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### "The Journey to Business Excellence"

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Armstrong World Industries is a global manufacturer and marketer of branded products and services, distinguished by design and/or function. Its products are used in finishing interiors of both residential and commercial buildings. Armstrong World Industries posted \$2.9 billion in sales for 1995 and employed 20,000 persons. The Building Products Operations (BPO) Division of Armstrong Corporation produces and markets floor and ceiling products. In 1983, these operations were confined to Lancaster County, Pennsylvania. Today, BPO has seven plants across North America and four in Europe. BPO is the worldwide leader in acoustical ceilings and posted a total of \$682 million in sales for 1995.

Prior to the creation of the Malcolm Baldrige Award, Armstrong President Henry Bradshaw and other upper management at Armstrong viewed increased globalization and competition within their industry as a basis for pursuing a quality program and ensuring the company's long-term success. When BPO introduced its quality program in 1983, Bradshaw stressed three fundamentals: (1) involve all employees, (2) maintain in-process improvement, and (3) utilize an outward focus. Wellendorf attributes two primary reasons for his organization's success, a quality legacy since 1860 and a constant focus despite leadership changes. The legacy of Armstrong's quality can be traced to its founder and his credo, "Let the buyer have faith."

BPO's twelve year pursuit of the Malcolm Baldrige Award involved a five-phase process referred to as "The Journey to Business Excellence." The first phase of this quality process involved adopting the Philip Crosby Quality System and forming Quality Improvement Teams. The second phase included process improvements through development of quality plans and improved supplier quality management. During the third phase (1989-1992), the Baldrige Award considerations and criteria surfaced for the first time at BPO. Previously, Armstrong used the Crosby System as a basis for criteria for quality improvement metrics. Although many processes improved during the first two phases, sufficient process definition was not achieved. The Baldrige criteria served as a framework to further define BPO's many processes.

There are different reasons for U.S. companies to pursue the Baldrige Award. Many organizations hope to obtain this prestigious award as a marketing tool. Others pursue Baldrige status in an attempt to initiate quality programs. Armstrong and BPO pursued increased quality more than five years prior to the presentation of the first Baldrige Award in 1988. Its initial interest in the Baldrige Award was adoption of its criteria to further ensure the probability of increasing product quality and customer satisfaction.

The Baldrige Award Committee visited BPO during Phase IV (1993) after BPO was selected as a Baldrige finalist, but its application ultimately was rejected. However, the committee provided BPO with feedback that it used not only to continue its pursuit of the Baldrige Award, but more importantly to further define and improve its operational processes. The feedback also forced BPO and all of Armstrong to further streamline its process management through standardization. Previously, four different BPO manufacturing sites utilized four different processes to produce the same product or service. The 1993 Baldrige rejection resulted in BPO's formulation of a complete integrated assessment of business. After 1993, information network implementation led to

complete standardization of business processes.

A majority of the upper management voted not to continue with a second Baldrige attempt. Those voting not to continue wanted to maintain continuous improvement through utilization of previous Baldrige feedback. Armstrong's president chose not only to implement continuous improvement, but to continue pursuing the Baldrige Award. The decision to continue to pursue the Baldrige Award represents the beginning of Phase V in Armstrong's "Journey." It was at this point that four non-negotiable business strategies based on four different business analyses were developed. The analyses and non-negotiables that formed BPO's strategic management process are:

<u>Analyses</u>	<u>Non-negotiables</u>
Customers	Build Share
Competitors	Best-Cost Supplier
Cost	New Products
Capabilities	People Development

Prior to this analysis, Armstrong never analyzed its competition or determined its source of competitive advantage. The development, deployment, and execution of this strategic process led to several improvements within the organization such as reduced injury rates, increased sales rates, output rates, and decreased manufacturing costs which all resulted in an improved bottom-line. The documentation and execution of these thoroughly defined, uniform processes resulted in BPO's winning the 1995 Malcolm Baldrige Award.

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