to assist implementation sites in bringing their One-Stop systems into reality. Each implementation site was provided with 11 days of technical assistance, at least four of which were set aside for on-site training and assistance to WDBs. The objectives of the training were to assist the newly organized WDB members in defining and understanding their roles and responsibilities as members of a broad-based policy board for workforce development.
 - ◆ Mentoring - The State has also taken steps to educate and provide technical assistance to WDBs and Career Center management and staff on the use of quality standards and the Baldrige criteria. The State contracted with the North Carolina Quality Leadership Foundation to provide professionals trained in the Malcolm Baldrige National Award Criteria to assist WDBs and JobLink Center staff in their pursuit of excellence. These quality experts assist WDBs in applying the Baldrige criteria in the chartering and evaluation of agencies proposing to operate Career Centers. They serve as mentors to the local WDBs as they define chartering criteria and issue charters, and to Center Operators as they apply for and maintain charters.
- *Technical Assistance (Site Reviews)* - Although reviewing Career Center performance and continuous improvement is primarily a local level responsibility, state implementation teams conduct annual on-site reviews to ensure that WDBs adhere to the goals and plans outlined in their implementation grant proposals. These reviews are conducted in an effort to assess whether minimum requirements for JobLink Career Centers are being met and to identify areas in which Centers need assistance.
 - *Re-chartering* – The re-chartering cycle and process for JobLink Centers are under discussion at the state level.
 - *Information System Development* - The State is taking the lead in developing automation products to ensure that North Carolina has a cohesive and consistent management

information system across JobLink facilities. The State is developing an integrated information system that will include common intake and eligibility, case management, and information products for customers using the Centers and network sites.

- *Marketing* - The State developed a JobLink Career Center marketing portfolio and made it available to local WDBs and Center management. The portfolio includes letterhead and signage to give the chartered Centers a common look and feel statewide.

Local Level Responsibilities

The State of North Carolina has designated the following as local level chartering responsibilities:

- *Establishing Chartering Criteria* - Local WDBs are responsible for establishing the performance standards that Career Centers in its region must meet. They do so by defining specific criteria and measurements that Career Centers must demonstrate in order to receive a state charter. These criteria and measurements must be consistent with the statewide vision but also be responsive to local labor market circumstances and needs. Establishing local chartering criteria gives WDBs the opportunity to set high expectations for the quality and depth of services offered by Career Centers, and to ensure that they meet the needs of the local labor market. The State has no approval authority over the criteria established by WDBs.
- *Granting Charters* - Any public or private workforce development entity or consortium can apply for a Career Center charter by submitting an application to the local WDB, which consists of a comprehensive workforce development plan consistent with the established criteria. A Center must be fully operational at the time of application for a charter. In order to be considered fully operational, all key agency partners must be co-located at the Center and the Center must be able to deliver all core services (as defined by the State). In addition, the workforce development plan must demonstrate how and when the Center will meet the four principles of the Department of Labor One-Stop Career Center initiative: universality, service integration, accountability, and customer choice. WDBs grant charters for a specified length of time (usually 2-3 years) to Operators whose plans meet all state design requirements and satisfactorily explain how the Center will meet or exceed the performance expectations outlined in the chartering criteria established by the WDB. Without a charter from the WDB, an agency or consortium will not be funded to operate a Career Center in North Carolina nor to use the statewide logo that identifies a JobLink Career Center.
- *Progress and Performance Monitoring* - The WDBs are responsible for establishing their own systems of measurement to assess Career Center progress and for tracking the performance of Career Centers against the standards written into the charter.
- *Taking Corrective Action* - The WDBs are responsible for taking corrective actions with unsuccessful Career Center Operators. Currently, WDBs may revoke a charter and remove equipment purchased by the State if the Center does not perform in accordance with the

standards established by the board. In developing the re-chartering process, the State is considering making additional corrective actions available.

Future Issues

- There are currently no State guidelines or mandates regarding charter revocation, but the State is considering developing such mandates. Although nothing prohibits a board from pulling a charter before its term expires, there is no statewide definition of what constitutes cause charter revocation nor is there an established procedure for local boards to follow.
- North Carolina focused on chartering only one JobLink Center in each region per year. This enabled the WDBs to concentrate on establishing a model Center for the region that offers all core services and meets defined service quality and performance standards. Increasing the number of Centers per region is a longer-term issue.

III. CHARTERING MECHANICS

Overview of the Chartering Concept

An examination of chartering from the local and state perspectives starts with an overview of some basic concepts used by the Project Partners. The chartering concept was in use in each of the areas prior to the start of the project, but refinement and clarity has resulted from project participation.

What's a Charter?

The use of the term “charter” in the context of federal, state, and local One-Stop Career Center service delivery draws from a number of perspectives:

- As a written agreement between a sovereign authority (state or local) and a Career Center Operator, the charter must be construed more broadly than simply a contract for services.
- The charter can transfer rights and privileges such as the use of the state’s logo or participation in a statewide information system.
- The charter can outline operational roles and responsibilities of each party.
- Further, the charter with a Career Center Operator can outline a required organizational structure and even business parameters for the Career Center Operator.

The charter framework is a combination of policy and mechanics, with enforcement and incentives underlying the overall framework. A charter can be viewed as a competitive tool with intrinsic and explicit rewards bestowed upon charterees (e.g., pride, money, license to operate). The charter is also an accountability tool. Consequences of non-performance may include revocation, but remedial action such as technical assistance will be employed in almost every instance before revocation.

Why Charter?

Grounded in its vision of high-quality service delivery, the state agency or local Workforce Development Board (i.e., sovereign authority) “can set the bar high” through its statements of goals, standards and expected outcomes. If the starting point for the state agency or local board focuses on meeting identified customer needs rather than adhering to programmatic requirements, the incentive to get a charter as a “license to operate” can force Operators to minimize programmatic constraints in developing a business plan.

Through the chartering process, expectations for quality service delivery can be easily outlined by the sovereign authority in a mission statement or statement of business goals. While more difficult, expectations can be made concrete through the adoption of operational readiness standards that must be in evidence before doors open and, thereafter, ongoing performance standards for both outcomes and customer satisfaction. The onus for meeting the delineated performance standards lies with the Operator, but a chartering document must be viewed as “a

two-way street” in which the roles and responsibilities of the chartering authority are outlined as well.

Three distinct timeframes mark the chartering process:

- Pre-charter.
- Charter issuance.
- Post-charter implementation.

The leverage of the Workforce Development Board is the greatest during the pre-charter timeframe. As Career Center Operators develop an application for the charter and the sovereign authority moves toward charter issuance, programmatic realities will emerge which can be accounted for in the charter document. The chartering process forces both the sovereign authority and the Center Operator to be clear about expectations. Once a charter is issued, the difficult task of operations and performance reviews can represent a challenge for the issuing authority, but can be structured to promote continuous quality improvement instead of merely program monitoring.

The establishment of realistic and effective standards may require modification of criteria over time, based on the experience of both the sovereign authority and the Career Center Operator. Re-chartering of Career Center Operators after a period of time (e.g., 3 to 5 years) provides the opportunity to assess the charter itself in addition to the Operator’s performance.

As local Workforce Development Boards emerge as the result of community interest and legislative direction, the use of the Baldrige Award criteria for Operator selection and chartering holds great promise precisely because it is customer-based, it is an understandable framework and there are numerous private-sector experiences to lead the way. (See Appendix A for further discussion).

Implementing Charters at the Local Level - Louisville’s Model

Current market trends, including market globalization and the rise of the information age, have changed the Louisville region’s workforce requirements and rendered the traditional employment and training service delivery system inadequate to meet the needs of employers and individuals. Experts in the delivery of employment and training services have identified the need to assess the local impact of recent labor market developments and then re-engineer the community’s service delivery system in light of that assessment. Their market research produced several key findings:

- Delivery of services to employers and individuals is currently fragmented;
- Employers face a severe shortage of skilled labor and are having difficulty operating; and,
- Many individuals are having difficulty finding career employment.

As a result of these findings, organizations dedicated to improving the quality of workforce development services for employers and residents of the Greater Louisville area, agreed to join efforts to deliver high quality Career Center services through an integrated set of Career Centers.

These organizations were the initial investors in Career Resources, Inc., a not-for-profit corporation, whose focus is two-fold: providing employers with a focal point of contact; and operating a series of neighborhood-based Career Centers for individual jobseekers.

The Private Industry Councils of Louisville/Jefferson County and North Central Kentucky are the boards responsible for governing and overseeing Career Center development in the Louisville area. To ensure that this effort results in quality of both service and outcomes, the PICs adopted a chartering process as the mechanism to certify that each Career Resources site could demonstrate the capacity to offer outstanding services to its customers. An initial charter is issued to a Center based upon proof of internal integration of services and staff and readiness to deliver effective services in a seamless, non-bureaucratic fashion. Upon receiving the charter, the Center is authorized to begin operating under the Career Resources name. The charter periodically comes up for re-certification, based upon performance, both in terms of customer satisfaction and desired outcomes.

Board Composition

The PIC structure in Louisville is currently in transition. The Louisville/Jefferson County PIC is in the process of transforming into the Louisville Area Workforce Development Council (WDC), a Workforce Development Board with much broader workforce development responsibilities than the development of the One-Stop Career System. This transformation was not mandated by the state; it was initiated at the local level in an attempt to address policy issues more effectively. The WDC is comprised of thirty members, 51 percent of which are private sector representatives. The private sector members are all senior level (CEO equivalent) individuals from various business sectors and are selected from among those nominated by the local area's Chamber of Commerce. The remaining 49 percent of the members include representatives from education, organized labor, community-based organizations, and state and local government.

Because the PICs of Louisville/Jefferson County and North Central Kentucky were given governance and oversight responsibility for Career Center development in the Louisville area, chartering of Career Centers was initially a responsibility of the PIC's Training Strategies Committee. The Training Strategies Committee, which began developing the Career Center chartering process, initially included public sector representation. However, as the transformation of the PIC to the Workforce Development Council progressed, the responsibility for chartering Career Centers was transferred to a subcommittee of the WDC, the Chartering Committee. In contrast to the PIC's Training Strategies Committee, the membership of the Chartering Committee is 100 percent private sector. Public sector representatives, those associated with Career Resources, Inc. investor organizations, were removed from the Committee to enhance its credibility and objectivity. Committee membership does include individuals who are not WDC members. To ensure that chartering is consistent and uniform across the entire seven county labor market area, the Committee also includes representation from each county (including Jefferson, Bullitt, Oldham, Shelby, Henry, Spencer and Trimble counties).

Interlocking Boards

Development of the One-Stop Career Center system in Louisville has largely been driven by the PICs of Louisville/Jefferson County and North Central Kentucky, the emerging Workforce Development Council, and the Board of Directors of Career Resources, Inc. There has been a conscious development strategy that promotes overlapping membership between these entities, creating a unique network of interlocking boards. The overlapping membership and leadership provided valuable consistency of thought and communication in the development and implementation of the One-Stop Career Center system and the chartering process. The nature of the overlapping boards also facilitated consensus building and decreased the tendency for politicized agendas to impede system development.

Charter Criteria and Chartering Process

Development of the chartering process was locally developed and will serve as a model for replication throughout the state; the State of Kentucky has no statewide chartering system. The Training Strategies Committee developed a two-phase chartering process consisting of a Provisional Phase and a Charter Phase, each with specific requirements aligned with the seven Malcolm Baldrige categories. The criteria for the two phases is further broken down into five distinct sections: Pre-Application, Provisional, Charter Year I, Charter Year II, and Charter Year III. The Pre-Application and Provisional sections constitute the Provisional Phase criteria, while the Charter Year I-III sections constitute the Charter Phase criteria:

Provisional Phase		Charter Phase		
Pre-Application	Provisional Period	Charter Year I	Charter Year II	Charter Year III

The Training Strategies Committee decided to develop chartering criteria based on the Malcolm Baldrige Award because of Baldrige's credibility in the private sector. Although based on the Baldrige criteria, the committee has no expectation that the rigorous standards of Malcolm Baldrige will be attained immediately. The standards have been developed with incremental targets leading ultimately to the ambitious standards associated with Malcolm Baldrige Award winners. For example, the chartering criteria call for a satisfaction rate of at least 70% in the Provisional Period, while a strict adherence to Baldrige standards would require a 95% satisfaction rate.

The Provisional Phase, which lasts no more than six months from a Center's opening date, allows the Center to open its doors and reach a defined threshold of activity before applying for an official charter. This allows the Center to transition from its existing protocol to the new, more uniform manner of conducting business as an integrated One-Stop Career Center. The very specific requirements of the Provisional Phase provide the foundation for operating a Career Center.

Career Resources, Inc.'s corporate office is the operating manager of the One-Stop Career Center System, ensuring that the Centers perform and achieve the criteria of the Pre-application and Provisional Periods within six months of applying for a charter. If a Center fails to meet the criteria, a charter is not issued and use of the Career Resources, Inc. nameplate is not authorized. When a Center does meet all of the Provisional Phase criteria, greater autonomy and decision-making authority accompanies the issuance of the charter. The degree of autonomy and decision-making authority may be restricted by the program, performance, funding and personnel requirements of the public funding sources that constitute the investors. However, within these parameters, Centers are encouraged to be entrepreneurial and responsive to their market niches. Career Resources, Inc.'s corporate office defines the appropriate balance between uniformity of the Centers and individual autonomy and responsiveness.

The Charter Phase consists of the time during which the Center is officially chartered. The criteria for the first three years, as initially outlined, provide guidance to the Center from the outset. The Year I criteria are a combination of new activities which are designed to introduce recognized business practices (e.g., updating business and marketing plans, writing annual reports) to the Centers and others are driven by quality initiatives (e.g., tracking customer and employee satisfaction, ensuring employee accountability). The criteria for each successive year will be reviewed and refined by the Chartering Committee of the Louisville Area Workforce Development Council annually on a center-by-center basis, to ensure that they are appropriate and realistic. For example, the Charter Year I criteria for the Middletown Career Resources Center (the first chartered Center) are currently being refined based on information and experience gleaned from the Provisional Phase.

The Louisville chartering model is collaborative, not competitive. Centers can open doors before they are actually chartered, although they cannot use the Career Resources, Inc. name until they have been officially chartered. In an effort to extend the implementation grant funds, most of the Career Resources, Inc. One-Stop Career Centers are being established at sites that have previously been operated by a public agency (e.g., Employment Service, JTPA). However, when a Center is chartered, it must have a fresh and professional look and feel. There may be a period when two names are indicated on the door.

Guidelines for Charter Revocation and Re-Chartering

Louisville's re-chartering process is based on a presumption of charter renewal. Six months prior to the expiration of each charter year, the Chartering Committee will commence an evaluation of the Center's performance. Unless the Chartering Committee determines that the

"I feel good about the whole process! As a result of Chartering, I was able to gain a better understanding of procedures and processes. We are so busy in the centers, that we tend to focus on the day-to-day operations. This forced me to take a step back and see our role in a much bigger picture. Chartering helped me understand what the business community sees and how it interprets our actions."

Debbie Chandler, Manager
Career Resources, Inc.
Middletown, KY

Center has not achieved acceptable levels of performance, the charter will renew automatically for another twelve month period commencing on the day after the previous Charter Year expiration date. As long as the Center continues to perform in accordance with the Charter Agreement and continues to meet the criteria outlined for the specific phase, the charter will continue to renew perpetually for one-year terms.

Should the Chartering Committee determine that a Center has not achieved acceptable levels of quality performance, it will notify the Center and the Corporate Office in writing no later than 90 days prior to the expiration of the Charter Year. The Center and the Corporate Office for Career Resources, Inc. will have the opportunity to jointly develop remedial steps and propose a time frame to return the Center to good standing. Career Resources will present the remedial action in writing to the Chartering Committee. Within thirty days, the Chartering Committee will either approve or reject these steps and allow sufficient time for implementation. The Chartering Committee has full discretion to revoke or renew a charter.

If the approved action plan for remediation is implemented to the satisfaction of the Chartering Committee, the Center is placed on a six-month probationary period and then returned to good standing. During the probation period, the Chartering Committee may request reports, site visits or any other such measure to assure itself of continued progress. Failure to progress may be cause for further remediation and/or removal of the charter.

Training/Technical Assistance/Capacity Building

The State of Kentucky provides technical assistance on the One-Stop Career Center initiative overall as part of its state grant. Because chartering was undertaken as a local initiative, the State does not provide any training or technical assistance in the practice of chartering. Local training and capacity building activities around chartering have included:

- The WDC's full-time staff person has completed a Baldrige-based, "Quality in Business Excellence" training session.
- Career Center managers were provided with business plan development training by a small business incubator.
- Development of training and capacity building resources is identified as a responsibility of the Career Resources, Inc. Corporate Office. The Charter Agreement for the Middletown Center stipulates that the Corporate Office will "develop training and capacity building resources that are necessary for the One-Stop Career Center System to deliver high quality customer services and that will lead to mastery of the tools and the system by One-Stop Career Center front-line staff." Currently, each Career Center staff member is provided with relevant training, based on the individual's skills inventory/needs assessment. This training must fit into the Center's comprehensive annual staff training plan. On the premise that staff will report low levels of job satisfaction if they do not receive appropriate and adequate training, staff satisfaction surveys are conducted to garner feedback on the effectiveness of the Center's staff training strategy. Career Resources intends to provide more staff training on quality issues as additional Centers are chartered, which will help Centers achieve

increasingly demanding chartering criteria. Future Career Center implementers will recognize that such training enhances the members' ability to monitor quality and performance, define appropriate chartering criteria and provide assistance to ensure Career Center quality and continuous improvement.

Point of Comparison -- Boston PIC

The Boston Private Industry Council (which is Boston's Regional Employment Board or REB) was chosen by the Massachusetts Jobs Council as one of the initial sites to locally implement One-Stop Career Centers. The REB designed a competitive process for selecting and chartering Career Center Operators that was open to all non-profit, public, and for profit organizations, or collaborations thereof. Bidding organizations are required to have demonstrated capacity in the following areas:

- to contribute to workforce development in the Boston area;
- in the core competencies required to operate a Career Center; and
- to design, implement, and administer large scale, complex service delivery systems and facilities.

Organizations are ineligible if they are:

- currently barred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from participation in this transaction by a Federal department/agency; or
- not in compliance with state Department of Revenue or Internal Revenue Service requirements.

Unlike North Carolina and Louisville, the Regional Employment Board did not choose to base their chartering criteria on the Malcolm Baldrige Quality Award criteria. Instead, the REB developed a system of Quality Indicators to which the Centers must subscribe. Five Quality Indicators were designed to address key areas of service and system building, and the REB has identified specific, quantifiable measures for each (see Appendix B). The Quality Indicators, which are articulated in the Charter Agreement, include:

- Customer outcomes.
- Service level and market segments
- Neutral brokering and universality.
- Market share and market penetration.
- Customer satisfaction.

The REB emphasizes continuous quality improvement in its standards by requiring a positive trendline towards increasingly ambitious annual goals. Centers that fail to meet or make progress toward these Quality Indicator standards will not be approved by the REB's Career Center Committee for charter renewal.

To date, the REB has granted charters to three Center Operators. Initial charters were awarded for Fiscal Year 1996 (which ended on June 30, 1996) and applied to start-up and initial service

delivery. The Charter Agreement includes a presumption of renewal for a second fiscal year, barring any actions or circumstances constituting default of the Agreement. The REB expected that during 1997, Career Centers would begin to learn about their customer base and would develop strategies for growth and change. Rather than presuming renewal for a third year, the REB wanted to review the direction, progress and commitment of the Centers during the second year. Therefore, a step has been built into the process that the REB needs to make a proactive assertion that each Career Center Operator should be chartered for an additional year. The charter is renewed for a third fiscal year if the Center demonstrates sufficient performance.

During the last half of the second fiscal year, the REB evaluates the Operator's commitment to quality customer service and the Center's performance based on objective and quantifiable data and outcomes. In order to be granted a renewal, an Operator must be making substantial progress, as indicated by a positive trendline in meeting Quality Indicator Standards and must have a plan for meeting those requirements not yet attained.

The REB's charter renewal decision is based on a review process consisting of the following components:

- Career Center self assessment;
- Site visits;
- Review of documentation of service levels and performance; and,
- Customer feedback.

After completing the review process and considering the findings, the REB staff prepares a Charter Renewal Report for the Career Center Committee outlining its findings. The report includes: a brief description of current developments in the Career Center system; a description of the charter renewal process; a summary of the findings of each of the components of the review process; conclusions reached (including Center strengths and opportunities for improvement); and a discussion of system-wide issues raised by the charter renewal process. Based on the report, the Career Center Committee can elect to renew the charter without conditions, renew the charter with conditions, or deny charter renewal. Site visit findings and discussions with Center management are weighted more heavily than quantitative data in the REB's charter renewal decisions.

Enumerated grounds for revocation of a charter by the REB include, but are not limited to:

- Consistent weakness in performance in terms of outcomes, customer satisfaction, and a lack of responsive resolution of performance problems;
- Gaps in usage between actual and planned service targets;
- Lack of universal access, discouragement, or lack of services for disabled, multilingual, and/or multicultural residents and employers;
- A pattern of excessive and/or inappropriate referral to a provider's own services;
- Late, incomplete, or inaccurate reporting;
- Criminal indictment or participation in fraudulent activities or fiscal mismanagement;
- Compromising the public good or discrimination against or mistreatment of customers;
- Violating ethical standards outlined in the contract between the Executive Office of

Economic Affairs and the Career Center Operator chartered by the REB.

As a result of the Year 2 review process, the REB renewed one of the Centers' charter without conditions, but chose to make the renewal of another Center's charter contingent on certain conditions.³ The assessments of this Center revealed inadequate leadership from the Board of Directors, so charter renewal was contingent on the Center taking certain required actions and explaining others that would be undertaken to improve direction and leadership (e.g., hiring and orienting an Executive Director, Continuous Quality Improvement implementation, improving performance).

The Year 3 review process was revised to substitute a "Progress Report" for the Self Assessment of the Year 2 process. The Progress Report addressed issues raised by the Career Center Committee as part of the Year 2 review process. A "Business Plan Update" was also required. Guidelines for writing the Business Plan Update followed Baldrige criteria.⁴

Quality Mentors' Reflections on the Chartering Process in North Carolina

One of the sources for feedback in North Carolina on the chartering process is the field activities of the Quality Leadership Foundation Mentor Project that has been supported by the State. The Mentors' observations included:

- *Examples of chartering criteria that were provided to WDBs by the State were too prescriptive.* The purpose of using the Baldrige criteria was to allow and stimulate local flexibility and creativity. However, the mentors found that many of the WDBs simply adopted the example criteria as their chartering standards instead of developing locally appropriate criteria. The Centers were then chartered to the examples rather than locally developed criteria. It is surmised that the WDBs would have been more apt to invest the necessary time and resources in developing criteria and measurements responsive to local labor market needs if they had been provided guidelines in each of the Baldrige categories, rather than examples of possible criteria and measures. In response to this finding, one of the WDB mentors developed a flow chart to assist WDBs in developing more appropriate chartering criteria. The flow chart clarifies the language and intent of the State's Baldrige-based framework and vision for chartering and designates specific areas to be addressed in developing chartering criteria in accordance with that framework. The mentors found this type of guidance from WDBs to be much more effective.
- *WDBs must take an active role* if Centers in their region are to be chartered.
- *The length of time required to complete the chartering process was longer than expected.*
- *Mentors should begin working with WDBs, Career Center management and staff by*

³ Although charters were granted to three Career Centers, only two were implemented in time for the first charter review process.

⁴ The Boston Regional Employment Board did not begin its charter development and review processes guided by Baldrige. Based on its experience on this project, it is incorporating Baldrige standards in its charter review and evaluation processes and plans to rewrite its charters based on Baldrige.

discussing the current process management procedures of the Centers and then move on to working on total quality management and Malcolm Baldrige criteria.

Summary - Steps for Implementing a Chartering Process

Based on the experiences of the Project Partners, a generic process for statewide or local implementation of a chartering process might include the following steps:

1. ***Establish initial chartering criteria.*** The initial criteria should focus primarily upon what the expectations are at start-up of the Centers. Standards for re-chartering Center Operators can be established at a later date. The core test for initial chartering criteria is whether the Center is prepared to deliver high quality service to customers. For re-chartering, it is whether the Center has met and exceeded initial expectations for delivering high quality service to customers.
2. ***Define the term of the charter.*** The length of time for which charters will be granted is most likely to be 2-3 years.
3. ***Create a charter application process.*** The chartering body should consult with the interagency review team to develop processes for charter application, evaluation, and final decision-making. Applicants should be required to present their proposals and evidence of readiness/performance against the criteria, both orally and in writing. Adequate time for a comprehensive review should be planned into the timeline. Site visits should be conducted by a subcommittee of the chartering body to review Center facilities and observe the staff in context.
4. ***Conduct a stakeholder orientation.*** The Chartering Body should conduct an orientation for members of state and local stakeholder organizations, including any regional planning and advisory teams, to explain the chartering framework and the application/review processes.
5. ***Issue charters.*** Site visits should be conducted by the Chartering Body to interview local Center staff and observe Center operations to ensure that all chartering criteria have been met. If the preponderance of criteria have been met, the Chartering Body could then issue a charter. If significant gaps are identified, the Chartering Body can seek remediation by the staff and their agencies prior to final charter approval.
6. ***Track performance.*** The Chartering Body should create a committee dedicated to working with Centers in tracking how each is meeting its planned performance. The tracking should look across all performance and service criteria.
7. ***Re-chartering.*** As the initial period of chartering nears its end, the Chartering Body should launch a re-chartering process. This process will undoubtedly include revising standards created in the initial chartering phase as well as defining new service expectations and performance measures to support continuous improvement.

IV. Building In Quality

Overview of A Systems Approach to Quality

Each of the Project Partners believes that high-quality service delivery is the key to a secure Career Center resource base in the future as the marketplace for career services changes rapidly. The initiatives outlined below recognize that continuous quality improvement tools must be built into the performance and evaluation systems.

Service Quality Information System (SQIS) by the Boston PIC

Substantially improving the quality of services and information provided to jobseekers and employer customers has been one of the fundamental reasons for asking states and communities to undertake the very difficult and large scale systemic changes required by the U.S. Department of Labor's One-Stop Career Center initiative. Unless Career Centers make the leap to a truly integrated, customer-driven system, they will not succeed. In the public sector, where conformance to funding source specifications captured in JTPA-style performance standards has been the minimum standard for continued funding, such a leap is substantial.

In the absence of an alternative definition of quality (e.g., fulfilling *customer* needs and expectations), conformance to the needs and specifications of the *funding source* has defined success. This is not to say that job training and education and skill training vendors were not focused on meeting the needs of participants or that the Employment Service was not concerned with placing jobseekers in good jobs – it is just that the focus was on meeting numerical performance standards and not necessarily on quality. In other words, to the extent that “customers” were considered at all, they were considered to be the agencies providing the funds for the programs. Jobseekers and employers were the *means* to satisfying funding sources.

The One-Stop Career Center initiative redefines who the customer is; it holds firmly to the notion that those receiving the product or service are the customers of the system. In the workforce development and labor exchange system, jobseekers and employers are the customers. Funding agencies may be stakeholders, interested parties, sometimes partners, even *secondary* customers along the chain of service⁵ - but they are not the primary customers in a quality-driven system. Jobseekers and employers are the *primary* customers of the workforce development and labor exchange systems. Quality is determined by the extent to which *their* needs and expectations are met – not the requirements of funding sources nor the internal organizational

“Companies need to establish a service quality research process that provides timely, relevant trend data that managers become accustomed to using in decision making; companies need to build a service quality information system, not just do a study.”

Leonard Berry,
On Great Service.

⁵ Deming, W.E., *Out of the Crisis*, MIT Center for Advanced Engineering Study: Cambridge, MA, 1986, p.5.

needs of the government services and agencies, education and job training programs which serve them.

The shift from defining quality as “conformance to *organizational* specifications” to “conformance to *customer* expectations”⁶ constitutes the paradigmatic shift that is the *sine qua non* of total quality management or continuous quality improvement. Because of the public sector’s traditional adherence to process measures this shift is fundamental to every aspect of program organization and administration. Data gathering, analysis, interpretation and utilization, program improvement and all the infrastructures that support these activities in the public sector will have to change in a quality-driven system. The Service Quality Information System (SQIS) developed by the Boston Regional Employment Board was intended to begin the construction of a new measurement methodology and infrastructure to accomplish this aim.

This change in customer definition means that the relatively static performance standards of *funding sources* are replaced by the ever-evolving needs and requirements of *jobseekers and employers*. It is a basic tenet of quality improvement and customer satisfaction that once customers become accustomed to a certain level of service, they expect ever-higher levels of service. By definition, the nature of improvement is ongoing. Therefore, the systems which are designed to capture the “voice of the customer” must be repeated at regular intervals over time. Organizations have to develop regular, ongoing, highly sensitive, accurate and continuously improving methods to capture the voice of the customer and feed that data back into product development and service delivery processes.

Quality expert W. Edward Deming’s principles include the development of “profound knowledge of the process.” He holds that it was only through the acquisition of profound knowledge, acquired through study prior to action, that system improvements that hold over time can be realized. Without this knowledge of “root causes” of problems, developed through data analysis and interpretation, system changes would ultimately prove ineffective in satisfying customers and quality would be compromised.

In God we trust, all others must use data.”
Walton, M. , The Deming Management Method.

Service leadership alone cannot achieve great service. Leaders must establish the course of the service-improvement journey. Customer satisfaction expert Leonard Berry identifies the following benefits of an effective service quality information system (SQIS)⁷:

- Encourages and enables management to incorporate the voice of the customer into decision making.
- Reveals customers’ service priorities.
- Identifies service-improvement priorities and guides resource-allocation decisions.
- Allows the tracking of company and competitor service performance over time.
- Discloses the impact of service quality initiatives and investments.
- Offers performance-based data to reward excellent service and correct poor service.

⁶ Crosby, Philip B., *Quality is Free: The Art of Making Quality Certain*, McGraw-Hill: New York, NY, 1979, p.198.

⁷ Berry, Leonard L., *On Great Service: A Framework for Action*, Free Press: New York, NY, 1995.

Among the methodologies used to comprise a Service Quality Information System are:

- *Transactional surveys* completed with customers after a service transaction.
- *Total market surveys* that measure current and potential customers' overall assessment of the company's service.
- *Mystery shopping* in which researchers pose as customers to evaluate directly the quality of service delivered.
- *Service reviews* that are periodic visits with customers to discuss the service relationship in totality.
- *Customer advisory panels* in which a firm recruits a sample of customers to provide periodic feedback and advice.
- *Surveys* of new, declining and former customers.
- *Focus group* interviews, in which a small group is questioned directly.
- *Employee field reporting* in which employees are asked about what customers are saying and doing.
- *Employee research* as internal customers.

Each method brings strengths and weaknesses to the SQIS. Generally, surveys (total market, customers) allow for data gathering from large numbers of people in statistically significant samples to allow for the development of broadly applicable generalizations. Individual and small group methods (mystery shopping, service reviews, and focus groups) provide greater depth of information. A combination of methods should be used in an effective SQIS strategy (see Appendix C for overview diagram).

From early on, the Service Quality Information System envisioned by the Boston REB was the “means by which the Regional Employment Boards and the Massachusetts Jobs Council/Career Center Office would determine customer requirements, manage information on how to meet those needs, and [sic] measure how well we are meeting those needs.”⁸ SQIS is envisioned by the Boston REB as a vehicle to:

- Assess service effectiveness and continuously improve quality.
- Inform strategic decisions regarding:
 - ◆ Design of Career Center services.
 - ◆ Targeting customer segments.
 - ◆ Integration of Career Centers into broader systems.
 - ◆ Allocation of resources.
- Integration of Career Center services into labor market and workforce development system (e.g., identify skill gaps and education/training needs).

The SQIS as proposed by the Boston REB would be comprised of four components:

- *Customer Process*: What happens to a customer when he/she uses Career Center services.

⁸ Boston Private Industry Council, *What Is This SQIS? - Draft*, 1996, p.1.

- *Gathering Information on Customer Satisfaction:* Use of systematic metrics and surveys to determine internal and external customer satisfaction with services.
- *Analyzing and Processing Data:* Use of automated and non-automated means to process quantitative and qualitative data and to generate standard format reports in a timely, succinct and consistent manner.
- *Quality Improvement Process:* use of data to measure outcomes and performance, to do [sic] customer recovery, to improve processes, and to develop new products based on customer requirements and long term strategies for the success of the Career Center system. Using other listening tools including service reviews, total market surveys and focus groups, more data may be gathered targeted at specific problems identified through transactional surveys and other methods.

Information technology, as an enabler, is a critical resource for data collection, analysis, and distribution. To a large degree, the maturation of a Service Quality Information System is tied to the deployment of a comprehensive internetworking infrastructure for Career Centers. Applications that integrate data across Centers, REBs and state departments advance the capacity of all stakeholders to focus on quality.

The local audiences for data generated by SQIS are the Career Centers themselves and the Career Center Committee of the Regional Employment Board. Data, information and the knowledge generated by them are used for individual Career Center improvement and for the build out/strategic planning for the workforce development and labor exchange systems in the region. Data generated by the SQIS is also used by both the REB and the Career Centers as the basis for the annual charter review process.

These priorities were reflected in the measurement criteria established for Career Centers in Boston:

- Timely and increasingly effective services.
- Jobseeker outcomes: focus on placement and retention.
- Employer outcomes: focus on quality hires and long-term relationships.
- Service level and market segments: ensure that quality and extent of access meets needs in labor market.
- Neutral brokering: referrals to education and training.
- Market share and market penetration: increasing over time.
- Customer satisfaction: meeting expectations of 100% of customers.

USDOL System-Building Activities In Support of SQIS Development

The Boston Regional Employment Board, in its role as the Career Center chartering agency, settled upon customer advisory panels of jobseekers and employers with whom expectation and satisfaction surveys would be conducted, and total market surveys, supplemented by focus groups, as methods to broaden and deepen the information gathered by transactional surveys conducted by the Centers and the state's Career Center office.

As described by Berry, customer advisory panels require that a company recruit a sample of customers to provide periodic feedback and advice with data obtained in panel meetings or using telephone or mail questionnaires. They can provide unusually high levels of cooperation because of the “membership nature of the group” (Berry, p.43).

Total market surveys “measure customers’ overall assessment of a company’s service.” (Berry, p.37). Unlike transactional surveys that measure customer satisfaction immediately following an experience with a company, responses to total market surveys are derived from a customer’s accumulated experiences over time and non-customers’ experience in the market. Berry states that of all the “listening” methodologies, such surveys provide the most comprehensive range of information. Of particular importance is the measurement of competitors’ service quality.

This requires including noncustomers in the sample to rate the service of suppliers:

“Noncustomer research reveals how competitors perform on service and provides a basis for comparison. Important service expectations that competitors fulfill best must not be ignored in service-improvement planning.” (Berry, pp.37-38).

Under the aegis of the USDOL system-building grant, the Boston REB implemented customer advisory panels of stratified, statistically significant samples of employer and jobseeker customers to measure expectations of and satisfaction with Career Center services.

Findings indicate that the jobseeking populations served by the Career Center system are more diverse educationally, ethnically, linguistically and socioeconomically, and larger than the populations historically served by the system’s predecessors. Services requested and self-reported barriers to finding a job reflect the rapidly changing nature of the labor market. The studies of jobseeker customer expectations yielded the highest response rates and the most reliable data. Expectation surveys conducted three times between January and October, 1997, indicate that nearly 40% of Boston’s Career Center customer’s were employed at the time of their first visit to a Center. Most of these customers were attempting to take advantage of the improved labor market conditions in the Boston area as opposed to seeking new employment because of anticipated layoffs.

As might be expected, most jobseeker customers were interested in information about job leads. Nearly 77% of respondents indicated they were seeking information about available job openings. Consistent with this, among the chief obstacles to finding a job were lack of contacts with employers (37%) . All other services offered by the Career Centers (career library access, resume preparation, career counseling/career exploration, help in choosing educational options, etc.) were a distant second to this. Most respondents also indicated that they preferred to use Career Center resources independently (67%) as opposed to talking personally with a career counselor (52%) or enrolling in a career or job search workshop (40%). These findings are leading to changes in service design and delivery.

Changes in required skill sets and dislocations related to this appear to contribute to a significant proportion of jobseekers not being sure of the kind of job for which they were qualified (30%). Tentativeness about skills and qualifications was also indicated by the number of customers who

thought they did not have the right skills to get a job (11%). Nearly 30 percent said they had had job interviews, but were unable to get a job offer.

Employers indicated overall satisfaction with Career Center transactional indicators (response time, helpfulness, staff knowledge of sector, etc.) They were less pleased with the quality and appropriateness of referrals, but indicated a willingness to continue working with Career Centers (93%), recognizing the start-up nature of the effort.

This information is used in the further design and development of Career Center products and services.

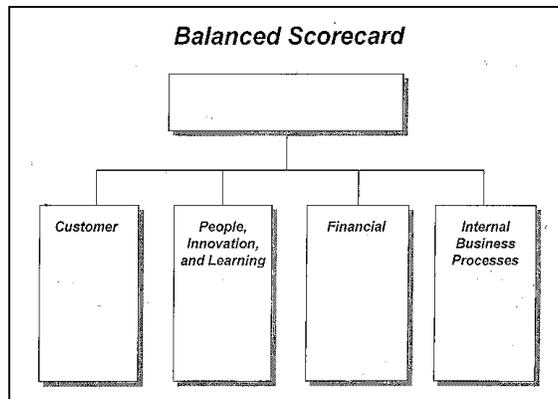
Perhaps the most critical findings involved survey methodology. In general, it was extremely difficult to secure viable response rates for telephone surveys. Both the jobseeker and employer satisfaction surveys relied upon this methodology. Response rates were low, allowing very little generalizability to the results. The Boston REB and its collaborators hypothesize two factors contributing to the low response rates for the household telephone surveys: 1) the high volume of telemarketing business conducted during the same times (primarily evenings) that the household surveys were conducted, and 2) research findings that Career Centers are one among multiple job search activities used by jobseekers; i.e., “brand loyalty” motivating cooperation with a survey has not developed sufficiently at this stage in the initiative’s development. In future follow-up work with jobseekers, the REB plans to pilot mail surveys.

Another Perspective on Evaluation and Performance Measurement - Louisville

In Louisville, the Chartering Committee, the Career Resources, Inc.’s corporate office and the Centers jointly developed a system for measuring and evaluating Career Center performance. This system was based on (and named after) a measurement system referred to as the Balanced Scorecard, which was developed and first employed in the private sector. The Scorecard is built around an organization’s strategy and vision. The Balanced Scorecard establishes goals, but rather than attempting to control and dictate behavior, it encourages people to do whatever is necessary to arrive at these goals. The system has been embraced in the private sector because it helps to translate a company’s strategic objectives into a coherent set of performance standards and provides a management system that can drive continuous improvement⁹.

The Balanced Scorecard measurement system calls for identifying, focusing attention on and measuring only the critical indicators which define success for a company, thereby minimizing the potential for information overload. The system encourages managers to look at their business and identify these measures from the following four perspectives: customer; financial; innovation and learning; and internal business. Many measurement systems do not provide information from all four of these perspectives and therefore are unable to provide the balance between the internal and external measures that the Balanced Scorecard does.

⁹ Kaplan, Robert S. and David P. Norton, “The Balanced Scorecard - Measures That Drive Performance, *Harvard Business Review*, January-February 1992, pp.71-79.



Representatives from United Parcel Service provided the PIC with a great deal of assistance in explaining the value of the system and developing an appropriate Scorecard for the Louisville Area's One-Stop Career Center system. That technical assistance helped identify the top priorities of the system, the appropriate indicators of success, and the means for routinely measuring and tracking them. The Balanced Scorecard was, in turn, formally adopted by the Chartering Committee as its performance management system. As an ongoing activity, the Committee identifies the most critical measures within each of four perspectives (Customer; People, Innovation & Learning; Internal Business; and Financial) from an overall Career Center vantage point.

Based on the system-wide goals and measures, each Center will design its own Scorecard, according to its particular goals, priorities and achievements to date. The Workforce Development Council, together with a United Parcel Service employee, will train Career Center managers on how to develop a Center Scorecard. Career Center managers are given a fair amount of latitude in developing the Center Scorecards; the Chartering Committee wants to ensure that they carefully work through the process and generate appropriate and useful goals and measures. For example, the Center manager is charged with establishing the goals identified in a Center's Scorecard, although the Chartering Committee may insist that they be set higher if it considers them not ambitious enough. The goal of the system is to help Center managers balance the measures of the four perspectives and discourage them from placing too much emphasis on one measure, which would disrupt the necessary balance with the other measures. Each Center's Balanced Scorecard will be instrumental in refining its chartering criteria every year. In addition, the results of the individual Center Scorecards will be aggregated to evaluate the overall success of Career Resources, Inc. The Scorecard for the first chartered Career Center (Middletown) will be developed by early 1998.

The Chartering Committee is now beginning to identify existing data sources that provide information on the Scorecard measures and to develop individual measurement tools to provide information on the others. For example, the Committee is examining whether existing Employment Service wage records can be used to measure employee longevity/retention.

The first measurement tool that the Committee developed was a customer satisfaction survey to measure jobseeker satisfaction. All Center managers contributed to the development of the

survey and it has been tested with both customers and staff at several Career Centers. The survey was scheduled for use at two Career Centers in December 1997. The survey results will then be collected, analyzed and reported by an independent, neutral party (a Ph.D. student from the University of Louisville) hired by the Workforce Development Council. Another measurement tool currently being developed is a report for funding sources that measures costs and expenses, and performance.

Development of Customer Survey Methodology - North Carolina

The Commission on Workforce Preparedness has done the following to ensure quality service delivery:

- Formed workgroups on performance management to concentrate on success in workforce development programs.
- Examined ways in which performance is measured based on the entire workforce development system, rather than on individual programs.
- Developed a method for measuring quality of services.
- Made significant investments in capacity building and training to ensure quality service delivery.
- Developed a model for measuring customer satisfaction.

Charter issuance, maintenance and renewal is largely dependent upon the quality of the services provided by the Centers, as measured both by quantitative and qualitative performance and customer satisfaction measures. As part of its effort to ensure continuous improvement in Career Center services and customer satisfaction, the State is developing a customer satisfaction system. The Governor's Commission on Workforce Preparedness and the State Employment Security Commission agreed to work together to develop such a system and have received a grant from the Federal government to do so. The agencies formed a Customer Satisfaction Project Team and hired a consultant from the University of Maryland to assist in the development of an appropriate methodology and customer satisfaction survey.

The Customer Satisfaction Project Team is charged with developing methods for evaluating the effectiveness of the Career Center system and identifying areas needing improvement. Because the Career Center system is new and provides a new mix of services to a very different customer base, there is no baseline or comparative data. The lack of any such data makes the task of determining whether or not the system is successful and how to improve it a difficult one. With the consultant's help, the Team began by reaching agreement on common performance measures and definitions. The team then proceeded to develop preliminary, broad-based surveys to collect baseline data on Career Center performance from jobseekers and employers. Each survey consists of several categories of questions (e.g., Facilities, Initial Contact, Services, Marketing) with several questions within each category. For each question, the survey provides a ten-point scale on which respondents are asked to indicate the appropriate rating. In developing the survey, the Team concentrated on including questions that would supply compelling data that Career Center managers would want to use.

By employing correlation techniques, the Team will use the data gathered by these surveys to determine the relative importance of various attributes (i.e., appearance, access, convenience) of particular services in determining the overall customer satisfaction rating of Career Center services. Additional survey work will then be conducted on the areas of greatest importance to identify the specific issues/problems around each attribute. The Team agreed that they would not use any responses lower than a “Good” rating, on the assumption that raising the opinions of customers who rate the Center’s service lower than that up to an “Excellent” rating would be very unlikely. The data obtained from these surveys will provide Centers with specific information needed to develop appropriate improvement strategies.

The initial survey will be sent to a random sample of 15,000 Career Center customers drawn from wage records in late January, 1998. Although the surveys will be administered system-wide, they are designed to identify the location of the Center and capture demographic data on the respondent so that results could be analyzed according to particular Career Center sites and according to the customers’ geographic region, program participation, salary and education level. The Team intends to refine the initial survey and eventually administer it twice annually. The results will be received and analyzed at the State level and then forwarded to local Career Centers so that the pertinent modifications can be made.

V. BENCHMARKING - A SCAN OF THE LANDSCAPE

The Benchmarking Process

Benchmarking, in a manner most fitting for the USDOL System-Building Grant partners, has been described as “another form of professional development that compliments the other kinds of ways that people learn.”¹⁰ From successes early in the 1980s at Xerox and Ford Motor Company, the concept of benchmarking has taken hold in both private and public sectors. An extensive body of literature has developed since then and generic 5-, 7- or 12-step benchmarking models are easily located. The literature cautions: many are trying, a fewer number are getting it right.

For the Project Partners, the benchmarking component of the project has been an evolutionary process. First, the Partners grappled with the concept itself. The concept seems simple enough – pick a topic and find out what others are doing. But there are nuances associated with both “simple” actions. It took time to research, discuss and to agree upon what to benchmark and whom to benchmark. Reflection on the information gathered and application of the learnings from the benchmarking exercise in each of the partners’ environments required further time still. Many experts caution against a view of benchmarking as a quick fix, and the project experience confirms the wisdom of that advice.

Decision-Making Throughout the Benchmarking Process

The evolutionary and learning nature of the process is evident by a review of the partners’ deliberations on “what to benchmark.” The initial team meeting (November 1996) started with a listing of Career Center processes, functions and behaviors as potential benchmarking topics:

<u>Processes</u>	<u>Functions</u>	<u>Behaviors</u>
Intake	Testing	Listening
Assessment	Skills translation	Time allocation
Job Placement	Resume preparation	Coach/mentoring

Discussion among the partners moved the target away from Career Center activities, per se, to an examination of governance board-level behaviors or actions. A decision tree was developed for the subsequent meeting (February 1997) which outlined five potential benchmarking topics under two main governance board headings:

¹⁰ Spendolini, Michael, *The Benchmarking Book*, American Management Association, New York, NY, 1992, p.15.

Managing Career Center Service Delivery

Franchise Theory and Practice

ISO Standards

Management of the Supply Chain

Internal Board Dynamics

Board Structure

Board Behavior

Discussion on these topics was extensive and included a full examination of *why* we are engaged in the benchmarking process. The give and take among the Project Partners resulted in the selection of an option that emerged during the discussion: the benchmarking of readiness criteria (or standards) required of a Career Center before a charter could be issued and the permission is granted for “doors open”. Consensus on the notion of incremental standards for charters over time as Career Centers mature was central to a final agreement on the benchmarking target.

The February meeting included some deliberations on who to benchmark. The initial chartering criteria used by the Project Partners was self-evident. A matrix that would line up the partners’ criteria according to the Baldrige categories was suggested. The inclusion of other One-Stop Career Center states surfaced as a possibility. The inclusion of an “external” benchmarking target emerged as a priority in order to gain a perspective outside of the Career Center environment. The envisioned data collection matrix was enlarged to include two additional major headings; Other One-Stop States and External Partners.

A test matrix was prepared for the May 1997 quarterly meeting of the Project Partners. Two of the three Project Partners’ criteria were arrayed along with a set of “external” criteria used under the Government Management Reform Act of 1994 to select “franchise” providers of support services to multiple federal agencies. The data contained in the test matrix suggested the need for clarity about what criteria the partners were using to evaluate “doors open” readiness.

Data Collection

Data collection and development of a full matrix was favored and became the focus of a conference call among Project Partners on July 22, 1997. The matrix listed criteria by each of the Baldrige categories for the following groups:

Project Partners

North Carolina

Louisville

Boston PIC

One-Stop States

Arizona

Indiana

Iowa

Maryland

Missouri

Ohio

Wisconsin

Texas

External

Dunhill Staffing Systems

Norrell Temporary Services

Government Management Reform Act

As a result of the conference call, the following actions were undertaken:

- An edit of the Boston PIC criteria to reflect the contents of the Operators' RFP.
- A culling of the One-Stop States listing to three: Missouri, Wisconsin, and Texas.
- Selection of a benchmarking partner in the second and third categories was characterized as an action item for the subsequent quarterly meeting of the Project Partners.
- A review of options for External Partners, including contact with Papa John's Pizza located in Louisville.
- Further data collection assignments were made.

The charter-related documents in use across the three Project Partners were not uniform. Only two of the three sites explicitly used the Baldrige categories to outline initial chartering criteria. Category assignment was necessary for the Boston PIC criteria.

As has been previously noted, information about the One-Stop States was gleaned from USDOL-sponsored research by Social Policy Research Associates. Data in the SPRA research was not formatted according to Baldrige categories, so category assignment was necessary.

Phone calls and requests for background information were forwarded to a variety of people and organizations in an attempt to gather adequate documentation for benchmarking decision-making (see Appendix D for selective summaries):

- State of Texas.
- State of Wisconsin.
- State of Missouri.
- Papa John's Pizza.
- National Institute for Standards and Technology (NIST).
- County Commissioners Association of Ohio.
- Michael Serlin, Government Management Reform Act (GMRA) expert.
- Dunhill Staffing Systems.
- Norrell Temporary Services.
- International Franchise Association.
- University of Wisconsin Professor John R. Nevin.
- USDOL.

Learning Along the Way

As the Project Partners wrestled with the decisions about what to benchmark and how to gather adequate data, several areas of exploration were noteworthy:

Validation of the Baldrige Criteria

Internal benchmarking among the Project Partners validated the use of the Baldrige categories. It has been noted that the Boston PIC had completed a re-chartering cycle and that serious questions were raised during the process with regard to leadership commitment, a category explicitly addressed under the Baldrige framework.

Quality Management at Startup in a Distributed System (Papa John's Pizza)

The Project Partners visited the headquarters of Papa John's Pizza which is located in Louisville, Kentucky on August 7, 1997 to learn about the corporate approach to assuring high quality at the point of startup. The Papa John's niche in the home delivery and pickup pizza market is a product made with high quality ingredients. The corporate mantra is: "Do one thing well."

Papa John's began selling franchise rights in 1986. As of August 1997, there were 991 franchise stores and 373 corporate stores located in 39 states. Papa John's requires their operating partners (franchisees) to have \$186,000 in liquid assets and relevant food or pizza industry experience. If they do not have the experience, they must go through two weeks of training in pizza-making and business management, including how to certify store managers. The minimal training investment indicates an emphasis on short-term gain over long-term growth.

The pizza-making recipe and menu of offerings are inflexible (e.g., corporate over store-controlled), so the franchise structure tends to seek out and attract franchise Operators who value time-tested processes and are willing to forego individual autonomy. Franchisees must standardize on product, but the local owners can express creativity in marketing. New ideas from franchisees must get corporate approval. There are usually regional tests of new product concepts.

The corporate structure includes the provision of a set of corporate services (e.g., legal) and a number of company subsidiaries established to provide products (e.g., ingredients, printed material, equipment) in support of the retail operations. Subsidiary managers get bonus payments based on thin margins; profit is derived from store operations. Store owners get stock options. Marketing occurs both at the corporate and local levels (coop marketing campaigns).

The corporate approach to operational quality assurance at a franchisee's "doors open" includes a number of tactics. Prior to opening, the corporate office schedules franchise consultants to be onsite. Franchise consultants are responsible for quality checks in up to 50 stores each. 150-200 items are on a checklist that is used for both startup and ongoing operations monitoring. Retail stores use a "soft opening" approach to test product delivery systems.

Franchise-type Relationship Between Board and Centers Exists

While eschewed early in the process as the primary focus of the benchmarking effort, the benchmarking visit with the Papa John's representative confirmed that a number of parallels exist between the chartering process as envisioned by the Project Partners and some franchising processes. An examination of franchise channel theory is useful to a point, but franchising's strong presence in the fast-food industry often limits understanding and discussion with regard to the business of human resource development. The profit motivation that can focus and drive a franchisee-franchisor relationship in the commercial sector is also often questioned by public sector managers. Rather than stretching the analogy for the purposes of strict comparison, it is sufficient to note that a number of considerations that private sector franchisors and franchisees

are forced to confront and resolve to ensure a long-term relationship apply to the chartering of Career Centers.

For example, it is clear that the rapid expansion of franchising in the commercial sector over the past quarter-century has occurred for reasons similar to the Project Partners' interest in chartering:

“Since at least the mid-1970s, companies have been increasingly rearranging their business through franchising, subcontracting, and external sourcing in an attempt to shift from ‘management by task’ to ‘management by performance’ “.

Drucker and Felstead cited in Nevin, John R. and Thani Jambulingam, “Influence of Franchisee Selection Criteria on Franchise Performance”, Paper Presented at the 11th Annual Society of Franchising Conference, 1997.

As with franchise models for service delivery, the chartering process can be used to spur the Operator's creativity in response to the dynamic challenges of the changing workforce and workplace:

“For twenty years now, policy makers have debated whether local or federal officials know best, whether centralization or decentralization of planning and administration works best. As a result, the pendulum has continually swung from one extreme to the other. But this is a false choice. Neither local people nor federal people know best. One approach leads to re-inventing the wheel and the other frequently stifles creativity. The franchise programming models represent the optimal mix of centralized accountability, networking, and *quality control*. Franchises also encourage local flexibility, leadership, and creativity. The average results obtained by these franchised programs always exceed the average obtained by many independent, unconnected local programs.” (emphasis added).

Berlin, Gordon and Andrew Sum, *Toward a More Perfect Union.-Basic Skills, Poor Families and Our Economic Future*, 1988.

Franchising offers an empirically tested model of corporate-operations relations. Despite nuances germane to each corporate franchise system, all franchises are organized around a few basic themes, each of which has significance for the chartering of Career Centers. Experts agree on three essentials for success as a franchisor: a sound concept, adequate financing and a good relationship with franchisees (Rice, 1985). Similarly, franchise experts use a four-point checklist to determine a franchise concept's readiness:

- A franchise must be a well-tested business with no major unsolved operating problems.
- A franchisor should have sufficient financial resources for funding beyond start-up.
- A franchise needs management depth.
- To be economically viable, a franchise needs to provide a sufficient return to both franchisor and franchisee.

While few communities are exploring the franchise model as a Career Center roll-out strategy, many are establishing Career Center systems in which Workforce Development Boards perform system-wide governance (corporate) functions for a network of Career Center Operators and service providers (operations). For communities seeking to attract a wide range of organizations as potential Operators, the four-point check-list herein and the seven Baldrige categories can be used as a reality check to identify gaps in system governance and determine the viability of attracting the best and most qualified Operators.

State of Missouri - Active in the Quality Arena

The examination of other states' One-Stop Career Center implementations as part of the benchmarking exercise revealed that the state of Missouri is one of a number of states that have created a state quality award adapted from the Baldrige.¹¹ The Missouri Quality Office has used the quality award as a way to begin a statewide conversation about quality and to motivate state departments to engage in quality initiatives. In 1996, the Governor issued an Executive Order to all sixteen state agencies to implement new customer satisfaction measures and simultaneously created the Office of Excellence in Customer Satisfaction to spearhead the effort. From this order, each agency embarked on an initial pilot customer satisfaction project to “get their feet wet” and prepare for more extensive initiatives. The Quality Award is the focusing tool which connects all the projects from all agencies and departments.

As a result of the initial pilot, the Department of Economic Development began incorporating customer-focused quality principles into its Workforce Development System, including the One-Stop System. The State One-Stop Customer Focus Team developed a generic Business Plan Guide to assist each local agency in the development or refinement of their continuous improvement programs. The relevance of the Missouri process to the chartering concept explored by the Project Partners is demonstrated by an excerpt of the Guide (Section 2.4):

“Following review and approval of Charter Center designations by the Missouri Training and Employment Council, a ceremony will take place in which the Governor will award the local PIC (and other appropriate local representatives) with a document indicating their achievement of all criteria established by the State for participation as a Charter One-Stop Career Center. In keeping with the franchise concept adopted at the state level, designation of Charter Centers allows the area to use a state-developed logo and other marketing materials for Charter One-Stop Career Centers.”

¹¹ Materials received from and conversations with Mary Forck, Quality Program Coordinator, Division of Job Development and Training, Missouri Department of Economic Development.

Lessons Learned

The Project Partners have identified the following key lessons on the use of chartering to ensure high quality Career Centers:

1. Charters Ensure Accountability by Establishing an Enterprise Relationship Between Workforce Development Boards and Operators

The unanimous view of the Project Partners is that the chartering approach gives Workforce Development Boards something concrete and tangible as they seek to establish a cornerstone of quality for the local service delivery structure. Charters go beyond the typical “hands-off” government contract to include expectations of continuous improvement by contracted organizations and mechanisms for both rewarding and enforcing contractor behavior. But with charters as the centerpiece, local Operators have also been afforded a degree of flexibility in meeting the enumerated standards. A focus on outcomes, not prescriptions, characterizes the chartering approach.

Chartering has proven useful in settings where multiple organizations can serve as the One-Stop Career Center Operator. A level playing field is created when the charter itself is framed in terms of the desired service level, rather than by program language that favors one organization over another. In North Carolina, for example, Employment Service offices, Social Services offices and community colleges have all been chartered as JobLink Centers. Charters in the Boston area have been awarded to collaboratives comprised of not-for-profit agencies as well as a partnership between the Employment Service and a private, for-profit company. In Louisville, a not-for-profit organization is obtaining charters for Centers distributed throughout the community with operational responsibility shared by a diverse set of stakeholders (i.e., investors). This range of models reflected in the Project Partners’ sites clearly demonstrates the opportunity to use the chartering framework to tailor service delivery structures to local circumstances.

2. Continuous Quality Improvement Must be a Priority and Service Quality Information Systems to Support These Efforts Must be Developed Over Time

The goal of creating a high-quality, customer service driven public workforce development and labor exchange system is universally lauded. The reality is that implementation efforts in any field rarely achieve their goal on day one and a systems orientation must be in place to move operations toward the end goal over time. Chartering criteria, which establish the operational targets, can and should change over time to continuously improve quality. The Louisville chartering model, with its progressive stages defined at the outset, illustrates the point. In addition, the recent re-chartering review of two Boston Career Centers demonstrated the effectiveness of an approach (i.e., re-chartering provisions and the Service Quality Information System) premised on the notion of Continuous Quality Improvement (CQI). The

benefit of using the Baldrige framework in ensuring CQI was also evidenced in the process of re-chartering one of the Boston Centers. In reviewing the Centers' self assessment, the Boston Regional Employment Board identified gaps in Leadership and Strategic Planning, two of the Baldrige criteria, which were negatively affecting all operations. Because chartering agreements are more than simple 'arms-length' contracts for services, the Project Partners believe the focus on continuous quality improvement is essential to make One-Stop Career Centers a successful service delivery infrastructure.

Each of the Project Partners has taken great pains to distinguish the chartering process as a tool for CQI rather than a compliance exercise. This point has a measure of subtlety given the historical practices in employment program administration. None of the chartering authorities has a prescriptive model against which compliance is monitored. Performance and operations data is primarily sought by chartering authorities and Operators to inform decisions about workflow processes, market segments and, ultimately, service offerings. This data is often distinct from funding source reporting requirements and multiple methods of data collection are required.

The Service Quality Information System orientation can ultimately transform closed information-gathering routines into open information systems. A lot of attention and resources have been directed system-wide to the implementation of updated information technology to support and even restructure service delivery. Uneven and frustrating technology development experiences have been reported universally as well as in each of the sites. Nonetheless, there is no question that an ability to capture, retrieve and format service-related data is essential to making the chartering framework all that it can be. The experience across the sites shows that it is prudent to anticipate delays in technology developments and, accordingly in the short run, to plan on non-automated retrieval of critical data for decision-making associated with chartering criteria.

3. Chartering Criteria Must Be Locally Developed and Workforce Development Boards Must Receive Training and Technical Assistance

To ensure that local needs and circumstances are addressed, chartering criteria must be locally developed. Examples of criteria adopted by the Project Partners can be provided to interested parties, but the viability of chartering criteria lies with the investment of the Workforce Development Board in their development and the ability to tailor criteria over time to match local service providers' movement towards the goal of an effective and efficient workforce system. The statewide framework in North Carolina outlines an explicit role for local development. That principle and an understanding of the systems approach to Career Center development are what is needed for startup chartering operations.

We have found that the Workforce Development Boards (WDBs) require assistance in two distinct areas: 1) understanding the role and responsibilities of the Board in the workforce development system, and 2) identifying tools that focus on quality. In the transition from Private Industry Councils to WDBs, the focus ideally shifts from program administration to a systems view in which resources are marshaled to achieve broadly-defined community goals. Exploration of the chartering concept helps establish this broader scope and allows roles to be

easily delineated. A review of the Baldrige principles quickly introduces quality considerations to the Workforce Development Boards and their inherent oversight role. North Carolina recognized the opportunity to use these concepts to bolster One-Stop Career Center implementation statewide and funded direct technical assistance to WDBs. The Project Partners view investment in WDB orientation and technical assistance as wise and necessary.

4. The Chartering Approach Energizes Business Participation

The most striking lesson learned by the Project Partners is that the use of chartering and the inclusion of Baldrige criteria in the chartering process has an unmatched appeal to business representatives and others not versed in the arcane language of public employment programs. Employers are more likely to participate in the system, as WDB members and as Career Center customers, when they know that stringent quality standards are in place.

Increased business participation has been seen in each Project Partners' site. The Career Center Committee of the Boston Private Industry Council has been engaged with the startup of the Career Center system in a manner and with an energy not previously in evidence. The rationality of both the chartering approach and the local development of chartering criteria along the lines of the Baldrige categories was repeatedly cited in local board technical assistance sessions across North Carolina. The chartering and Baldrige frameworks were quickly adopted by a working committee of the Louisville/ Jefferson County Private Industry Council comprised 100% of private-sector business and labor representatives.

As local Workforce Development Boards emerge as the result of community interest and/or legislative direction, the use of chartering and the Baldrige Award criteria for Operator selection holds great promise precisely because it is customer-based, it is an understandable framework and there are a host of private-sector experiences to lead the way.

Project Replication

Project replication by local Workforce Development Boards at other sites across the country will require:

- A full understanding of the chartering concept and tools by the Workforce Development Board, Operators, and other local parties;
- Practical knowledge of the workforce development environment;
- A board-level strategy for deployment of the chartering process; and,
- An infrastructure, including a Service Quality Information System, to support administration of the chartering process.

In its implementation, chartering must effectively be tied by a Workforce Development Board to quality service delivery and be structured as an interactive and iterative process if it is to be more than a pro forma designation.

APPENDIX A. - The Role of the Malcolm Baldrige Quality Award Criteria in the Chartering Process

History

The Malcolm Baldrige National Quality Award was created in 1987, under Public Law 100-107. The purpose of the award is to help the United States improve quality and productivity by:

- Stimulating companies to attain excellence for the pride of achievement.
- Recognizing outstanding companies to provide examples to others.
- Establishing guidelines that business, governmental and other organizations can use to evaluate and improve their own quality efforts.
- Providing information from winning companies on how to manage for superior quality.

The basic premise of the Baldrige Award criteria is that successful organizations operate with the systems, structures and strategies to achieve three things:

- Superior performance;
- Continuous improvement; and
- Highly satisfied customers.

Prior to the 1987 legislation, the search for meaningful strategies and incentives which would help U.S. companies improve competitiveness, in the face of the economic prowess of Japan, Germany and other growing economies, was in full swing. In 1982, President Reagan signed a bill stating, "Productivity improvement can be restored in the U.S. through the application of policies and management techniques which have brought substantial productivity gains on a broad scale in other countries and in some businesses within the United States." The American Society for Quality Control (ASQC) and the National Advisory Council for Quality (NACQ) took the lead in organizing research to support the bill's mandate.

In late 1983, Reagan appointed a National Productivity Advisory Committee (NPAC) which recommended the creation of a national medal for achievement in productivity. The idea for a national medal was affirmed at the White House Conference on Productivity that same year, but it was almost four more years before Congress passed the Malcolm Baldrige Quality Improvement Act into law. The law and the award are named after Malcolm Baldrige, Secretary of Commerce under President Reagan, who died in 1987 in a rodeo accident.

The Baldrige Award is administered by the National Institute for Standards and Technology (NIST) and is awarded in three categories: manufacturing, small business and service. Each is considered separately and there is no mandate for having to choose a winner in each category. In any given year, if no applicant organization meets the requirements of the award's assessment process, the award will not be given out, regardless of the number of applicants or an applicant's perceived economic or political clout.

Benefits

The single best reason for an organization to commit to the Baldrige process is to learn about itself. The Baldrige creates a common language and standard for quality, while enabling each organization to adapt the award's main principles to its unique culture. Engaging in the application process enables organizations to identify and learn about strengths and weaknesses in fundamentally new ways. A number of far-reaching benefits have been realized by organizations that have completed the Baldrige application process. These benefits include:

- Providing a framework for an organization's total quality leadership program.
- Helping achieve consensus on what needs to be done.
- Helping maintain direction over time.
- Eliminating the need to internally develop definition of total quality.
- Focusing improvement where it is most needed.
- Creating new levels of communication within organizations, often resulting in highly effective cross-functionality.
- Accelerating the pace of improvement.
- Furthering the quality education landscape, accelerating learning through common curricula and understanding of TQM, and comprising a body of quality knowledge that serves as an important resource.

According to Hart and Bogan,¹² there are five basic quality 'boxes' which organizations fall into at the point when they are ready to embark on the Baldrige process:

- *Good intentions, no action* - the organization is overwhelmed by the vast number of approaches to quality improvement and doesn't have enough information to choose a path.
- *Keeping up with the Jones's* - the organization already is reaching toward quality, but sees others doing it differently and needs to know if on the right track.
- *No ROI* - the organization has been working on improving quality, but no visible return-on-investment in profits or sales has been realized.
- *Running out of gas* - the organization has been working on improving quality for some time, but needs to recapture momentum in order to sustain the effort and reap any benefits.
- *Fits and starts* - the gospel of quality has not spread throughout the organization and is still encountering significant indifference or resistance.

¹² Hart, Christopher W.L. and Bogan, Christopher E., *The Baldrige: What It Is, How Its Won, How to Use It to Improve Quality in Your Company*, New York: McGraw-Hill, Inc., 1992.

The Baldrige process requires an organization to conduct an intensive self-assessment of its entire culture and operations. The self-assessment is organized into seven main categories: Leadership, Information and Analysis, Strategic Planning, Human Resource Development and Management, Process Management, Business Results, and Customer Focus and Satisfaction (the categories are described in greater detail below). Within each category are dozens of more specific ‘items’ and ‘areas to address’ which help an organization to hone in on root causes of problems and specific details about organizational policy and practice.

The evaluation and scoring process for the Baldrige is calibrated to ensure that an organization can score highly only by engaging wholly in the self-assessment process and establishing concrete proof of results. *It is not enough that the organization has engaged in quality improvement efforts, there must be empirical proof of positive gains over time.* There are three key themes, supported by specific characteristics, that are looked for in the evaluation and scoring:

<u>Approach</u>	<u>Deployment</u>	<u>Results</u>
<ul style="list-style-type: none"> • Prevention-based. • Demonstrate evaluation/improvement cycles. • Appropriate in terms of tools, techniques and methods. • Effective in terms of tools, techniques and methods. • Systematic, integrated and consistently applied. • Quantitative-based. • Innovative. 	<ul style="list-style-type: none"> • Application by all work units to all appropriate processes and activities. • Product/service characteristics. • Transactions and interactions. • Internal processes, activities, facilities and employees. 	<ul style="list-style-type: none"> • Absolute quality levels. • Comparison with industry and world leaders. • Rate of quality improvement. • Breadth of quality improvement. • Duration of improvement, demonstrating sustained gains. • Significance of improvements to company’s business goals. • Ability to show that improvements derive from quality practices and actions. • Contributions of outcomes and effects to quality improvement.

Applications of the Framework in a One-Stop Career Center Environment

Of the three Project Partners, North Carolina and Louisville explicitly used the Baldrige Award framework to define their vision for One-Stop Career Centers. Aspects of the criteria have also appeared in various guises among other states' frameworks and guidelines for opening or chartering One-Stops.¹³ Whether or not states are 'consciously' drawing off the Baldrige framework, examples of state requirements supporting or 'fitting' some of the themes and issues addressed in the Baldrige categories do exist:

- **Giving local Workforce Development Boards an active role in the process of Career Center certification (Leadership).** States believe that doing so strengthens local buy-in, promotes ownership of the state One-Stop vision, and provides the flexibility necessary to respond to local conditions. The process involved with certifying Centers at the local level requires Boards to position themselves as leaders in the local community, organizing and coordinating community resources and communicating a coherent vision for a functioning training and labor exchange marketplace. Often, this involves forming partnerships with organizations outside of the traditional JTPA circle, such as secondary and post-secondary schools, vocational rehabilitation institutions and other non-profit and for-profit service providers.
- **Requiring local sites to demonstrate how the use of information and information technologies will support and enhance both customer service and staff effectiveness (Information and Analysis).** Key to this category in the One-Stop environment are labor market information (LMI) and management information systems (MIS), both of which play a critical role in customers' decision-making process and, therefore, directly affect the overall quality of the system. Requirements for providing easily accessible and usable LMI in a variety of formats (print, computer-based, etc.) exist in many state-level guidelines, most often in a resource room at each center, but also accessible at remote locations and via computer connection. The existence of an MIS infrastructure capable of internetworking with state systems can be specified as a participation requirement.
- **Laying out explicit guidelines which Career Center Operators must meet as a threshold before a charter is granted (Strategic Planning).** Examples include requiring local One-Stop Operators and/or partners to submit — as a condition for receiving a charter to operate — a detailed business plan including service menu tied to revenue plan, operating budgets and calendars, a shared mission statement and system goals, a staffing plan, a physical location plan, signed memoranda of agreement between service providing agencies, an outreach and marketing strategy, and a description of how services will be integrated to best meet customers' needs. In some instances, site visits are conducted by state staff to interview local staff and observe center operations to ensure that all criteria have been met.

¹³ We drew upon the work of Social Policy Research Associates, in large part, to find examples of what states have been doing; the classification of those examples by CSW is for illustrative purposes only. See Weitekamp, Maurie and Deborah Kogan, *Overview of State Certification/Chartering Criteria for One-Stop Career Centers - Final Narrative*, Social Policy Research Associates, January 30, 1997 for more detail on state-level certification/chartering.

- **Setting guidelines for capacity building to ensure that staff at all levels of the system are trained and expert in providing services in a customer-oriented enterprise (Human Resource Development and Management).** While all states recognize the critical role of capacity building to the success of the One-Stop initiative, few have actually mandated guidelines which must be met as a condition for being awarded a charter. Plans for capacity building and staff training are generally expected to be built into an Operator's short- and long-term strategy, but there do not appear to be any corrective actions associated with failing to meet those plans.
- **Establishing a comprehensive system of performance measures and quality standards (Process Management).** Examples of measures include: equity and access, outcome/output, program management, customer value, community value, return-on-investment, increased customer utilization, increased employer utilization, increased labor market penetration, increased life-long learning, greater agency participation/coordination, timely service, treating customers with respect, repeat business, surpassing customer expectations, continuous improvement, and standard JTPA measures such as rates of job placement, earnings, retention, educational achievement, job readiness skills and support service usage.
- **Linking the renewal of operating charters and the receipt of incentive funds to meeting specific state-defined performance standards (Business Results).** When business results are less than optimal, technical assistance may be provided to assist center Operators to get up to speed, and to local Workforce Development Boards or PICs to ensure accountability measures are in place. Examples of corrective actions that states may take against Operators are probation, revoking operating charter, withholding incentive funds, disallowing use of state logo or signage, or prohibiting access to state information systems.
- **Requiring the use of customer satisfaction data to support continuous improvement (Customer Focus and Satisfaction).** Beyond just conducting surveys, questionnaires and focus groups, the information obtained through these activities must be used to engender improvements in services to customers. This is the core of the One-Stop vision articulated by the DOL and all states have embraced it. Examples of how this category is being applied within the emerging One-Stop environment include developing customer service benchmarks and standards based on competitive comparisons with other service delivery models (both internally in the national One-Stop network and externally in the for-profit and non-profit sectors), training staff in TQM to enable them to connect customer needs data to service and process improvements, establishing customer satisfaction goals of 100% at each center and recovery strategies for less satisfied customers, and conducting regular employer and community needs assessments.

The use of the Baldrige framework offers states the opportunity to take their One-Stop visions and frameworks to a deeper level of specificity. Local One-Stop implementation sites can be given sufficient information and authority to design Career Centers that appropriately and effectively meet customers' needs within realistic, achievable fiscal and performance goals. The Baldrige Award criteria offers One-Stop implementers a proven method for achieving organizational efficiency, effectiveness and clarity of vision with concrete results at all operational levels.

APPENDIX B. - Boston PIC Quality Indicators

Quality Indicators are designed to address key areas of service and system building. The Boston REB has identified specific, quantifiable measures that are articulated in the Charter Agreement:

1. Customer Outcomes

a. Jobseekers

Purpose: To ensure that Career Center Operators focus on placement and retention outcomes.

Standard: Ninety (90%) percent of all customers placed into a job stay in that job (or be in an equivalent job with equal or better wages) for longer than six months, and ninety (90%) percent of all customers referred to an education or training program enroll in that program or return to the Career Center to receive additional services.

b. Employers

Purpose: To ensure that Career Center Operators focus on quality hires and on building long-term relationships with employers.

Standard: Ninety (90%) percent of all hires made through the Career Centers will be retained longer than six months, and ninety (90%) percent of employer customers still in business return within two years for additional Career Center services.

2. Service Level and Market Segments

Purpose: To ensure that Career Center Operators provide services to a sufficient volume of customers, so that quantity, quality and universality of access are appropriately balanced with the needs of the labor market.

Standard: The Operator is required to meet the levels of service stated in their Approved Business Plan in terms of volume of jobseekers, employers, and market segments that are to be served. This measurement is used to evaluate marketing strategies, universality, and the diversity and utility of market segmentation.

3. Neutral Brokering and Universality

Purpose: To ensure that Career Center Operators remain neutral in helping customers select education and training services.

Standard: The Operator is required to ensure that at least ninety-five (95%) of all referrals for education, training and related services, and placements are to other

organizations which are separate from the One-Stop Career Center and the agencies that collaborate in managing the Center.

4. Market Share and Market Penetration

Purpose: To ensure that Career Center Operators focus on increasing their market share of jobs that are filled in the Boston labor market.

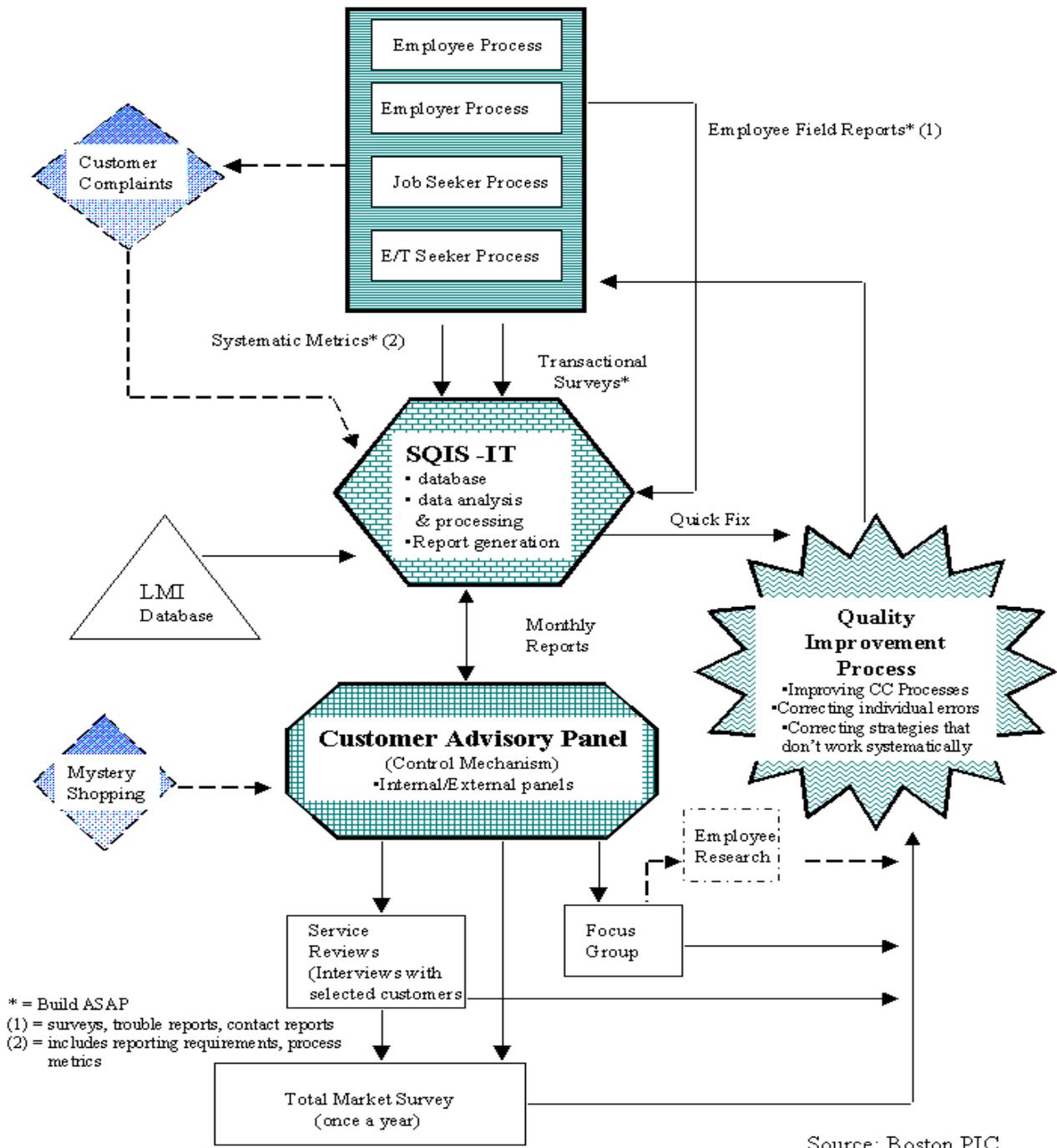
Standard: A baseline for measurement and a methodology for measuring market share and market penetration using new hire information was developed in Fiscal Year One. In subsequent years, Centers are required to meet a standard for growth in market share and market penetration.

5. Customer Satisfaction

Purpose: To ensure that Career Center Operators focus on continually assessing whether the services they are providing meet the needs and expectations of customers.

Standard: A positive trendline toward meeting or exceeding customer expectations one hundred (100%) percent of the time.

APPENDIX C. – Service Quality Information Framework



The Enterprise

The Enterprise is a network of workforce development organizations which emphasize high quality, customer-focused services, using process management techniques adapted from the private sector.¹⁴ Its purpose is to promote and enhance the quality of all workforce development services and to gain recognition for the quality that exists in the system. Over 160 local JTPA entities are now part of the Enterprise. The network's Board of Directors is the Enterprise Council, a 28-member national board created by local, state and federal JTPA partners. One of its primary roles is to establish standards for Enterprise membership, which currently are modeled on successful private sector practices, including the Baldrige Award, and rely on independent authorities to validate applicant performance results.

The Enterprise Council identified three standards of measurement for local workforce development organizations:

- Achieve a rating of 75% on a standard customer satisfaction survey administered by an independent research firm.
- Achieve superior performance as measured by an 80% entered employment rate in substate formula programs, and meet or exceed the employment standard for governor's reserve and national discretionary projects.
- Demonstrate a commitment to continuous improvement through responses to questions in critical quality management practices.

The application for membership includes three sections. The first requires the applicant organization to enter performance information for the program year, including number of trainees, number entered employment, entered employment rate, and a planned entered employment rate. The second section is a lengthy questionnaire about continuous improvement which is based on the seven Baldrige categories. The third section asks for trainee information which will then be used by an independent research firm to gauge the applicant's customer satisfaction rate.

The benefit of Enterprise membership to Workforce Development Boards and Career Center Operators is that the Enterprise has gone a long way toward tuning the quality movement for public entities that receive federal employment and training funds. Including in the charter a requirement to apply for membership in the Enterprise could be a way for Workforce Development Boards to test the faith and commitment of its Operators, or provide a non-threatening way to motivate low-performing Operators to engage in high quality practices as a condition for charter renewal. In fact, the State of Michigan has asked all 26 of its Michigan

¹⁴ Materials received from and conversations with Laura Heald, Enterprise Council and member of the DOL Workforce Performance Measures Policy Committee.

Works! Agencies to commit to attaining Enterprise membership. In addition, membership in the Enterprise also includes technical assistance, training and other perks which could help Workforce Development Boards to support the ongoing needs of Operators.

DOL Workforce Development Performance Measures Policy Committee

In Spring 1997, DOL convened an interagency Workforce Performance Measures Policy Committee (WPMPC) at the federal level. The WPMPC has two main areas of focus: (1) promoting the coherence and comparability of One-Stop performance measures used across states and, within states, across local workforce development systems; and (2) encouraging the standardization and convergence of performance measurement approaches across different workforce development programs and funding streams.

The WPMPC is developing a common *menu of performance measures* with standard definitions that can be adopted by national, state and local workforce development system stakeholders. The menu of measures will be made available for state and local workforce development systems to utilize in assessing the performance of One-Stop systems. Depending on the interest of the stakeholder, some or all of the performance measures may be of use. Examples of performance measures which may be developed include measures of:

- *Overall system performance*: such as service utilization rates, customer awareness and use of the One-Stop system, overall customer outcomes and customer satisfaction.
- *The effectiveness of different services*: such as self-access services, guided or group services and intensive services (such as education and training).
- *How the system is performing for different customer groups with differing employment objectives*: such as employers vs. jobseekers; or, youth vs. new labor market entrants vs. experienced workers.
- *How the system is performing for individuals likely to need more intensive or specialized services*: such as limited basic skills or English proficiency, disabilities and welfare-to-work.

The final menu of measures to be developed by the WPMPC may eventually be used by workforce development system stakeholders to assess the broad spectrum of activities, issues and outcomes associated with workforce development systems, such as: *visibility and market penetration, organizational and system processes, jobseeker outcomes, employer outcomes, customer satisfaction, cost and efficiency, and equity of access.*

Once available, Workforce Development Boards can use the WPMPC's menu of performance measures as a common source of terminology to help craft the language of a Career Center charter. With the weight of the DOL behind them, the measures have a strong chance of being viewed favorably by workforce development system stakeholders. To illustrate the point, consider that staff from the Enterprise is represented on the WPMPC. The Enterprise is both helping to define the measures, which will be applicable broadly, and is prepping its own membership for their use.

NIST Baldrige Education Pilot

NIST is currently revising the guidelines of its Baldrige education criteria pilot and continues to push Congress to formally create an education category for the award. The revised guidelines are scheduled to be completed by the end of 1997.

The significance of a Baldrige education category for Workforce Development Boards and Career Centers is that the language and standards may be tied more specifically to one of the main purposes of Career Centers -- providing individuals with information about and referral to appropriate education and training resources -- than those of the original Baldrige Award. Further, the criteria are especially geared toward organizations with public responsibilities, unlike the original Baldrige categories and criteria which, although adaptable to the public-sector, were developed specifically for the private-sector.

The framework of the education criteria is the dynamic interplay of the seven categories: *Leadership, Information and Analysis, Strategic and Operational Planning, Human Resource Development and Management, Educational and Business Process Management, School Performance Results, and Student Focus and Student/Stakeholder Satisfaction.*

The categories focus primarily on three goals and four measures of progress:

Goals:

- 1) student success/satisfaction
- 2) stakeholder satisfaction
- 3) student retention

Measures of Progress:

- 1) student performance
- 2) educational climate
- 3) research, scholarship and service
- 4) effective and efficient use of resources

Further, the criteria include a set of 28 basic, interrelated, results-oriented requirements. However, the criteria allow wide latitude as to how these requirements can be met. The criteria do not prescribe specific tools, techniques, technologies, systems or starting points. They do not assume the existence of a quality or planning department or unit. Nor do they assume or prescribe a way of organizing school or training institution staff and resources. They do, however, articulate the importance of regularly evaluating these factors as part of a continuous improvement process.

In crafting charters, many aspects of the education categories may be adapted for the Career Center environment. For example, the goals of student success/satisfaction and retention can just as easily be applied to jobseekers engaged in various employment-related activities. The categories also may be useful to Workforce Development Boards and Career Centers in evaluating training and service providers and developing procurement policies.

Quality Links to Vocational Education

The National Workforce Assistance Consortium is starting to look at ways in which the Baldrige Award (as well as the Deming Prize and ISO 9000) can be used to support continuous improvement in an education and training setting. An article recently published on the ERIC Clearinghouse¹⁵ suggests:

“In vocational education, assessment is a way of determining how and to what extent quality improvement systems are changing educational practices and outcomes. Skill standards describe the essential knowledge, skills and behaviors critical to an occupational area; assessments measure the achievement of those standards; and certifications result in credentials that state the standards that have been achieved...Quality system awards such as the Baldrige Award...offer blueprints for assessing quality in vocational education as well as in business and industry. Criteria for the Baldrige Award can be used to assess the educational institution’s effectiveness in meeting customer needs and expectations, the “customers” being students, parents, alumni and taxpayers. Student satisfaction, retention, and recruitment become the parallel educational focus to customer satisfaction, customer retention and market share gain.”

If quality improvement systems take hold in the education and training arena, the implications for Workforce Development Boards could be profound. For example, the use of charters could be broadened beyond Career Center Operators and serve as a tool to organize a supplier network of education and training providers which meet or exceed quality standards defined for the Career Center system. While raising issues related to customer choice and the timeliness of getting a customer-chosen training vendor on the list of approved providers, this approach should ultimately raise the level of service quality.

¹⁵ Linkard Brown, Betty, “Quality Improvement Criteria and Vocational Education”, *ERIC Clearinghouse*, Digest 182, 1997.

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