

2016 FitHabits Case Study Scorebook

Final 06/14/2016

In this version of the scorebook, the initials of the Training Scorebook Team (TST) members have been replaced by "Ex1" (Examiner 1), "Ex2," and so on.

Key Factors Worksheet

P.1a Organizational Environment

Product Offerings & Delivery Mechanisms Internet-based, direct-to-customer boutique distributor of athletic clothes & footwear; products: (1) activewear clothing for women (largest product line) & men. (2) Athletic shoes for men & women (differentiator for many customers). Recently expanded into products to meet special needs of challenged athletes. 90% of orders delivered through delivery partner (SendPlx).

Mission, Vision, & Values M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.

Core Competencies CC1: relationships, CC2: innovation, CC3: fitness.

Team Member Profile 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert). All Call Center team members are fitness enthusiasts. Call Center team members hold fitness certifications. Tenure: 11% ≤ 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs. 42% Black; 38% White; 11% Hispanic; 6% Asian; 3% Other. No organized bargaining units.

Workforce Engagement Factors Vary slightly by workforce segment; include teamwork, recognition, pride in work, opportunity to grow, communication, professional development/technical training (for IT & Ops Support).

Facilities, Technologies, & Equipment Corporate headquarters outside Richmond on 24-acre campus—offices, Call Center, training facility, team member wellness center, warehouse. Leased warehouses in Irving, TX, & Portland, OR. Software & application technologies from RBR, DrmQuilter, PIII, SimblLogic, & in-house application development capability for integration of multiple technologies. Over \$5M invested in completely rewriting corporate website over last 6 years.

Regulatory Requirements Regulated by FTC, CPSC, EPA, OSHA, VA Dept. of Taxation, IRS, EEOC. Voluntarily certified to ISO 9000 & ISO/IEC 27001 standards (Fig. P.1-4).

Workforce Health & Safety Requirements Basic health/safety requirements in office environment; warehouse & fulfillment areas: required to training in hazard communications, lockout/tagout, lifting/handling, fire extinguishers. Team members who drive forklifts certified in forklift safety.

P.1b Organizational Relationships

Organizational Structure Privately owned, closely-held; 7-member BOD & LT. LT = CEO, COO, COs of Finance, Strategy, Marketing & Sales, People, Information. BOD is chief policy-making body, exercises overall control & mgmt. CEO is ex-officio BOD member, reports directly to BOD. All COs report to CEO.

Customer Segments & Requirements 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional purchasers (at least annually). Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers’ profiles (all).

Stakeholder Groups Additional stakeholders: Advisory Board, collaborators, suppliers, community.

Key Suppliers Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.

Supply-Chain Requirements Delivery (on-time, accurate), quality (meeting sizing/quality specs), portfolio (products “made in America”), packaging (use of recycled material spec).

Collaborators University Fitness Center, Looper Clinic, Fit Magazine, URAthlete fore latest research on product development, new fitness trends. Communication: email, partner portal, regular meetings.

P.2a Competitive Environment

Competitive Position 8% market share in % Internet net sales, 73% controlled by large Internet retailers & big-box stores. Remaining 19% divided between 4 key boutique-space competitors: Tip the Scales (7%), Lean Out (6%), Lean Muscle (2%), DZMT (4%). Applicant #1 in activewear clothing & #3 in athletic shoes among key boutique competitors.

Competitiveness Changes 1) Expansion of products to meet special activewear clothing/athletic footwear needs of challenged athletes; 2) doubling of warehouse capacity to manage increasing SKUs & cut order-to-ship time in half to compete with IR/BS; 3) potential competitor merger/consolidation (current negotiations between Tip the Scales & Lean Muscle).

Comparative Data In-industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer). External to industry: Baseline & Rich (Financial), JWStrength (customer), ATE/Expert Best Places to Work/OSHA/USDOL/USBLS (workforce), FTC/ISO9001:2015 (regulatory), The Insight Board (leadership), Inspired by ISO 26000 (societal/community). Limitations: 1) Obtaining timely comparative data in rapid-growth market; 2) securing volume & process data from 2 privately & 2 publicly held key competitors.

P.2b Strategic Context

Strategic Challenges Business: SC1: emerging competitors & mergers, SC2: cyber security, SC3: maintaining adequate profit margin; operations: SC4: warehouse space/inventory constraints, SC5: maintaining/securing robust inventory selection; societal responsibility: SC6: changing customer demands/expectations; workforce: SC7: retaining skilled team members in competitive boutique athlete market.

Strategic Advantages Business: SA1: superior customer service, SA2: innovative reverse product identification & capture process; operations: SA3: FIT platform, SA4: focus on continuous improvements, SA5: ISO 9001:2015 certification, ISO/IEC 27001 compliance; societal responsibility: SA6: HEALTH comprehensive portfolio; workforce: SA7: highly engaged team members.

P.2c Performance Improvement System

Performance Improvement System PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation ("I" of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Key Themes Worksheet

a. What are the most important strengths or outstanding practices (of potential value to other organizations) identified in the applicant's response to process items?

1. The applicant's mission to delight customers always is supported by approaches that drive customer-focused excellence. A systematic Voice of the Customer (VOC) Process with a variety of sources provides actionable market intelligence to the Strategic Planning Process (SPP), as well as actionable information for targeting current, former, and potential customers (Figure 3.1-1) (3.1a[1,2] STR).¹ This process and the Social Media Team support the Customer Relations Work System, which helps the applicant manage customer relationships and build its brand image (3.2b[1] STR). Operationally, Focus, Innovate, Test, Train, Execute, Share, Sustain (FITTESS) is used to design work processes to meet customers' requirements (6.1a[2] STR), and a recently redesigned website and mobile app provide greater online functionality, ease of use, and cyber security for customers (3.2a[2] and 4.2b[2] STR). To assess the effectiveness of its Customer Relations processes, the applicant uses the Guppol survey, supplemented with browsing and transaction data, to assess and analyze customer satisfaction, dissatisfaction, and engagement (3.1b[2] STR). These integrated processes, directed at customer acquisition, retention, and loyalty, exemplify the applicant's core competency of relationships and support the achievement of its mission.
2. The applicant's approaches to selecting organizational metrics and collecting, analyzing, and reviewing organizational data and information support fact-based operational and strategic decision making. Strategic-level approaches are a semiannual comprehensive market scan and an analysis of competitive and market forces that may impact short- and long-term strategic decisions (2.1a[3] STR). With the fact-based Capability and Capacity Planning Model (Figure 5.1-1), the applicant makes strategic workforce decisions by evaluating the current workforce state and future workforce needs to accomplish the strategy (5.1a[1] STR). After determining strategic objectives (SOs), the applicant systematically selects key performance measures (FitMeasures) via the FitTracking Process, as well as relevant comparisons (2.2a[5], 4.1a[1], 4.1a[2] STR). FitMeasures are tracked using a balanced scorecard (BSC) and department dashboards and then analyzed to support organizational performance reviews and decision making, using nine review forums with various audiences and frequencies (4.1b STR). Operationally, periodic performance reviews and in-process measures support daily SustainIt efforts (6.1b[1] STR). These management practices reinforce the applicant's culture of continuous improvement and may lead to improved customer, operational, financial, and societal performance.
3. The applicant's management system focuses on creating a successful organization by consistently delivering value and results. Using integrated leadership processes, such as succession planning and creating a culture of positive team member experiences, the Leadership Team (LT) builds an organization that delights customers both now and in the future (1.1a[3] STR). The annual SPP aligns SOs with short- and longer-term action plans (APs) that address strategic challenges and advantages, as well as core competencies (Figures 2.1-1 and 2.1-3) (2.1a[1] STR). The SPP also includes an approach to help the applicant balance the competing needs of stakeholder groups (2.1b STR). To help ensure an appropriate focus on its objectives, the applicant conducts a robust resource needs assessment (RNA), which helps identify and allocate appropriate resources to support APs (2.2a[3,4] STR). In addition, the applicant systematically designs its day-to-day key work processes to continually meet customer expectations and deliver value for stakeholders (6.1a[2] STR). Work process requirements are developed using a wide variety of inputs to help balance value for key stakeholders (6.1a[1] STR). The Performance Excellence System (PES; Figure P.2-4) reinforces the applicant's focus on success by systematically improving organizational fitness and process efficiency and effectiveness through ShapeltUp and SustainIt (6.1b[3], 6.2a STR).
4. The applicant's communication and workforce-focused approaches reinforce its values and demonstrate a commitment to valuing people. For example, quarterly coaching plans (QCPs) for team members are designed to support the achievement of both company and personal growth goals (5.2a[4] STR). These

¹ These key themes include item-level comment references to support the use of this scorebook as a learning tool. The references do not appear in the final feedback report.

QCPs are integrated with compensation and recognition processes, as well as the Talent Review System, which helps the applicant plan for succession and career progression and helps team members meet their personal and professional aspirations (5.2b[3] STR). Goals and processes for workforce health and security (5.1b[1] STR) and a safe operating environment (6.2c[1]), as well as a variety of tailorable services and benefits (5.1b[2] STR), also demonstrate a commitment to the well-being of the workforce. In addition, the LT surveys employees annually to determine drivers and levels of engagement (5.2a[2,3] STR). Engagement is reinforced through LT communication with and recognition of team members (1.1b[1] STR).

b. What are the most significant opportunities, concerns, or vulnerabilities identified in the applicant's response to process items?

1. It is unclear how the applicant makes meaningful changes in its product and service offerings, identifies strategic opportunities, and pursues intelligent risks. For example, no approach is evident for identifying market needs and requirements for adapting product offerings to attract new customers or expand relationships with current customers (3.2a[1] OFI). Further, it is unclear how FITTESS incorporates the concept of product excellence. It is also unclear how the applicant leverages the Innovative Reverse Product Identification and Capture Process and input from key collaborators to meet customer requirements for innovated and on-trend activewear and athletic shoes (6.1a[2] OFI). More broadly, the SPP does not appear to include systematic steps for stimulating innovation and intelligent risk taking or for identifying strategic opportunities (2.1a[2] OFI). In addition, it is unclear how FitReview findings are translated into priorities for innovation (4.1b, c[3] OFI). Finally, it is unclear how the Innovation Council manages the overall portfolio of strategic initiatives or how financial and other resources are allocated to innovation (6.1c OFI). To reinforce and develop its core competency of innovation, the applicant may benefit from integrated and well-ordered approaches to identifying innovation opportunities and evaluating intelligent risks.
2. The applicant has opportunities to build on alignment to ensure that the components of its management system are fully interconnected, including consideration of key external stakeholders, as appropriate. For example, it is unclear how the applicant involves key suppliers and partners that deploy APs in the SPP to ensure that they achieve the key SOs. It is also unclear how the applicant manages the risks associated with the plans, particularly supplier-related APs (2.2a[2,3] OFI). Similarly, the Emergency Management System (EMS) does not appear to consider the impact of emergencies or continuity of operations related to key suppliers or warehouses (6.2c[2] OFI). In addition, it is not clear how VOC listening and analysis processes (Figures 3.1-1 and 3.1-2) are used to adapt product offerings to meet customer requirements or expand customer relationships (3.2a[1] OFI). Also unclear is how the Learning and Development (L&D) System and the team workforce structure reinforce and capitalize on the applicant's core competencies (5.1a[3], 5.2b[1] OFIs). Finally, how the applicant correlates L&D outcomes with other key business results is unclear (5.2b[2] OFI). By moving beyond aligned plans and processes to mutually reinforcing, integrated approaches, the applicant may advance its culture of performance excellence.
3. The applicant has opportunities to enhance its capacity for transformational change and flexibility in operations. For example, it is not clear how the SPP addresses the applicant's needs for transformational change or organizational and operational agility (2.1a[1,3] OFI) to set and deploy priorities for change initiatives. Later in the SPP, projections of performance across the full short- and long-term planning horizons are not evident, which may limit the applicant's ability to rapidly respond to market and competitive changes (2.2a[6] OFI). It is also not clear how the applicant uses the reviews of its BSC and dashboards to respond rapidly to the need for transformational change (4.1b OFI). In addition, it is not evident how the applicant blends data and information from its various internal and external resources to build new knowledge (4.2a[1] OFI). By developing its capacity for agility and transformational change, the applicant may enhance its ability to respond to emerging competitors and mergers, as well as changing customer expectations.

c. Considering the applicant's key business/organization factors, what are the most significant strengths found in its response to results items?

1. The applicant demonstrates good performance relative to industry and best-practice comparisons for many key results. For example, days accounts receivable and days cash on hand compare favorably to the top-

quartile level (Figures 7.5-5 and 7.5-6) (7.5a[2] STR), and a 5-star ranking—accomplished by no major competitor—affirms the applicant’s ability to pay suppliers on time (Figure 7.5-4) (7.5a[1] STR). These financial outcomes are supported by best-practice cost-control results that are at or near the top-decile benchmark (Figures 7.1-15 and 7.1-27) (7.1b[1] STR). Customer engagement levels have consistently reached the top 10% benchmark (7.2a[2] STR), and best-in-class customer service metrics, such as abandoned call rate and e-order uptime (Figures 7.1-8 and 7.1-12), help sustain customer engagement (7.1a STR). Overall team member engagement and other workforce-focused results have attained or exceeded best-practice levels (Figures 7.3-12, 7.3-25, and 7.3-27) (7.3a[3], 7.3a[4] STRs). Results for workforce safety and well-being also meet or exceed benchmarks or best-practice levels (Figures 7.3-7, 7.3-8, and 7.3-21) (7.3a[2] STR). This good performance relative to comparisons demonstrates progress and strength in the applicant’s key strategic focus areas of finance, customers, and team members.

2. The applicant reports good performance in many customer-focused results. Overall customer satisfaction has increased over five years, and satisfaction and engagement levels exceed those of the applicant’s four major competitors and the benchmark (Figures 7.2-2, 7.2-3, and 7.2-8) (7.2a STR). Furthermore, results for likelihood to recommend, a key indicator of customer loyalty, are just short of the 100% benchmark, and social media results show that the applicant has grown its presence and engagement levels online (Figures 7.2-10 and 7.2-11 through 7.2-13) (7.2a[2] STR). These results are supported by improvements in results for customer-facing processes, such as average total time per P2P order, abandoned call rate, Call Center phone and e-order uptime, service recovery, and satisfaction with returns (Figures 7.2-5, 7.1-8, 7.1-9, and 7.1-12) (7.1a, 7.2a[1] STRs). The applicant has experienced no security breaches in the past six years, even as the number of cyberattacks has increased a hundredfold, and audit results show no findings over the same period (Figure 7.1-24), demonstrating protection of vital customer data and information (7.1b[1] STR). These favorable customer-focused results indicate progress toward the applicant’s vision to be the #1 Internet-preferred activewear and shoe resource in the nation.
3. Good and improving results in many of applicant’s key workforce measures substantiate its strategic advantage of highly engaged team members. Overall engagement and engagement by team member tenure show beneficial trends, with significant engagement improvements for team members with less than one year of service (Figures 7.3-12 and 7.3-13) (7.3a[3] STR). Key indicators of workforce capability and capacity, such as retention, recruiting time to fill, and referrals all show beneficial trends over five years (Figures 7.3-1 through 7.3-3) (7.3a[1] STR). Creation of a learning environment for team members is demonstrated by increases in average training hours per FTE, tuition reimbursements, and number of degrees and certifications (Figures 7.3-25, 7.3-27, and 7.3-28) (7.3a[4] STR). These results are reinforced by increased positive engagement responses for team members’ opportunity to grow and professional development (Figures 7.3-22 and 7.2-23) (7.3a[4] STR). Results also indicate good levels and beneficial trends for senior coaches’ effectiveness in communicating key messages, listening, and focusing on action (Figure 7.4-1-3) (7.4a[1] STR).

d. Considering the applicant’s key business/organization factors, what are the most significant opportunities, vulnerabilities, and/or gaps (related to data, comparisons, linkages) found in its response to results items?

1. The applicant does not provide performance results for several areas of importance to key customer, market, and process requirements. For example, results are not presented for strengthening the applicant’s core competencies. In particular, results for process innovation and taking intelligent risks are missing (7.1b[1], 7.4a[1]b OFIs). With respect to the relationship core competency, the applicant reports limited customer dissatisfaction results, including results for customer complaints (7.2a[1] OFI). Furthermore, no results for senior coaches’ communication and engagement with customers are provided (7.4a[1], b OFI). Missing workforce-focused results include those for some workforce services and benefits, such as spot bonuses, smoking cessation, stress management and alternative work schedules. Results for the Talent Review System and Talent Development Program, leader development, skills and staffing needs by workforce groups, and the effectiveness of the L&D System (7.3a[1,2,4] OFI) are also not reported. To reinforce its core competencies of relationships and innovation, the applicant may benefit from tracking and managing additional results in these areas.
2. The applicant may have an opportunity to gain deeper understanding of its results through additional segmentation. For example, customer satisfaction and engagement results are not segmented by the

customer segments of engaged customers, lurkers, and New Year Resolutioners (NYRs) or by engaged customer subgroups (frequent, persistent, and occasional purchasers) (7.2a OFI). Some workforce results are not segmented by the diversity of the workforce or by workforce groups and segments, including contract workers (7.3a[1,2,4] OFI). Finally, financial results by customer group or product line are limited (7.5a[1] OFI). Further segmentation of these results may uncover opportunities to increase market share or customer satisfaction and engagement, identify the distinct needs and expectations of different workforce groups, and understand profitability and performance across all products and the customer base, thereby addressing the strategic challenge of maintaining an adequate profit margin.

Item Worksheet—Item 1.1

Senior Leadership

Relevant Key Factors

1. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/).
3. Privately owned, closely held; 7-member BOD & LT. LT = CEO, COO, COs of Finance, Strategy, Marketing & Sales, People, Information. BOD is chief policy-making body, exercises overall control & mgmt. CEO is ex-officio BOD member, reports directly to BOD. All COs report to CEO.
4. 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional purchasers (at least annually). Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers’ profiles (all).
5. Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.
6. University Fitness Center, Looper Clinic, Fit Magazine, URAthlete fore latest research on product development, new fitness trends. Communication: email, partner portal, regular meetings.

Strengths

++	Strength	Rationale	Item Ref.
	Through the applicant’s evolving Leadership System (FHLS), the LT sets direction, deploys the applicant’s vision and values, and creates an environment to achieve the mission. The system includes steps to cascade SOs, develop QCPs linked to performance reviews and demonstration of values, integrate values into supplier and collaborator business meetings, and use departmental Accountability Boards to help improve performance.	All 7 examiners had 1.1a(1) and a(3) as a strength, but the focal points were different. The focus of this strength is on the FHLS to deploy vision and values (a1) and to create an environment to achieve the mission (a3). Other components of creating a successful organization a(3) are brought out in another strength comment. FBR comments from Ex1, Ex4, and Ex7 were used as the basis for this comment. ADL&I all touched in this STR. R2 Feedback—tweaked comment based on input and added info on supplier/collaborator deployment.	a(1, 3)
	Multiple, integrated leadership approaches to build an organization that is successful now and in the future may help the applicant in becoming the #1 Internet-preferred activewear and shoe resource in the nation. For instance, the succession-planning tool—aligned with the FHLS in 2013—has identified leadership	All 7 examiners identified a(3) as a strength. Creating an environment to achieve the mission was added to the STR comment on the FHLS. This comment focuses on the succession planning and creating a workforce culture that fosters customer engagement. Innovation was left out, as it was controversial in STR and OFI comments. FBR comments from Ex2, Ex3, Ex6, &	a(3)

++	Strength	Rationale	Item Ref.
	competencies for team members, coaches, and senior coaches. Additionally, listening and responding to drivers of team member engagement help build a culture to delight customers always.	Ex7 were used as the basis for this comment. ADL&I all noted in this STR comment. R2 feedback—tweaked based on input.	
	The LT reinforces high performance and builds relationships via key communication mechanisms to gather information from and share information with multiple audiences (Figure 1.1-2). New methods such as the FitHabits Blog and myFitHabits portal allow frank, two-way communication, and actions like sending thank-you notes to the home and recognizing team members completing certifications or degrees reinforce high performance and may strengthen relationships with highly engaged team members.	Ex1, Ex2, Ex3, Ex5, Ex6, & Ex7 identified this as a strength for communication and rewards and recognition to engage the workforce. R2 feedback—tweaked per input. Focus on AD&I.	b(1)
	LT members lead by example as they demonstrate a commitment to legal and ethical behavior and promote an organizational environment that requires it. Actions include communicating with full transparency in legal and ethical matters, signing the Code of Conduct and FitFul Pledge, and promoting the organizational value of Integrity during FitWelcome!, combined with the new annual team member survey to determine perceptions of ethical conduct.	STR identified by Ex5, Ex6, and Ex7; all focus on actions/approaches of the LT with mention of the new survey as learning. R2 feedback—tweaked based on input. Focus on AD&L.	a(2)

Notes

Comments on Innovation & intelligent risk were left off as a strength. Ex4 commented that there are some confusing points within a IR STR, and some of the OFIs also noted this. Possible discussion for R2 as we see other innovation / intelligent risk comments unfold.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	Methods for the LT to communicate with key customer groups or the Advisory Board are not apparent. LT dialogue with key customers through social media or other communication methods may strengthen the core competency of relationships.	Ex1, Ex2, Ex3, Ex4, and Ex6 identified this gap. Ex3 broadened it to include a(1) communication and deployment to customers, but a(1) contains info on focus groups and other customer involvement, so this OFI is targeted on b(1). FBRs from Ex1, Ex2, Ex3, and Ex4 were combined for this OFI. I suggest this one be a Double because the relevance of completely missing the concept of	a(1), b(1)

--	Opportunity for Improvement	Rationale	Item Ref.
		communicating with customers when Relationship is a CC, is something to flag their attention about. R1 feedback—Modified to remove prescriptive language. R2 feedback—tweaked per input and added deployment of V&V.	
	It is not clear how the LT includes a focus on creating and balancing value for customers and collaborators in setting performance expectations. For example, it is not clear how customer and collaborator requirements are included in the QCPs. Without an approach in this area, the applicant may not keep up with changing customer demands and expectations.	Mentioned by Ex1, Ex5, and Ex6. Some input referenced an OFI on innovation for b(2), but that is addressed below. This OFI is focused on balancing value for stakeholders in organizational performance. R2 feedback—tweaked per input. This is focused on A—missing approach.	b(2)

Notes

a(2)—Comments from Ex4 and Ex7 discussed deploying the value of Integrity, but those comments seemed more focused on promoting ethical behavior in interactions, and that is better used in 1.2b(2) Criteria discussions.

a(3)—Ex1 & Ex3 mentioned innovation and risk taking and creating a positive customer experience, but these did not elevate to become overall OFI comments.

R1 Feedback discussion: Innovation and intelligent risk may become key theme. In this section, it appears the LT is doing the first phase of innovation—setting the stage and encouraging culture. Maybe a potential KT OFI around Innovation in action—planning for it, measuring and monitoring, processes to manage it, etc.? Input is appreciated.

Scoring

Score Value: 65

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

I suggest 50–65 with a 65. Applicant is responsive to the multiple requirements and approaches are integrated with SPP, QCPs, etc. but there is a large gap in customer communication and the learning is more about improvement, and not organizational learning or innovation, so that keeps them out of the 70–85 range.

Item Worksheet—Item 1.2

Governance and Societal Responsibilities

Relevant Key Factors

1. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. Regulated by FTC, CPSC, EPA, OSHA, VA Dept. of Taxation, IRS, EEOC. Voluntarily certified to ISO 9000 & ISO/IEC 27001 standards (Fig. P.1-4).
3. Privately owned, closely held; 7-member BOD & LT. LT = CEO, COO, COs of Finance, Strategy, Marketing & Sales, People, Information. BOD is chief policy-making body, exercises overall control & mgmt. CEO is ex-officio BOD member, reports directly to BOD. All COs report to CEO.
4. Additional stakeholders: Advisory Board, collaborators, suppliers, community.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant's integration of societal well-being and support of key communities into its strategy and daily operations demonstrates its core competencies of fitness and relationships. For example, via the Health, Exercise, Attitude, Training, and Healing (HEALTH) portfolio and criteria, the applicant provides unbiased fitness information and education to shoppers and the community. This information is a differentiator in the marketplace. Furthermore, the applicant's new focus on challenged athletes has been integrated into team member hiring and collaborator partnerships.</p>	<p>Several comments from all 7 examiners revolved around c(1), societal well-being, and c(2), community support. Ex1 had c(1) as a double, and if we combine all of c into 1 STR comment, I suggest it be doubled, also. ADLI were all addressed within the responses. R2 feedback—removed double and added reference to HEALTH per input.</p>	c
	<p>The applicant's evolving, systematic approaches to responsible governance support its value of Integrity. For example, the seven-person Board of Directors (BOD), partially composed of key stakeholder groups, integrates performance reviews into the BSC structure, progress toward APs is communicated transparently to team members, and internal audit results are reviewed through the FitTracking process. Succession planning for the LT makes use of the Talent Development Program.</p>	<p>Identified as a strength by Ex2, Ex3, Ex4, Ex6, and Ex7, and components of FBR comments from Ex4, Ex7, and Ex3 were combined. A, D, L, & I are all addressed. R2 feedback—tweaked per input.</p>	a(1)
	<p>Systematic linking of LT and BOD performance evaluations with the FHLS helps the applicant align leadership performance with organizational outcomes. For example, the CEO's evaluation is integrated with organizational goals via the</p>	<p>5 examiners (Ex2, Ex3, Ex5, Ex6, & Ex7) had a(2) as a STR based on the Performance Evals and the surveys with A, D, L & I described in IR comments. R2 feedback—tweaked via input.</p>	a(2)

++	Strength	Rationale	Item Ref.
	QCPs, including key quality and financial outcomes as modified in 2014. Additionally, surveys are used in conjunction with outcomes to further develop leadership effectiveness for both the LT and the BOD.		
	Systematic approaches to promote and ensure ethical behavior are deployed to team members via standard operating procedures and policies (SOPPs) and orientation, and to suppliers as part of supplier certification. The Chief People Officer or legal counsel investigates reports of potential breaches of ethical behavior, and issues are addressed through progressive discipline. Additionally, measures of compliance tracking are in place to gauge performance, which may help support the applicant's value of Integrity.	Ex2, Ex3, Ex5, & Ex7 had this as a STR. A, D, & I are core to the comment, but customers and other stakeholders were left out due to OFI for b2 on deployment.	b(2)

Notes

We had multiple STR comments across all sections of 1.2. Some were written such that they did not conflict with the OFIs in specific multiple requirements. All IR STR comments were used and aggregated into 4 STRs.

R2 feedback—Removed b(1) strength per multiple comments.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	It is not evident that the applicant has fully deployed its approaches to promote legal and ethical behavior to interactions beyond team members and suppliers to interactions with customers and collaborators. The applicant's organizational sustainability may benefit from leveraging relationships and defining a more comprehensive approach in this area.	<p>Comments on b(1) from Ex1, Ex3, Ex6 and b(2) from Ex4 and Ex6 all deal with deployment beyond team members. Based on relationships as a core competency and the key factor that some suppliers are crucial in business processes, I suggest this being doubled.</p> <p>R1 feedback—This was focused on all of (b), but it was modified to only focus on deployment for b(2) to create some separation and prevent conflict with the STR comments for b(1) & b(2).</p> <p>Consensus: the decision was not to double this comment.</p>	b(2)
	It is unclear how the applicant addresses adverse societal impacts or anticipates public concerns with products and operations. For example, it is not clear how the applicant leverages listening and learning mechanisms (Figure 3.1-2) to address adverse potential environmental impacts of operations or issues that could affect brand recognition. Additionally,	<p>R1 feedback: This b(1) comment was added after R1 feedback. See overall comments for 1.2 OFI for further discussion.</p> <p>R2 feedback: modified this comment via input to remove prescriptive nature and broaden the comment to a more encompassing "unclear how" comment relating to b(1) at the overall level. The applicant describes some approaches, but it isn't clear how they get at the gist of 1.2b(1). The</p>	b(1)

--	Opportunity for Improvement	Rationale	Item Ref.
	approaches for preparing for these impacts through effective supply-chain management are not clear. Defining these potential impacts may help the applicant stay ahead of changing customer demands and expectations, a strategic challenge.	single example they give is about see-through apparel, and not the larger concerns of societal impact or conservation of natural resources. R3 feedback: tweaked OFI 2 (1.2b[1]) to add environmental and brand references, per consensus call.	
	Beyond selecting BOD members who are primarily from the community or are experts in specific areas, approaches to selecting board members are not clear. Clearly defined criteria or capabilities for BOD members, who are key participants in the SPP, may reinforce ethics and transparency for this closely held company.	Ex1, Ex3, & Ex5 input. This OFI was balanced with the overarching STR on a(1), and identified at the multiple level. Although a comment of effectiveness of internal and external audits was also reviewed, benefit of the doubt was given based on annual selection of external audit firm in Fig. 1.2-1 and some audit results in 7.4. R1 feedback: OFI a(1) board selection—modified relevance to reflect closely held organization.	a(1)

Notes

R1 Feedback: There are equally distributed comments for STR and OFI for b(1). Originally I had 1 OFI for all of b, but this created some confusion in deployment vs. unclear approaches, so those were split after R1. I realize there are still conflicts between the b(1) & b(2) STR and OFI comments, and based on the applicant's KFs, I propose we remove the b(1) STR and focus on the b(1) OFI feedback, as their suppliers play an increasingly large role in applicant processes and services. I left both in here for all to view and appreciate feedback on this topic.

R2 Feedback: reprioritized OFIs based on comments and made the b(1) OFI more broad-based for overall requirements.

Original notes: Benefit of the doubt used in several places for multiple-level OFIs. This was given sometimes based on the applicant's size, maturity, and market and based on there being some comment about the topic, but not fully articulating the process. This is noted in each OFI, and I encourage discussion in feedback or consensus calls.

Specific OFI comments not addressed:

a(2)—using feedback to improve the FHLS or BOD personal performance—not included due to COB and CEO annually reviewing feedback and making suggestions to full BOD. Examples of changes were given for 2012 online access and 2014 BOD orientation. Benefit of the doubt given for organizational size and maturity.

c(1)—considering societal well-being as part of ongoing strategy—benefit of the doubt—not included due to info of 2012 decision in SPP to include HEALTH as differentiator.

c(1)—societal well-being through its economic system— benefit of the doubt given based on comment of the Made in America push for supply chain.

c(2) determining what to support for each community—benefit of the doubt given for info that applicant evaluates key communities annually through SPP

Scoring

Score Value: 65

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

R1 Feedback: Score was bumped down from 70–85 into 50–65 range due to the expected outcome of b(1) transitioning to an OFI. Same logic applies as below, except with the change to the next lower range.

R2 Feedback: based on removing a strength, broadening the b(1) OFI, and considering scoring feedback, the score

stands at a 65 with better feel for this range holistically than previously described.

Original scoring: There is a significant gap identified in a deployment OFI, and innovation/learning are not key management tools, but the applicant is effective at the multiple levels and many approaches for 1.2 are integrated into other processes / systems and organizational needs. Holistically the 70–85 range fits best for the comments.

Item Worksheet—Item 2.1

Strategy Development

Relevant Key Factors

1. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. CC1: relationships, CC2: innovation, CC3: fitness.
3. Privately owned, closely held; 7-member BOD & LT. LT = CEO, COO, COs of Finance, Strategy, Marketing & Sales, People, Information. BOD is chief policy-making body, exercises overall control & mgmt. CEO is ex-officio BOD member, reports directly to BOD. All COs report to CEO.
4. 8% market share in % Internet net sales, 73% controlled by large Internet retailers & big-box stores. Remaining 19% divided between 4 key boutique-space competitors: Tip the Scales (7%), Lean Out (6%), Lean Muscle (2%), DZMT (4%). Applicant #1 in activewear clothing & #3 in athletic shoes among key boutique competitors.
5. Business: SC1: emerging competitors & mergers, SC2: cyber security, SC3: maintaining adequate profit margin; operations: SC4: warehouse space/inventory constraints, SC5: maintaining/securing robust inventory selection; societal responsibility: SC6: changing customer demands/expectations; workforce: SC7: retaining skilled team members in competitive boutique athlete market.
6. Business: SA1: superior customer service, SA2: innovative reverse product identification & capture process; operations: SA3: FIT platform, SA4: focus on continuous improvements, SA5: ISO 9001:2015 certification, ISO/IEC 27001 compliance; societal responsibility: SA6: HEALTH comprehensive portfolio; workforce: SA7: highly engaged team members.

Strengths

++	Strength	Rationale	Item Ref.
X	The applicant develops its strategy and aligned APs annually through a systematic approach (Figure 2.1-1) that is continuously improved and addresses its strategic challenges, strategic advantages, and core competencies (Figure 2.1-3). SOs are assigned to a LT member, who conducts an RNA. Information eventually feeds the Capability and Capacity Model (Figure 5.1-1), aligns with key work systems (KWSs; Figure 2.1-2), and is monitored through FitMeasures (Figure 4.1-4). A review step has led to cycles improvement over six years.	All 7 examiners had this comment and all but one had elements of ADLI. This comment includes ADLI. Used 1 examiner's FB-ready comment as basis and fed in elements of other examiner's comments. In Round 2, 1 examiner indicated that the comment may not deserve a bolding due to the OFI comment regarding data analytics. I left it for now for future discussion. I reworded a bit to ensure that it was clearly separated from the double OFI.	a(1)
	The applicant uses a comprehensive business analytics process to understand changing industry trends and market forces, which may leverage strategic advantages and help mitigate strategic challenges. Twice annually, the Marketing and Sales Team scans changes in fashion and activewear styles and analyzes broader industry trends in retail, Internet	6 of 7 examiners had this comment with a great amount of congruence. I used Ex1 and Ex7 comment as the foundation and brought in the specific details about assessing shifts. ADLI included. Added relevance to comment and differentiated it from the OFI for a(3) in round 2.	a(3)

++	Strength	Rationale	Item Ref.
	shopping, and activewear/footwear designs. The team also assesses shifts in the competitive landscape and market forces, workforce challenges, and customer needs and expectations, to help inform the SPP.		
	The applicant has defined three KWSs central to the business and/or aligned with its core competencies: customer relations; supplier, manufacturer, and collaborator relations; and operations & support. During the SPP, the applicant assesses and validates the KWSs and evaluates processes for potential outsourcing. Through this annual review, the work systems were restructured in 2013, and several processes were outsourced to suppliers with the necessary core competencies.	After consensus call: I took out the first part of the first sentence where it referred to current and future core competencies. However, I left the second mention of core competencies because it is important to the response—I softened it however by saying that they are applicant-stated core competencies. Hope this works. In light of our final conversation about suppliers in the next item, I chose to go ahead and change the third mention of core competencies (related to suppliers) to capabilities. ***** 6 of 7 examiners included a similar comment, all having the Approach component. I used Ex3's as a foundation of this comment because it included the ADLI features. ***** At Round 2, I modified the wording a bit to clarify the comment.	a(4)
	The applicant's SOs address its strategic challenges and leverage strategic advantages and core competencies. The strategic focus areas, objectives, and key short- and longer-term APs (Figure 2.1-3), including long-term goals, include planned changes, such as the shift to two new suppliers for sustainable fashions and activewear targeted for challenged athletes. A step in the SPP helps ensure that the SOs balance the competing needs of the applicant and its stakeholder groups.	6 of 7 examiners have a comment concerning strategic objectives and balancing needs of stakeholder groups. I combined these two subareas and used Ex1 and Ex4's comments as the foundation for them. The comment relates primarily to AD&I. In round two I added relevance to the comment.	b

Notes

Not including A2 by Ex2—incorporated elsewhere pretty much. Applicant uses a comprehensive business analytics approach to inform their planning process where innovation and intelligent risk are needed. Strategic opportunities are vetted and intelligent risks are stratified based on a set of standardized factors.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	It is not clear how the SPP stimulates innovation, including how the applicant identifies strategic opportunities and decides whether they are intelligent risks;	6 of 7 examiners had this comment, with high degree of consistency. Innovation was separated out as a separate OFI based on feedback that it may be appearing as a key theme. Thus, I left	a(2)

--	Opportunity for Improvement	Rationale	Item Ref.
	beyond two examples (challenged athletes and minority-owned suppliers), strategic opportunities are not identified. A defined approach for stimulating innovation within the SPP may allow the applicant to stay ahead of competition in the rapidly changing online marketplace.	this comment as a double and made the a(1,3), b(2) comment a single.	
	It is not clear how the applicant's SPP and review of analytics address several key elements of planning: (1) how input is solicited and considered from the Advisory Board and the community; (2) how the applicant identifies and mitigates potential blind spots; and (3) how the applicant identifies needs for transformational change, enhances organizational and operational agility, and prioritizes change initiatives. Inclusion of these key elements in the SPP may enhance the applicant's ability to develop and execute effective strategy.	6 examiners had this comment, with high degree of consistency. These were the primary elements of the planning that are not included in the SPP and analytics. I split this comment out into two comments to put the innovation one separately—I put the double bold on that one. I also combined the other a(1) comment in this one because they are part of the same subarea designation now.	a(1, 3), b(2)

Notes

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one? T

This is at the lower end of the range because there are some areas of multiple requirements missing, but there is good organizational learning and integration shown—so best fit. Not above because it is barely in THIS range. Not below because there is learning and integration as key management tools. MUCH benefit of the doubt given here because there is no evidence of innovation being driven from SPP, nor did the applicant address projections—projections provided in category 7 only show FY2016, and don't cover the entire short- (to 24 months) or long- (> 24 months) term planning horizons. During consensus we had discussion about whether this belonged in this range or one lower, but because we gave them significant benefit of the doubt, we decided to put them at the bottom of the 70–85% range.

Item Worksheet—Item 2.2

Strategy Implementation

Relevant Key Factors

1. 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/. Tenure: 11% <= 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs.
2. Corporate headquarters outside Richmond on 24-acre campus—offices, Call Center, training facility, team member wellness center, warehouse. Leased warehouses in Irving, TX, & Portland, OR. Software & application technologies from RBR, DrmQuilter, PIII, SimblLogic, & in-house application development capability for integration of multiple technologies. Over \$5M invested in completely rewriting corporate website over last 6 years.
3. Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.
4. University Fitness Center, Looper Clinic, Fit Magazine, URAthlete fore latest research on product development, new fitness trends. Communication: email, partner portal, regular meetings.
5. 8% market share in % Internet net sales, 73% controlled by large Internet retailers & big-box stores. Remaining 19% divided between 4 key boutique-space competitors: Tip the Scales (7%), Lean Out (6%), Lean Muscle (2%), DZMT (4%). Applicant #1 in activewear clothing & #3 in athletic shoes among key boutique competitors.

Strengths

++	Strength	Rationale	Item Ref.
X	RNAs ensure that APs are supported by appropriate financial, workforce, and other resources. Resource requests are prioritized against six impacts (strategy, market, operational, workforce, financial, and tech/innovation), weighted, and scored. The People Team aggregates RNA forecasts to determine workforce capability and capacity needs. Supporting the strategic focus area of team members, staffing and skills needs translate into requirements for additional headcount, redeployed people, and/or skills development.	At consensus we decided to add that this supports the strategic focus area of Team Members—at least as far as the people part of forecasting is concerned. *** All 7 examiners had a comment for a(3) and (4)—either merged into one or separate. The comments all focused on the RNA, and some had elements of ADL&I. I used Ex2’s comment as the foundation and merged in the key points from the other examiner’s comments. This comment then focuses on the RNA as the systematic approach with prioritization against impacts and scored. This comment includes ADI—the learning component is related to skills development, therefore not process learning directly.	a(3,4)
	Helping to ensure SO accomplishment, the applicant systematically develops and deploys long- and short-term APs to address each SO (Figure 2.2-1), with refinements in 2010 and 2014. LT members assigned as SO owners guide	All 7 examiners said this with a great deal of congruity—some only had the a(1) portion, but then had an a(2) separate comment. Used Ex5’s comment as the foundation then brought in pieces of most other comments. I combined both a(1) and (2) as a couple of examiners had done.	a(1,2)

++	Strength	Rationale	Item Ref.
	and refine AP development (Figure 2.1-3). APs are deployed to the entire workforce and other stakeholders (Figure 1.1-2), and department meetings address questions and develop Level 2 tactics.	This comment includes ADL&I components as most of the examiners had done.	
	FitMeasures (Figure 2.1-3) are identified with the Measurement Selection Process (MSP; Figure 4.1-2), aligned to SOs, and tracked through the BSC. The MSP includes selection of relevant comparisons, and with the FitTracking Process (Figure 4.1-1), the applicant tracks AP execution on a frequency appropriate to the AP horizon.	5 of 7 examiners had a comment like this one. Used Ex1's and Ex5's comments as the basis of this comment, and put in information about the MSP from Ex3. This comment includes the AD&I elements of the comments. No learning was described.	a(5)
	In line with its Agile value, the applicant systematically modifies APs to ensure that they remain agile and flexible to meet business needs, and now uses a Browsing Transaction Survey to anticipate changed requirements. APs may be modified if they are not progressing as planned or if projected changes in the marketplace require modification. The AP Modification Team provides a focused effort to bring nonprogressing plans back to expected levels or modify them to meet their intended purpose.	Two examiners (Ex3 & Ex2) had this as a strength and two had an OFI. I chose to include it as a strength, giving benefit of the doubt. The question is brought up because the applicant's approach is for course-correcting on APs that are not achieving expected performance without a similar approach to address changing conditions. This is based on examples of historically not identifying changes to the market. However, the applicant identified these events as having led to improvements in approach. In round 2, I modified the wording for clarity and brought the relevance to the front of the comment.	b

Notes

Ex3 comment not used—a(6) Measures and projections (shown in Figure 2.1-3) are set through the MSP process and projected based upon information gathered through data analytics. Projections are modified as gaps are identified between the applicant and competitor performance. A simulation of each competitor's performance is run based on market and customer data.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	It is not clear how the applicant deploys APs to key suppliers and partners; manages the risks, particularly supplier risks, associated with the plans; or ensures that key outcomes can be sustained. Considering the importance of suppliers (e.g., SendPlix) to the applicant's success, approaches in these areas may support goal achievement and the core competency of relationships.	In consensus we decided to rework—This comment highlights that there isn't a strong approach involving suppliers in the action plan to ensure risks are addressed and outcomes can be sustained. The risks associated with having sole source/limited source suppliers is acknowledged in this comment. *** Five of seven examiners had comments about supplier capabilities and/or sustaining outcomes from action plans. I used Ex4 and Ex6's comments as the foundation for this comment and pulled in	a(2,3)

--	Opportunity for Improvement	Rationale	Item Ref.
		some of the terminology from Ex1. I chose to combine these two subareas because they were both focused on deployment characteristics—deployment to suppliers and deployment of outcomes into sustainable gains.	
	Projections of performance across the applicant's full short- and long-term planning horizons are not evident, which may limit the applicant's ability to respond to changes in its market and competitive position. Given the impending merger of two key competitors, quantifying the potential impact of the merger over both horizons may help avoid negative impacts on market share performance.	Ex4 and Ex2 both had comments related to lack of projections across the planning horizons. I chose to include this comment because it is supported with the lack of projections beyond one year in category 7, so supported findings there. The other comment that could have been included was for b, but this one supported findings in another category. "...particularly important in the strategic focus area of finance/growth (market share) due to the impending merger of two key competitors. Quantifying the potential impact of the merger could help to avoid negative impact to market share performance..."	a(6)

Notes

Not included—NOT USING a(4) It is not clear what workforce plans are in place to support ST and LT SOs and APs, and if they are aligned and integrated with the Capability and Capacity Planning Model (Fig. 1.1-1). If workforce plans, supported by appropriate work force capability and capacity, are not in place, the right number of key personnel with appropriate experience and skills may not be available to ensure SO and AP execution.

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one?

Not less than, because the OFIs are in the multiple requirements, with only one major gap in deployment concerning the inclusion of suppliers in the action plan deployment and consideration of the risks associated with having few suppliers responsible for so much of this organization's business. Not above because it is barely IN the 70–85! Certainly not fully responsive to the multiple. Based on lots of discussion ... we landed on 70%.

Item Worksheet—Item 3.1

Voice of the Customer

Relevant Key Factors

1. Internet-based, direct-to-customer boutique distributor of athletic clothes & footwear; products: (1) activewear clothing for women (largest product line) & men. (2) Athletic shoes for men & women (differentiator for many customers). Recently expanded into products to meet special needs of challenged athletes.
2. 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional purchasers (at least annually).
3. Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
4. Additional stakeholders: Advisory Board, collaborators, suppliers, community.
5. 8% market share in % Internet net sales, 73% controlled by large Internet retailers & big-box stores. Remaining 19% divided between 4 key boutique-space competitors: Tip the Scales (7%), Lean Out (6%), Lean Muscle (2%), DZMT (4%). Applicant #1 in activewear clothing & #3 in athletic shoes among key boutique competitors.
6. Business: SA1: superior customer service. SC1: emerging competitors & mergers, SC6: changing customer demands/expectations.

Strengths

++	Strength	Rationale	Item Ref.
X	The systematic VOC Process (Figure 3.1-1) supports the applicant's strategic advantage of superior customer service. A variety of sources provide aggregated data to inform the SPP of actionable intelligence. Sources of VOC data and information (Figure 3.1-2) include all defined customer segments, as well as noncustomers and competitors. The Customer Listening Team regularly deploys VOC learning to Marketing and Sales, the Call Center, and the LT to improve processes and eventually SOPPs.	Initial Independent Review: Supported by all examiners, 6 ADLI and 1 ADI; Ex2, Ex3, and Ex4 supported ++; Comment a combination of Ex2 and Ex7 comments. Ex1 focused one the 4-step VOC process, improving and innovating with ShapeltUp, and then evaluating, modifying and sustaining; Ex2 focused on capturing and using VOC information, varying methods by segmented group, and using VOC for improvement; Ex1 focused on obtaining actionable intelligence; Ex2 also focused on the effective use of Social Media and Web data to obtain browsing patterns and using FITTESS tools to improve processes, with examples; Ex4 added how VOC was deployed (customer listening team to marketing and sales, the Call Center, and the LT), data aggregated; Ex5 noted the improvement of adding the Advisory Board and the importance of the Social Media Team for an online retailer; Ex6 added the use of FitWeb to track buying patterns. In R-2, Ex2 supported ++ and Ex7, Ex6 agreed with the comment.	a(1)
	By obtaining actionable information from former, potential, and competitors'	Initial Independent Review: Supported by Ex2, Ex3, Ex5, Ex6, Ex7. Comment built around	a(2)

++	Strength	Rationale	Item Ref.
	<p>customers (Figure 3.1-2), the applicant may increase its knowledge of changing customer demands/expectations, a strategic challenge. In a 2011 improvement, potential customers and competitors' customers were targeted through social media and the applicant's website. This information is used by the Marketing and Sales and Supplier Management teams and serves as input into the SPP.</p>	<p>comments by Ex7, fine-tuned by others. Ex7 focused on the gathering of actionable information from VOC, service recovery, tracking interests, and use by Marketing and Sales, supplier management teams, and input to SPP; Ex2 noted methods, including Brand Awareness Survey, Focus Groups, Supplier Meetings, and website "Notes of Interest"; Ex3 noted social media added in 2011; Ex5 noted "heard of the street reports; and Ex6 added the purchase of Google Analytics. Wide variance in ADLI: i.e. Ex6—A; Ex2—AD; Ex3—ADLI; Ex5 & Ex7—ADI. R-2: Ex7 recommended adding what the S&M teams use the information for and what step in the SPP to clarify the comment.</p>	
	<p>The applicant's approaches to assessing customer satisfaction and engagement help sustain its strategic advantage of superior customer service. The Guppol survey is used to help determine customer satisfaction, dissatisfaction, and engagement, with a statistically valid sample of customers surveyed with targeted questions monthly. Results are updated monthly and used in conjunction with daily surveys for browsing and purchasing transactions, Ratings and Reviews, and other listening mechanisms to improve the customer experience.</p>	<p>Used the Ex1's feedback- ready comment with the addition of "sustain its strategic advantage of superior customer service" from Ex4. Ex2 added that the Guppol questions are designed to produce actionable results and Results figure 7.2-9; Ex3 noted the periodicity of the reports and using them to assess how the organization is accomplishing its vision; Ex4 asserts the use of the reports to sustain the strategic advantage of superior customer service; Ex5 notes that Guppol questions are unique and statistically validated; Ex7 notes that Guppol data is compared with daily surveys for browsing and purchasing transactions, Rating & Reviews. This captured the essence of other comments ADLI results: Ex7—A; Ex1. Ex2 & ST—AD; Ex4 & Ex5—ADL; and Ex3 ADI. Comment supported by Ex1, Ex2, Ex3, Ex4, Ex5, Ex6, and Ex7. R-2: Ex7 agreed with the intent of the comment, and Ex2 recommended moving the last sentence to earlier in the comment to strengthen the argument. I moved it to become the lead sentence (great improvement).</p>	b(1)
	<p>The applicant's three-pronged approach to gain and analyze information on customer satisfaction relative to satisfaction with competitors may help mitigate the strategic challenge of emerging competitors. The approach includes external (leveraging national athletic media), internal (a brand survey), and social media elements, with the Social Media Team scanning social media to assess levels of customer satisfaction and brand loyalty with the applicant and competitors providing similar products.</p>	<p>Initial Independent Review: Ex1, Ex6, and Ex7 focused on how athletic media comparative analysis, brand surveys, and social media data are used; Ex2 notes Figure 7.2-8 Customer Engagement by Competitor; Ex3 added that the Social Media Team continuously scans media to determine customer satisfaction; Ex4 Note: This is a rather weak strength, since the response to the Criteria questions are sketchy. However, there are several comparison charts in 7.2 (7.2-3 and -8), the latter with a Sratsa.com benchmark, indicating that direct comparison data do exist, and Ex5 focused on the systematic 3-prong approach. Built around Ex5 feedback-ready comment with additions from others. Ex1, Ex2, Ex3, Ex4, Ex5,</p>	b(2)

++	Strength	Rationale	Item Ref.
		Ex6, and Ex7 support comment. ADLI: Ex1, Ex6, Ex7, Ex5—A; Ex3 & Ex4—AL. R-2: Ex4 noted that although this is a weak strength, it is valid and should be included. He does not recommend combining with b(1), as it would be too unwieldy. Ex7 recommended adding more Criteria language. Added “providing similar products.”	

Notes

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Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	It is not clear how the Guppol survey data, information, and insight capture actionable information by market segment to use in exceeding customer expectations and securing long-term engagement. Without such information, the applicant may miss segment-specific opportunities for improvement and innovation, a core competency.	All examiners had b(1) OFI comments. Comment built around Ex1, Ex4, Ex6, Ex7, and Ex5 input. Ex1, Ex5: actionable info.?; Ex2, Ex5, Ex6: long-term customer engagement?; Ex3: engagement vs. disengagement or satisfaction vs. dissatisfaction; Ex4: capitalize of CC innovation to drive improvement; Ex7: not clear what is done with data. Note: Does not address Ex4 input on how the applicant capitalizes on the innovation core competency. A and D. Ex6 and Ex7—A only. R2: Ex7: As is may conflict with STR; Ex4: Caution on being prescriptive (engagement vs. disengagement and satisfaction vs. dissatisfaction); Ex6: stretching Criteria language, i.e., use of “loyalty”. Actions: removed “loyalty.” Rewrote comment to align with all input. Now focused on securing info. by market segment.	b(1)
	It is unclear how the applicant obtains information on customer satisfaction relative to organizations that are not direct competitors (e.g., other Internet retailers) or outside the applicant’s market niche (e.g., large retailers) or to best-in-class Internet retailers. Considering the strategic challenge of emerging competitors and mergers, the applicant may benefit from obtaining information on customer satisfaction relative to satisfaction with such retailers outside the activewear/athletic footwear Internet market.	Based on input from Ex1 and Ex7, using Ex1 feedback-ready comment. Ex7: Not clear how information is obtained on customer satisfaction relative to the other organizations that provide similar products or to industry benchmarks. Approach (A) only. R2: Ex2: Good catch, could be a significant blind spot. Ex7: OK with OFI.	b(2)

Notes

3.1 a(1) OFIs were not used. Ex1 indicated that she is not sure how strong an OFI this is or if it should be added. Ex1 and Ex7 noted that it is unclear if or how listening methods vary across the customer life cycle. Ex4 noted that no real-time actionable intelligence is gathered; it is all after-the-fact. Can add as an OFI if the team desires. Please review Ex4 and Ex6 a(1), b(1) comments before consensus.

Scoring

Score Value: 65

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

50–65%: Effective, systematic approach for overall requirements is evident and deployed. The VOC process is a double strength and has a strong innovation and improvement component, with multiple aligned processes (SPP, ShapeltUp, SustainIt, FITTESS).

Examples of learning included the deployment of the Social Media Team and the Advisory Board.

B(2) is a weak Strength.

70–75%: The applicant is not strong or mature in addressing multiple requirements: i.e., potential customers, customer dissatisfaction, listening methods across the life cycle.

Item Worksheet—Item 3.2

Customer Engagement

Relevant Key Factors

1. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. CC1: relationships, CC2: innovation, CC3: fitness.
3. 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional purchasers (at least annually).
4. Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
5. Business: SC1: emerging competitors & mergers, SC6: changing customer demands/expectations.
6. PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation ("I" of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
	<p>Use of the VOC process (Figure 3.1-1) to gather information aids the applicant in meeting customer and market requirements. The information serves as input to a SWOT analysis that identifies opportunities to adapt existing products and services or identifies new ones. Cross-functional teams—and in some cases, customer representatives—guide new products through the development approach. In 2014, a product line targeting a new customer segment, challenged athletes, resulted from this process.</p>	<p>Comment built around Ex3 comment, with additions from Ex2, Ex6, Ex5, Ex7, and Ex4. Ex2 focused on identifying entirely new markets to enter and the value of analysis of Witter feeds by the Social Media Team. Ex4 focused on using the VOC process to feed the SPP to identify new customers and offerings. Ex6 focused on using VOC process to make informed strategic product decisions. Ex5 noted new product line the result of a cycle of learning.</p> <p>R2: Combined the last two sentences as recommended by Ex7 and changed "shepherd new products" to "guide," good catch.</p>	a(1)
	<p>The applicant's approach to building and managing customer relationships, and to managing and enhancing its brand image, is aligned with a core competency, the mission, and a KWS. These are supported by the VOC Process (Figure 3.1-1) and the Social Media Team. Multiple mechanisms—which are improved annually—include the redesigned FitWeb, a new mobile</p>	<p>Strength supported by: Ex1, Ex2, Ex3, Ex4, Ex5, and Ex7. ADLI: Ex1, Ex3; ADL: Ex2, Ex4, Ex5, Ex7. Note: Ex2 recommended a ++. Recommend the group listen to his rationale. Aligned with MVV, core competency of relationships, and the customer relations key work system. Built around Ex5 comment with supporting or validating information from all others. Ex1: Multiple, integrated methods are used to build, manage customer relationships, including social media. Ex2: use of</p>	b(1)

++	Strength	Rationale	Item Ref.
	app, social media, national magazine ads, and an expanded fitness topic resource.	<p>website and mobile apps to build customer relationships and the value of customer profile. Ex3: Redesign of the web site provides enhanced relationship building and communication approaches. Ex4: Social Media Team leverages power of media platforms. Ex7: Applicant manages customer relationships and brand image through multiple approaches.</p> <p>R2: Ex4: a(3) and b(1) strengths both deal with CC of relationships. Need to keep separate however and give b(1) a higher importance (done). Ex7: Flow.</p> <p>Consensus was not to double.</p>	
	Leveraging the core competency of relationships, the applicant analyzes browsing and purchasing patterns to identify current and anticipate future customer segments and to target marketing to each segment based on behavior. For example, special promotions, surveys, or digital ads attempt to convert lurkers into engaged customers. All customer groups and segments are assessed during semiannual market analytic, and Marketing Now is used to focus marketing campaigns.	<p>Strength supported by Ex1, Ex2, Ex3, Ex6, and Ex7. Ex1: AD. Ex2, Ex3: ADLI. Ex7: A. Ex6: ALI. Tied to core competency: relationships. Integrated with SPP. Supported by big data, analytics. The feedback-ready comment from Ex1 captures the essence. Ex2: emphasized the value of segmenting customers through analysis. Ex3: using the website to segment customer groups. Ex6: utilizing analysis of IP adders, customer buying and browsing habits to determine segments. Ex7: applicant determines customer segments using a market analytics tool in Phase I of SPP.</p> <p>R2: Ex7: Does this duplicate the 3.1b(1) strength? 3.1b focus is on utilizing the Guppol Survey to assess customer service and engagement, supporting the strategic advantage of superior customer service. 3.2a(3) focuses on using the Marketing Now Sales Analytics tool to identify customer segments and then develop targeted marketing campaigns. Consensus: created phrase "to convert lurkers into engaged customers" per Ex3.</p>	a(3)
	Meeting a key customer requirement identified as the "heart of the company," providing easy electronic transactions enables the applicant to build and manage customer relationships. Information from VOC mechanisms serves as the basis for evidence-based business decisions, allowing continual improve of ease of use and the online experience. Enhancements include a mobile app and the redesign of FitWeb, which now includes an online chat function, an online hotline, an expanded customer profile, and online "Notes of Interest."	<p>Note: Ex3 listed as ++. Team needs to review his rationale. Built around Ex5, Ex3, and Ex4 comments, supported by others. Ex1: Multiple mechanisms have been implemented and refined over time. Ex2: Notes mobile app, website redesign, and new contact features. Ex3: notes value of SOPPs, not added. Ex5: focused on ease of transactions as a key customer requirement and "heart of the company." Ex4: noted maintains strategic advantage of superior customer service. Ex2, Ex3, and Ex5: ADLI. Ex1: ADL. Ex4: ADI.</p> <p>R2: Moved to the last position at the recommendation of Ex7, I concur. Recommends clarifying comment "intent."</p>	a(2)

Notes

3.2 b(2) STRENGTH DELETED in consensus:

The applicant uses its Complaint Management Process (Fig. 3.2-1), Klagen system and FitReview processes to systematically resolve and learn from customer complaints. Customer service specialists are empowered to resolve most complaints, and an escalation process is in place for those that cannot be resolved at that level, ultimately using ShapeltUp teams to resolve or take action within seven days. Data is aggregated, analyzed, trended and reports are generated and reviewed as part of the FitReview process (Fig. 4.1-4). This systematic approach supports the applicant's customer requirement of call taker empowered to fix problems.

Two examiners felt that the 3.2b(2) deleted strength could have coexisted with the 3.2b(2) strength. Deleted according to the consensus.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	It is unclear how the applicant's management of complaints enables recovery of customers' confidence and enhancement of their satisfaction and engagement. For example, how the applicant verifies or measures the effectiveness of resolution is unclear. Without such an approach, the applicant may miss opportunities to use complaint resolution to rebuild or enhance customer relationships, a core competency.	Ex1 and Ex6 supported an OFI for b(2). The comment is built around Ex1's statements, with addition from Ex6. Ex6: stated that utilizing complaint data to avoid similar complaints in the future is not clear. How the process is used to recover customer confidence and enhance satisfaction and engagement are not clear. He noted the value in building relationships with the customer. Ex1: LI; Ex6: A. R2: Ex4 recommended adding this OFI. Ex1 concurred and recommended the team consider dropping the b(2) strength, that this has more value for the applicant. Ex2 recommended the consideration of dropping the a(2) or b(1) OFI if this one was added; Ex3 agreed with Ex4's comments.	b(2)
	It is not evident how the applicant uses its VOC approaches (Figures 3.1-1 and 3.1-2) to identify and adapt product offerings to enter new markets, attract new customers, and expand customer relationships. For example, it is not clear how insights and trends from trade shows are translated into the product portfolio or how product features are differentiated from those of competitors. An approach in this area may help address the applicant's strategic challenge of meeting changing customer demands and expectations.	REVISED using consensus input. If approved, the original a(1) OFI will be deleted. —Reviewed 3.2a note as recommended by Ex7. —Tightened language as recommended by Ex3. —Made a concerted effort to be more "direct and tactical" as recommended by Ex4.	a(1)

Notes

Note: Ex3 had no OFIs for 3.2.

3.2: Ex4 and Ex7 had b(1) comments. (not used)

3.2: Ex1 and Ex6 had b(2) comments. (not used), NOW USED

We may want to entertain adding one of these OFIs and deleting or combining STRs. I selected the mainstream

comments of the team with the strongest justifications.

a(1,3) OFI DELETED during consensus. It is not evident how the applicant identifies market needs and requirements for products and services, and then adapts product offerings to attract new customers or expand relationships with current customers. Also, while the applicant uses market analytics in Phase 1 of the SPP to determine its customer groups and market segments, it is not evident how the applicant uses this information to attract competitor's customers and new customer markets, or how to pursue business growth. Clearly defined processes to engage customers in forward-looking offerings and growth opportunities may help the applicant achieve online growth targets.

ORIGINAL a(1) OFI read as follows: While the applicant has processes in place for listening to its customers (Fig. 3.1-2) and analyzing the information (Fig. 3.1-1), it is not clear how this information is then used to determine customer and market needs, identify and adapt product offerings to customer requirements or expand relationships with current customers. The applicant indicates that the Marketing and Sales Team attends trade shows to identify trends, but the process of translating these insights into the portfolio of products is not described. This may be important as the applicant addresses its strategic challenge of meeting changing customer demands and expectations. RATIONALE: This comment is built around the feedback-ready comment from Ex7 with the addition of the second sentence from Ex1's comment to support the thesis.

R2: This OFI was added because multiple team members felt the a(1,3) comment either conflicted with the a(3) strength, needed differentiation to be clear, or was confusing in messaging (Ex4, Ex2, Ex7) DELETED in favor of the new comment revised during consensus.

Scoring

Score Value: 65

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

The comments are at the intersection of 65 and 70%.

All requirements are met for the 50–65 level with strong alignment to the profile.

For the 70–85 level, effective systematic approaches are deployed, but the applicant does not regularly meet multiple requirements; the approaches are fully deployed with few weaknesses or gaps; innovation is weak; and integration with future organizational needs is weak.

MAY BE MODIFIED DUE TO POSSIBLE ADDITION/DELETION OF STRENGTHS AND OFIS DURING CONSENSUS.

Item Worksheet—Item 4.1

Measurement, Analysis, and Improvement of Organizational Performance

Relevant Key Factors

1. Software & application technologies from RBR, DmQuilter, PIII, SimblLogic, & in-house application development capability for integration of multiple technologies. Over \$5M invested in completely rewriting corporate website over last 6 years.
2. Customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
3. Additional stakeholders: Advisory Board, collaborators, suppliers, community.
4. University Fitness Center, Looper Clinic, Fit Magazine, URAthlete for latest research on product development, new fitness trends. Communication: email, partner portal, regular meetings.
5. In industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer). External to industry: Baseline & Rich (Financial), JWStrength (customer), ATE/Expert Best Places to Work/OSHA/USDOL/USBLS (workforce), FTC/ISO9001:2015 (regulatory), The Insight Board (leadership), Inspired by ISO 26000 (societal/community). Limitations: 1) Obtaining timely comparative data in rapid-growth market; 2) securing volume & process data from 2 privately & 2 publicly held key competitors.
6. PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation ("I" of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant supports its strategic advantage of focus on continuous improvement through its FitTracking Process (Figure 4.1-1), which integrates definition of goals and APs from the SPP with selection of appropriate measures. The process also incorporates selection of comparative data, performance analysis and reviews, and best practice identification. The systematic tracking of these measures allows for performance measurement, analysis, review, and improvements toward the achievement of the applicant's key organizational results and SOs.</p>	<p>Consensus: The decision was not to double.</p> <p>After R2—two examiners, Ex5 and Ex7, questioned the double plus, so I will make it a consensus script question to explore.</p> <p>Before R2—All examiners had a a(1) strength comments with high similarity, one double plus. OFIs by Ex3 and Ex6 list two separate concerns, but both also include a strong strength about the FitTracking Process. Five examiners show ADLI, while two did not see the Integration. Although only one ++ was evident in the individual work, decided to make this comment a double plus due to its significance to the applicant's vision to "Be the #1 ...," with measurement and performance management providing much of the engine to accomplish this. Key factors 1, Facilities and Technology—Software and Applications, and 5. Comparative data.</p>	a(1)
	<p>Understanding its performance objectively compared to others supports the</p>	<p>6 examiners commented, Ex3, Ex4, Ex2, Ex1, Ex6, Ex7. With 3 ADLI, and one each of ADL, AD,</p>	a(2)

++	Strength	Rationale	Item Ref.
	<p>applicant's management of the strategic challenge of emerging competitors and mergers. With the Comparative Selection Process (Figure 4.1-3), the applicant determines appropriate and effective comparative sources and levels for key FitMeasures. It draws from five key comparative sources, with the target set at the top 10% and included in appropriate dashboards to monitor performance. The applicant has increased its use of comparatives for key FitMeasures from 10% to 65% (Figure 4.1-4).</p>	<p>AI. One marked this as a double plus. Two OFIs on this item response (Ex1 and Ex6) both focus on the lack of evidence that comparative data is used to support operational decision making, which questions the strength of deployment and integration. However, the demonstrated expansion of use of comparative data from 10% to 65% shows a strength, even if not fully integrated into operations. One more OFI from Ex5 questioned the completeness of their comparative data selection, which was an outlier comment and close to conflicting with the strength comment.</p> <p>Key factors for this item are 3 Stakeholder groups and 5 Comparative data.</p>	
	<p>The applicant uses VOC and market data to support its mission to delight customers always. The VOC process (Figure 3.1-1) and key Listening and Learning Mechanisms (Figure 3.1-2) serve as an input to the SPP. Information is captured, analyzed, and trended weekly and shared across the company, with a monthly summary report to the LT and the Social Media Team researching and responding to negative comments. Information is deployed through APs, L&D, and KWSS.</p>	<p>After R2—Rewrote first two sentences to read more effectively based on suggestions by Ex5.</p> <p>Before R2—Four examiners responded to this item, two ADLI, one each ADL and A. The two OFIs from Ex3 and Ex7 and indicated in the strength comment by Ex6, some examiners were looking for a more systematic use of the VOC information. The information is provided into several management processes as described above, but how it is actually used is less clear, so the strength comment stops short of indicating that we can see evidence of how VOC information is used to “build a more Customer-focused culture to support operational decision making.”</p> <p>The key factors that relate most closely to this response are 1 Facilities and Technology—Software and Applications, and 2 Customer Requirements.</p>	a(3)
	<p>The applicant's organizational performance review processes help reinforce its strategic advantage of focus on continuous improvement. Steps 4 and 5 of FitTracking involve multiple performance reviews. Nine different forums are defined for reviewing organizational performance, with various audiences and frequencies (Figure 4.1-4). Performance analysis and review methods help ensure that measures are aligned with strategy, performance is assessed using a balanced set of measures, performance results are analyzed, and improvement plans are developed and implemented.</p>	<p>Five examiners (Ex5, Ex7, Ex2, Ex3, Ex1) saw strength in the applicant's performance analysis and review processes. Three saw ADLI, while two others did not feel integration was evident. Three OFIs for 4.1b, each that combined thoughts for b and c(3). The theme running through them for b was that it was not clear how the applicant used performance reviews to respond to rapidly changing organizational needs and the need for transformational change. The strength statement above focuses on the review process and continuous improvement.</p> <p>The key factors for this item are 1 Software and Applications, 3 Stakeholder Groups, and 6 Performance Excellence System.</p>	b

Notes

After R2—moved a(2) up above a(3) and b per Ex7 recommendation. Also, Ex3 feels strongly we should consider an a(4) strength as discussed below in the Before R2 notes, so I will add it to the consensus script to be sure it is discussed. Before R2. Only Ex3 noted a(4) as a strength, who saw the annual system reviews and ongoing performance reviews as evidence of measurement agility, while Ex5 saw it as an OFI, and other examiners did not see enough evidence to comment. I decided to leave this comment as an outlier for now, and not include a strength or an OFI. But I can see that this Criteria requirement is especially critical to an Internet sales company, and may warrant comment to the applicant.

4.1c(1) four examiners ranked as a strength, two ADLI and one each AD and AL. One examiner gave it a double plus Ex2. One OFI for this item Ex4. Chose not to include as a strength or OFI comment as I felt the other strength and OFI comments were of greater importance to the applicant.

4.1c(2) Only two examiners, Ex2 and AL. commented with a strength. Two OFIs from Ex4 and Ex7. Decided this one was an outlier as a strength comment, and did not include it.

4.1c(3) Three examiners commented as a strength with ADLI, but four OFI comments relate to c(3) so it was not included as a strength, but rather as an OFI.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	It is not clear how the applicant uses performance reviews to respond rapidly to the need for transformational change or how it uses findings from performance reviews to develop priorities for innovation. For example, how FitReview findings are translated into priorities for innovation or the need for transformational change is not evident. Since innovation is a core competency and organizational value, clearly defined processes for innovation may support the development of future products and services.	Five examiners created OFI comments. Two specifically for c(3) Ex7, Ex1, and three for b, c(3) Ex6, Ex4, Ex3. All indicated approach, two also identified integration, one indicated learning. A common thread through all was that it was not clear how performance reviews were used to identify the need for rapid response, for transformational change, and to identify opportunities for Innovation. Given the applicant's strategic advantages and challenges, this is a very important consideration. Key factors considered were 4 Collaboration and 6 Performance Excellence System.	b, c(3)
	It is not clear how the applicant uses VOC information in building a more customer-focused culture or in operational decision making, other than as an input into the SPP. For example, how the applicant uses Guppul customer satisfaction data—other than to update the intranet and monitor browsing and purchasing data—to drive evidence-based decision making is not clear. Approaches in this area may inform actions in support of “clothing our customers for a fit life and delighting them, always.”	After R2—moved up the “it is not clear” statement to the first sentence per comment by AM and Ex5, and changed the “so what” to read from a positive perspective per suggestion from Ex3. Before R2—only 3 examiners commented on this item, but their points were good, and this topic is important to the applicant. One OFI comment relates directly to this item (Ex7), and another relates to a(1,3) (Ex3). And the a(3) strength comment from Ex6 indicates the need for a more systematic approach to using VOC to build a more customer-focused culture. One examiner identified A—Approach and one saw AD—approach deployment. Key factors for this item are 2 Customer requirements and 3 Stakeholder groups.	a(3)

Notes

4.1a(1) has two OFI comments from Ex3 and AD, did not feel they were significant enough to make it an overall OFI,

and felt it was in danger of creating a conflict to the strong strength given to this item.

4.1a(2) Three examiners identified a(2) as an OFI. Two comments, Ex1 and Ex6, said it was not clear how comparative data are used to build a more customer-focused culture and for operational decision making. They identified Approach, and Approach Integration. While these are important considerations, I did not feel it rose to an OFI level compared to others that are included. Ex5 questioned their data comparison selection process as being incomplete. It was the only comment on this, so I held it out as an outlier.

4.1 a(4) Only one comment from Ex5, questioning if the performance measurement system can identify and respond with agility to rapidly changing external environment. This concern was covered in the b, c(3) OFI above.

4.1b Three examiners had OFI comments for b, c(3), Ex3, Ex4, AL, which was covered under the b, c(3) OFI above.

4.1c(1) Ex4 questions why the applicant is not more successful at deploying best practices. This is the only comment on this issue and it did not raise to the level of an OFI for consensus.

4.1c(2) Both Ex7 and Ex4 felt it was not clear how the applicant uses comparative data in its performance projections process. This is an important comment, but it did not rise into the 6 comments as more critical than the other comments. They saw the attributes as approach and learning.

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one?

After R2—Ex6 and Ex1 made arguments for a higher range. Ex1 stated “since our OFIs identify some gaps in only a few multiple requirements.” I can agree with the higher range but the lowest score within it.

Before R2—Above 50–65 would mean it meets the requirement of being responsive to multiple requirements of the item; the gaps identified I feel match closer to the overall requirements of the item.

Below 50–65 would require only meeting the basic requirements of the item, which I feel the applicant has grown beyond.

Item Worksheet—Item 4.2

Knowledge Management, Information, and Information Technology

Relevant Key Factors

1. 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/. All Call Center team members are fitness enthusiasts. Call Center team members hold fitness certifications. Tenure: 11% <= 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs. 42% Black; 38% White; 11% Hispanic; 6% Asian; 3% Other. No organized bargaining units.
2. Software & application technologies from RBR, DrmQuilter, PIII, SimblLogic, & in-house application development capability for integration of multiple technologies. Over \$5M invested in completely rewriting corporate website over last 6 years.
3. Customer support—24-hour hotline, online chat w/support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers’ profiles (all).
4. Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.
5. SC2: Cyber security
6. SA1: superior customer service
7. 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation (“I” of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
X	To meet the cyber security strategic challenge, the applicant ensures the security of information through a multilevel secure data warehouse, with passwords and PINs that meet ISO 27001 standards, and third-party audit verification. Secure portals exist for all team members and for relevant key suppliers. Layered security protects networks, including perimeter firewalls, server and workstation firewalls, antivirus and antimalware software, regular security patches, and data and transport encryption. All team members receive annual cyber security training.	Six examiners wrote highly consistent strength comments, summarized above. Ex1, Ex5, Ex7, Ex4, Ex6, Ex3. All indicated there was an Approach, 4 saw Deployment, two Integration, and one Learning. The key factors for this comment are 1 Team Member Profile, 2 software and applications, 5 SC2 cyber security, and 7 performance improvement system.	b(2)
	Supporting the strategic advantage of superior customer service, the applicant ensures that hardware and software systems, data, and information continue to be secure and available through a five-level Emergency Operations Plan, daily testing and 24-hour	After R2—Updated language, better readability suggested by Ex5. Before R2—Seven examiners wrote strength comments on this item, with one rating it as a double plus. Ex5, Ex2, Ex4, Ex6, Ex7, Ex3,	b(5)

++	Strength	Rationale	Item Ref.
	<p>monitoring of firewalls, and nightly systemwide backups of critical information and data. Testing and drills are conducted, and an Independent disaster recovery datacenter stores a replica of critical data. Email, the catalogue, the ordering system, and network files are replicated every 15 minutes.</p>	<p>Ex1. Comments were consistent and summarized above with the common key points. All examiners indicated both Approach and Deployment, with four including learning, and one vote for Integration.</p> <p>Key factors are 2 Software and Applications, 3 Customer requirements, and 6 SA1: Superior Customer Service</p>	
	<p>The applicant's knowledge management approaches help it meet key customer requirements and maintain its culture of performance excellence. Mechanisms exist for transferring knowledge to the workforce (e.g., Figure 1.1-2, SOPPs, the L&D System, and the SustainIt Portal), to and from customers (e.g., catalogues, inquiries, and FitWeb), and to and from suppliers and collaborators (e.g., Figure 1.1-2, inclusion in improvement initiatives).</p>	<p>After R2—Changed inquires to inquiries per suggestion from Ex5.</p> <p>Before R2—Six examiners—Ex4, Ex2, Ex5, Ex7, Ex3, Ex6—identified this as a strength, with fairly common and consistent reasons and examples summarized above. Everyone identified Approach and Deployment (AD), four indicated Learning, while three Integration.</p> <p>The key factors related to this item are 1 Team Member Profile, 3 Customer Requirements, and 4 Key Suppliers.</p>	a(1)
	<p>The applicant verifies and ensures the quality of data and information through a variety of approaches across multiple technologies to support its vision to be the #1 Internet-preferred activewear and shoe resource in the nation. Approaches are in place for accuracy, integrity, and reliability (Figure 4.2-2). Improvements realized from annual reviews include the implementation of a survey, improved accuracy of data capture for web ordering, and a change in the implementation of third-party assessments from annual to semiannual.</p>	<p>After R2—Several grammatical corrections identified by Ex5.</p> <p>Before R2—4.2b(1). Five examiners; Ex5, Ex1, Ex6, Ex3, Ex7, rated this as a strength, several combining in security b(2), which I have chosen to separate out as many strengths comments relate to their security practices. Ex5, Ex1, Ex6, Ex3, Ex7, with all indicating ADL, and two adding Integration.</p> <p>The key factors relevant here are 2. Software and Applications, and 7 Performance Improvement System.</p>	b(1)

Notes

After R2—Moved b(2) and b(5) above a(1) per suggestion by Ex6. Also, comment by Ex7 that this category should be a strong area for this applicant, if not should OFIs be stronger? Will make this a consensus script issue.

Before R2—4.2a(1) has a strong strength as well as a strong OFI, for different requirements of the Criteria. I believe they are not in conflict but need to be careful how each is worded to avoid the appearance of a conflict.

4.2a(2) only one strength reported (Ex2), as the second strength is really more of an OFI statement. This strength is considered an outlier.

4.2b(3) only one strength comment (Ex2), and although Ex2 still feels there is a strength here, it would not rise into the top 6 comments, so it will be left out of consensus.

4.2b(4) Four examiners rated this as a strength, and found that the applicant has a systematic process for hardware and software properties. AD, Ex2, Ex6, Ex7, all citing approach, three deployment, two integration, and one learning. This, however, does not appear to be as strong a strength as the others selected for consensus comment above, so it is not included in the final strengths.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	<p>It is not evident how the applicant blends data and information from its various internal and external resources to build new knowledge, or how it assembles relevant knowledge for use in its innovation processes, which is identified as a core competency. This may limit the company's ability to develop new insights that drive innovation.</p>	<p>After R2—Removed “and transfers” from comment, if the knowledge is not assembled, clearly it is not transferred. Suggestion from Ex6.</p> <p>Before R2—Six examiners identified OFIs for 4.2a(1), with similar themes as captured in the above statement. Ex1, Ex2, Ex4, Ex6, Ex5, Ex7. Two identified ADLI, one AI, and one just A. Two did not indicate. The OFI represents a portion of the Criteria, and is not in conflict with the strength, but does keep the strength from becoming a double plus.</p> <p>Key factors are 2 Software and Applications and 7 Performance Improvement System.</p>	a(1)
	<p>It is not evident how the applicant sustains its culture of excellence by embedding organizational learning into the way it operates. For example, it is not clear how the five elements of the PES (Figure P.2-4) are used in this manner, or how learnings that are captured and housed in the SustainIt Portal are integrated into processes and measurement systems to ensure that they are systematized for ongoing use by team members.</p>	<p>Four examiners identified a(2) as an OFI, Ex1, Ex7, Ex4, Ex3. They all indicated Approach, two Integration, and one Deployment and Learning. Only one examiner saw it as a strength, and one identified it as both a strength and an OFI. The difficulty is the organization has an unclear approach, and on review it does appear that the applicant fails to explain their approach to embedding learning into the organization.</p> <p>The key factors that fit are 2 Software and Applications and 7 Performance Improvement System.</p>	a(2)

Notes

4.2a(1) has a strong strength as well as a strong OFI, for different requirements of the Criteria. I believe they are not in conflict but need to be careful how each is worded to avoid the appearance of a conflict.

4.2b(2) Ex5 makes a good point about the importance of cyber security, but it is offset in b(2) by a significant number of strengths that see security as effective at the applicant. It is not included as an OFI.

4.2b(3) Two examiners saw this as a OFI, Ex3 and Ex7. One saw Approach Deployment, one Approach Learning. While the applicant does not explicitly explain its approach to availability and user-friendliness, it does describe efforts to ensure these characteristics. This appears to be an outlier comment and is not included in the final set of comments.

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one?

After Consensus—agreed to raise to 70–85% range and 70 score.

After R2—Ex6 suggests higher score than 50–65, Ex7 also wondered if the score should be higher.

Before R2—Above would mean it meets the requirement of being responsive to multiple requirements of the item. The gaps identified I feel match closer to the overall requirements of the item. Below would require only meeting the basic requirements of the item, which I feel the applicant has grown beyond.

Item Worksheet—Item 5.1

Workforce Environment

Relevant Key Factors

1. 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/. All Call Center team members are fitness enthusiasts. Call Center team members hold fitness certifications. Tenure: 11% <= 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs. 42% Black; 38% White; 11% Hispanic; 6% Asian; 3% Other. No organized bargaining units.
2. Vary slightly by workforce segment; include teamwork, recognition, pride in work, opportunity to grow, communication, professional development/technical training (for IT & Ops Support).
3. Basic health/safety requirements in office environment; warehouse & fulfillment areas: required to training in hazard communications, lockout/tagout, lifting/handling, fire extinguishers. Team members who drive forklifts certified in forklift safety.
4. Workforce: SC7: retaining skilled team members in competitive boutique athlete market.
5. SA7: highly engaged team members.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant’s Capability and Capacity Planning Model (Figure 5.1-1), integrated with the SPP to assess workforce needs, helps address the strategic challenge of retaining skilled team members. With the model, the People Team evaluates the current state of the workforce, forecasts the future state, reviews the forecast against benchmarks, and develops plans to close gaps. The process is reviewed annually; the benchmarking step is a recent addition.</p>	<p>***CONSENSUS—COMMENT STANDS AS IS CHANGED THE RELEVANCE TO ... MAY ADDRESS THE SC OF RETAINING SKILLED TEAM MEMBERS ... PER TEAM FEEDBACK.</p> <p>Identified as a strength by seven examiners. Approach addresses 5.1a(1). Approach may address strategic challenge of retaining skilled team members in competitive boutique athlete market. There was one OFI for this approach, regarding clarity of how the model addresses expansion of warehouse. This can be addressed without conflict in the OFI section.</p> <p>*****Removed “... and may aid in retention of skilled team members in competitive boutique athlete market” per feedback from backup (used in a[2] comment).</p>	a(1)
	<p>The applicant’s recruiting, hiring, and onboarding approaches may aid in the retention of skilled team members in the competitive online boutique athletic market. The applicant posts positions internally and with a wide variety of external media. After screening, candidates undergo a behavioral-based interview. New team members participate in FitWelcome! A 2013 ShapeltUp analysis resulted in a standardized onboarding process and</p>	<p>****CONSENSUS—RESOLVED CONFLICT BY GIVING APPLICANT CREDIT JUST FOR ITS RECRUITMENT, HIRING AND ONBOARDING PROCESSES.... COMMENT REWRITTEN TO REFLECT THIS CONSENSUS</p> <p>*****A POSSIBLE WAY TO RESOLVE CONFLICT BETWEEN THIS AND A(2) OFI IS TO REMOVE THE WORD DIVERSE AND INCLUDE MORE OF THE RECRUITING, HIRING, AND ONBOARDING PROCESSES</p>	a(2)

++	Strength	Rationale	Item Ref.
	<p>repository of information for new team members, the introduction of FitBuddy, and a welcome lunch with the CEO.</p>	<p>WITHIN THIS COMMENT.... QUICK DISCUSSION DURING CONSENSUS ... I'LL TRY TO HAVE A POTENTIAL COMMENT READY IF THAT IS WHERE THE TEAM WANTS TO GO.</p> <p>Included as strength for the following: Identified as a strength by six examiners (Ex1, Ex2, Ex3, Ex4, Ex6, Ex7). Uses information from Capability & Capacity Planning Model (5.1-1) and RNAs. May address strategic challenge of hiring and retaining workers. Aligns with SA of engaged workforce through team member referrals, values, & FitFul Pledge.</p> <p>*****Rewrote comment based on backup feedback.</p>	
	<p>The applicant supports team members through services and benefit choices that may be tailored to meet individual needs, including financial, health, professional development, work-life balance, and others. With the addition of the fitness center and the WellFit Program, these services and benefit choices support the applicant's core competency of fitness and may help the applicant achieve its SO of improving overall employee engagement.</p>	<p>****CONSENSUS COMMENT STANDS AS IS. CHANGED CORE VALUE TO CORE COMPETENCY IN LAST SENTENCE.</p> <p>Included as a strength for the following reasons: Identified as a strength by five examiners (Ex1, Ex3, Ex4, Ex6, Ex7). Benefits are not a workforce engagement factor. While doesn't support any of the workforce engagement factors, believe it is an expectation for many workers and does support applicant's value of Fitness as well as SO of improving employee engagement and increasing WellFit participation to 80%. While there are b(2) OFIs, this strength is for providing benefits that support the workforce. The OFIs are for no clarity whether benefits are available to all team members in all locations or if the benefits/policies are tailored to the unique needs of diverse workforce</p> <p>*****Tweaked comment based on feedback from backup.</p>	b(2)
	<p>The applicant's approaches to workplace environmental factors respond to the workforce engagement factor of pride in work. Measurable work environmental goals for health, security, and access are segmented by workforce groups (Figure 5.1-2). Improvements in parking lot lighting reduced team member concerns, and a ShapeltUp analysis that changed forklift training has decreased injuries. Processes and policies are supported by SOPPs and reinforced in coach rounding and in training.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS.</p> <p>Included as a strength for these reasons: Identified as strength by three examiners (Ex2, Ex5, Ex7). The Criteria ask for performance measures & improvement goals, which are in Fig. 5.1-2. This strength comment addresses this part of the Criteria. Two examiners identified b(1) OFI for little description of methods used to assure workplace safety, security, and access issues (identified in P.1-3 and Fig. 5.1-2) for different work environments. The second part of the Criteria asks for significant differences in the factors and their performance measures or targets for different workplace environments. Fig. 5.1-2 does address that to some point</p>	b(1)

++	Strength	Rationale	Item Ref.
		<p>between warehouse and everyone else. At this point, the OFI doesn't conflict with the strength as written.</p> <p>****Clarified second sentence based on feedback from backup</p>	

Notes

a(4) comment deleted at consensus: The workforce is prepared for changing capability and capacity needs through leadership communications. (NOTE: Left this here as possible strength if team feels warranted) THREE COMMENTS FROM TEAM SUGGESTING REMOVAL OF THIS STRENGTH AS IT IS WEAK COMPARED TO OTHER COMMENTS. TOTAL NUMBER OF COMMENTS SUGGEST IT CAN BE DELETED. HOWEVER, SOME TEAM MEMBERS DISAGREE WITH THE A(4) OFI AND SAY THE ORGANIZATION IS PREPARED FOR CHANGING CAPACITY AND CAPABILITY. I'LL LEAVE THIS HERE FOR NOW FOR DISCUSSION IN CONJUNCTION WITH THE A(4) OFI.

***CONSENSUS—COMMENT DELETED Identified as a strength by three examiners (Ex3, Ex5, Ex6) Does support workforce engagement factor of communication However, conflicts with the a(1) OFI in the notes and the a(4) OFIs These observations are for the leadership communications that happen when there is a change in workforce capability or capacity, not necessarily how the applicant prepares its workforce for changing capability/capacity (manage workforce to ensure continuity, prevent reductions, minimize reductions, prepare for & manage periods of workforce growth, prepare for changes in organizational structure & work systems) as asked by the criteria. Applicant may benefit from an OFI regarding the process of preparing its workforce for changes, especially in light of the increase in warehouse space & hiring of new workers that may affect warehouse worker engagement if applicant doesn't prepare them for what is coming. Or may affect engagement if decision to use contract.

Did not use a(3) strength from one examiner (applicant organizes the workforce into functional groups with SOPPS defining standardized work, and APs for project work) for the following reasons: 1) several examiners noted this as an OFI, 2) while comment may be important, there are other strengths that are more important to the applicant.

One examiner identified an a(1) OFI regarding how the applicant is managing capability/capacity & recruitment of additional warehouse and related personnel to handle the increase in warehouse capacity and number of SKUs. Given the importance of this endeavor, would have expected this issue to be mentioned at least as an example of how the planning model works or have it in the action plans in Fig. 2.1-3. There are more than 200 people working in the three warehouses (25% of the workforce), and there is almost nothing in the application about this function. This hopefully was represented in the a(4) OFI comment below.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	<p>It is not clear how the functional department/cross-functional team organization of the workforce leverages the applicant's core competencies of innovation, relationships, and fitness, or how the approach reinforces customer focus. Approaches in these areas may help the applicant leverage workforce management processes to drive the mission to delight customers always.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS, AS IT SUPPORTS THE KEY THEM OF CAPITALIZING ON CORE COMPETENCIES. TEAM CONFLICT ON WHETHER TO NARROW OR LEAVE AS IS.... CONSENSUS ITEM.</p> <p>Identified as an opportunity for improvement by six examiners (Ex1, Ex3, Ex4, Ex5, Ex6, Ex7). Applicant organized into functional departments and also in cross-functional teams, either standing or project-based to accomplish the work of the organization. Unclear how this approach to work accomplishment leverages core competencies or reinforces customer focus. 1.1 set stage for creating the environment, but isn't clear how they organize and manage the workforce to make that happen and</p>	a(3)

--	Opportunity for Improvement	Rationale	Item Ref.
		<p>gain the strategic advantage of highly engaged team members.</p> <p>Note: Customer and business focus are reinforced by aligning the mission and vision through the APs and QCPs. Perhaps the comment should just be for how the applicant's workforce is organized; it is not clear on how it capitalizes on the core competencies.</p>	
	<p>The applicant's diversity recruiting goals do not appear to mirror or to be segmented to represent the diverse ideas, cultures, and thinking of the applicant's customer community. Ensuring diversity that represents the customer base may provide an opportunity to benefit from the diversity of the customer community to increase opportunities for high performance.</p>	<p>****CONSENSUS—COMMENT STANDS AS DIVERSITY ISSUE RESOLVED BY REMOVING THE REFERENCE FROM THE A(2) STRENGTH, THUS REMOVING THE CONFLICT.</p> <p>STILL SEEMS TO BE SOME DIFFERENCE OF OPINION ON THE DIVERSITY ISSUE. SOME TEAM MEMBERS FEEL THE COMMENT IS OK, OTHERS FEEL IT CONFLICTS WITH THE A(2) STRENGTH. POSSIBLE WAY TO RESOLVE IS TO LEAVE OFI AS IS AND TAKE THE WORD DIVERSE OUT OF THE STRENGTH COMMENT.</p> <p>Identified as an opportunity for improvement by three examiners (Ex3, Ex5, Ex7). No evidence that StartFit in-house internship program representation mirrors the community. Retention has improved, but no evidence that results are segmented to ensure alignment with the population served.</p>	a(2)
	<p>Full deployment of workforce climate approaches is not apparent. For example, it is not clear whether benefits such as WellFit are available to team members outside headquarters, whether HEALTH is encouraged for all team members, or whether the applicant makes accommodations for diverse team members, such as those hired as challenged athletes. Approaches to ensure full deployment across workplace locations and groups may help the applicant retain skilled team members in the competitive boutique athlete market.</p>	<p>*****CONSENSUS—COMMENT STANDS AS IS.</p> <p>Identified by one examiner (Ex4), but parts of b(1) identified by Ex3 and b(2) identified by Ex2, Ex5.</p> <p>BASED ON FEEDBACK, ADDED THE WORD "FULL" BEFORE "DEPLOYMENT" IN THE FIRST SENTENCE TO ACKNOWLEDGE APPROACHES ARE IN PLACE IN SOME SEGMENTS.</p> <p>Combined this with the observations by other examiners as indicated below. Possible that this and the other b(1-2) comments are in conflict with the strength above.</p> <p>*****Re-wrote first sentence to better clarify the OFI per feedback from backup.</p>	b

Notes

DELETED AT CONSENSUS—a(4) It is unclear how the applicant prepares team members for changing capability and capacity needs. The applicant does not describe how it prepares for and manages periods of workforce growth beyond information to team members of plans for expansion. Although the applicant has not experienced a reduction in force, no process is described for how this would be accomplished should it become necessary. A well-ordered process to prepare the workforce for changes in capability, capacity, organizational structure or work systems may help reinforce

the core competency of relationships and the strategic advantage of a highly engaged workforce. *****CONSENSUS—TEAM FELT THAT THIS COMMENT DID NOT REFLECT THE APPLICANT AND WILL BE DELETED FROM THE FINAL DOCUMENT. THE APPLICANT DOES PREPARE NOT JUST THROUGH COMMUNICATION, BUT MAKING THE FLEXIBLE TO MOVE AROUND THE ORGANIZATION THROUGH L&D, SustainIt EFFORTS, SOPPs, CROSS TRAINING & MANAGING TEMPORARY GROWTH WITH CONTRACT EMPLOYEES.

All OFI comments were used. The b, b(1), and b(2) comments were all very similar and combined into one b OFI.

Little description of the methods used to ensure workplace safety, security, and access issues (identified in P.1-3 and Figure 5.1-2) for different workplace environments—identified by Ex3. Incorporated into the b OFI.

It is not clear how the applicant tailors benefits and policies (Fig. 5.1-3) to the unique needs of a diverse workforce and different workforce groups or segments. It is also not clear how the benefits and policies offered compare to industry benchmarks and those of competitors in their market niche. If benefits are not competitive, the applicant may not be able to meet its key strategic challenge of retaining skilled team members if the competitive boutique athlete market. — identified by Ex2, Ex5. Incorporated into the b OFI.

Scoring

Score Value: 55

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

**CONSENSUS-NO CHANGE EVEN WITH CONSENSUS UPDATES.

Have 3 maybe 4 OFIs, 3 at the multiple level, 1 at the overall level, 4 strengths, 1 at the multiple requirement level, others at the overall requirement level.

Strengths show approach-overall requirements. (A)

There is deployment in 2 of the strengths, OFIs issued for deployment (D)

While there is some learning, not sure it is a fact-based & systematic evaluation & improvement process across the board. There is some organizational learning/innovation in place for improving the efficiency/effectiveness (L)

In some cases, approach aligned with overall organizational needs & other process items (SPP, etc.) (I)

Didn't go down to next scoring range as applicant is above early stages of alignment, has an approach to learning, is not in early stages of deployment.

Didn't go up to next scoring range as missing some multiple requirements, some deployment gaps, not to the organizational level analysis & sharing & more aligned than integrated.

Item Worksheet—Item 5.2

Workforce Engagement

Relevant Key Factors

1. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. CC1: relationships, CC2: innovation, CC3: fitness.
3. 889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/. All Call Center team members are fitness enthusiasts. Call Center team members hold fitness certifications. Tenure: 11% <= 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs. 42% Black; 38% White; 11% Hispanic; 6% Asian; 3% Other. No organized bargaining units.
4. Vary slightly by workforce segment; include teamwork, recognition, pride in work, opportunity to grow, communication, professional development/technical training (for IT & Ops Support).
5. Workforce: SC7: Retaining skilled team members in competitive boutique athlete market.
6. Workforce: SA7: Highly engaged team members.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant supports team member engagement and cultural focus on performance excellence through its systematic performance review and coaching process. As a result of a refinement in 2013, department coaches and team members use QCPs to set individual goals aligned with strategic APs and department goals, as well as personal growth goals. Additionally, compensation is based on individual and department performance, with various recognition events providing reinforcement.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS. Identified by seven examiners (Ex1, Ex2, Ex3, Ex4, Ex5, Ex6, Ex7)</p> <p>*****Rewrote one sentence in comment to clarify intent per feedback from backup. NOTE: Need to determine if team thinks there is enough evidence to support mentioning the rewards and recognition approaches for the a(4) requirement in the comments.</p>	a(4)
	<p>The L&D System systematically supports both organizational needs and the personal development of team members. Competencies are defined for each job, leading to competency-based training plans, process-specific SOPPs, and criteria for the Talent Development Program. The L&D system is now aligned to the FHLS and includes training on process improvement and innovation for all team members. This approach supports the applicant’s workforce engagement factors of opportunity to grow and professional development/technical training.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS. Included as a strength for the following reasons: Identified by six examiners (Ex1, Ex2, Ex3, Ex4, Ex5, Ex7). Addresses how Learning and Development System supports the organization’s needs and the personal development of its workforce, managers, and leaders. Alignment with FHLS addresses organization’s strategic challenges and achievement of short and long term action plans, supports organizational performance improvement, and innovation in the criteria. This comment does not address the requirements of addressing the organization’s core competencies, organizational change, support ethics and ethical business practices, improve customer focus, ensure the transfer of</p>	b(1)

++	Strength	Rationale	Item Ref.
		knowledge from departing or retiring workforce members and ensuring the reinforcement of new knowledge and skills on the job. This part of the Criteria is addressed in the b(1) OFI comment.	
	To maintain the strategic advantage of engaged team members, the applicant uses an annual survey to determine the drivers of and assess levels of engagement. Results are segmented by job category and other workforce characteristics, and are compared with best-in-class benchmarks and then validated. Other engagement indicators, such as retention and safety, are compared with customer engagement and financial results to highlight potential issues, which prompted a 2013 shift from contract staff to full-time positions in the warehouse.	<p>*****CONSENSUS—COMMENT STANDS AS IS.</p> <p>Identified in some form by seven examiners (Ex2, Ex3, Ex7 identified a(2) separately.) (T Ex1, Ex4 identified a(2-3) combined) and (Ex2, Ex3, Ex7, Ex6 identified a(3) separately). Elected to combine a(2) and a(3) into one comment for Criteria response to determining the key drivers and assessing workforce engagement, segmenting results and using other indicators to assess workforce engagement.</p> <p>NOTE: This comment does not address determining workforce satisfaction and how use other indicators to improve workforce engagement. There were no OFIs regarding this from any of the examiners</p> <p>NOTE: Hopefully this comment effectively addresses both how the applicant DETERMINES the DRIVERS of ENGAGEMENT (which is from the survey) and ASSESSES ENGAGEMENT (which is also from the survey)</p> <p>*****Revised the comment to better reinforce the “nugget” per feedback from backup.</p>	a(2, 3)
	The use of QCPs and the Talent Review System to manage career progression may help the applicant retain skilled team members in the competitive boutique athlete market. To enhance this approach, career aspirations were added to the QCP Process. In the Talent Review System, created in 2013, coaches review talents of team members annually to identify team members who are ready to advance.	<p>*****CONSENSUS—COMMENT STANDS AS IS.</p> <p>Noted as a strength for the following reasons: Identified by Ex1. Addresses how applicant manages career progression for the organization, manages career development for the workforce, and carries out succession planning for management and leadership positions.</p> <p>*****Minor “tweak” to wording in one of the sentences per feedback form backup.</p>	b(3)

Notes

****CONSENSUS—COMMENT DELETED: a(1) The applicant fosters an organizational culture that is characterized by open communication, high-performance work, and an engaged workforce through deployment of its mission, vision, values and core competencies during new employee orientation and reinforced via Quarterly Coaching Plans. Open communication is fostered through the approaches defined in the communication process (Fig 1.1-2) such as Senior Coach rounding and departmental Accountability Boards, the result of a cycle of improvement in 2014, provides more company performance information, all of which support the applicant’s workforce strategic advantage of an engaged workforce.

TEAM RECOMMENDED REMOVING—WILL BE REMOVED FROM FINAL VERSION AND WILL NOT BE

DISCUSSED DURING CONSENSUS. Included as strength for the following reasons: Identified as a strength by four examiners (Ex2, Ex3, Ex6, Ex7). Response only addresses how applicant fosters an organizational culture that is characterized by open communication, high performance and an engaged workforce. This comment does not address how the applicant ensures that its organizational culture benefits from the diverse ideas, cultures, and thinking of its workforce or how it empowers its workforce. This part of the criteria is dealt with in the a(1) OFI below. The OFI is a pretty strong OFI and it may be possible to delete this strength comment as there may be too many for the maturity of the applicant and the OFI is better information in moving the applicant to the next level.

May want to delete the a(1) STRENGTH. The a(1) OFI is a pretty strong and identified by more examiners. In addition, deleting this strength comment may be OK as there might be too many for the maturity of the applicant and the OFI is better information in moving the applicant to the next level. The a(1) strength was left in until there is some feedback from the rest of the team.

*****TEAM—Consider elimination of a couple of the less impactful comment(s) (the last ones on the list) as there are 8 total. Then if we do, would the score move up to the next scoring range or stay the same??

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	<p>It is not clear how the applicant's L&D System addresses core competencies; supports organizational change, ethics, and ethical business practices; improves customer focus; or ensures the transfer of knowledge from departing or retiring team members. Approaches to leverage learning factors such as evaluation and improvement cycles, ideas from workforce/stakeholders, best practice sharing, and benchmarking may contribute to reaching the applicant's vision to become the #1 Internet-preferred activewear and shoe resource in the nation.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS.</p> <p>Identified as opportunity for improvement by three examiners (Ex6, Ex4, Ex3). Comment addresses the Criteria requirements of the Learning & Development System addressing the organization's core competencies, organizational change, support ethics & ethical business practices, improve customer focus, ensure the transfer of knowledge from departing or retiring workforce members & ensuring the reinforcement of new knowledge & skills on the job. This rest of the requirements is addressed in the b(1) STRENGTH comment above which addresses how the Learning & Development System supports the organization's needs and the personal development of its workforce, managers, and leaders. Alignment with FHLS addresses organization's strategic challenges & achievement of short & long term action plans, supports organizational performance improvement, & innovation in the criteria.</p> <p>*****Made slight change to one sentence of the comment based on backup feedback.</p>	b(1)
	<p>It is not clear how the applicant's culture benefits from the diverse ideas, culture, and thinking of the workforce or how the applicant ensures that team members are empowered to make decisions. Not capitalizing on workforce diversity may lead to a decline in workforce, community, and customer satisfaction and lower customer and workforce engagement.</p>	<p>***CONSENSUS—NO CONFLICT AS REMOVED DIVERSITY REFERENCE FROM 5.1A(1) STRENGTH.</p> <p>COMMENT STANDS AS IS, POTENTIAL CONFLICT WITH 5.1 A(1) STRENGTH—WILL NEED TO ADDRESS; OTHERS FELT COMMENT STRONG.</p> <p>Identified as an opportunity for improvement by six examiners (Ex1, Ex3, Ex4, Ex5, Ex6, Ex7). Comment addresses the Criteria requirement of how the applicant ensures its organizational culture benefits from the diverse ideas, cultures,</p>	a(1)

--	Opportunity for Improvement	Rationale	Item Ref.
		<p>& thinking of its workforce & how it empowers its workforce. Approaches provided by applicant are vague & anecdotal with no explanation of the approaches used to ensure empowerment & diversity. Link to culture & empowerment is not evident. This comment does not address the response to how the applicant fosters an organizational culture that is characterized by open communication, high performance. and an engaged workforce. This is addressed in the a(1) STRENGTH above.</p> <p>****Made slight wording change to comment based on backup feedback.</p>	
	<p>The applicant does not appear to have an approach for evaluating the L&D System's effectiveness through its impact on workforce engagement and other key business results, as evaluation appears to be limited to course surveys and skill-based training evaluations. Systematically correlating L&D outcomes with key results—and identifying opportunities for improvement in the L&D System and in workforce engagement—may help the applicant maintain its strategic advantage of a highly engaged workforce.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS</p> <p>Identified as opportunity for improvement by three examiners (Ex1, Ex2, Ex5). OFI addresses how the applicant evaluates the effectiveness & efficiency of its L&D System. In addition, how the applicant correlates learning and development outcomes with findings from the assessment of workforce engagement and with key business results and uses these correlations to identify opportunities for improvement in both workforce engagement and learning and development offerings is not evident. Also supports missing results OFI in cat. 7.3 for the correlation of this data to identify OFIs in engagement and L&D.</p> <p>There are no b(2) strengths, so there is no conflict with this OFI.</p>	b(2)

Notes

****CONSENSUS—COMMENT REMOVED: It is not clear how the applicant identifies drivers of engagement for different workforce groups and segments. Effective processes are in place but however not used for diverse workforce groups and segments. This may lead to not identifying appropriate drivers and may also lead to unsatisfactory engagement and performance of the entire workforce, declining customer satisfaction, and not achieving growth goals

TEAM AGREED THEY WOULD BE IN FAVOR OF DROPPING THIS COMMENT AS THERE IS SOME SEGMENTATION OF WORKGROUPS AND COMMENT APPEARS TO BE IN CONFLICT WITH THE STRENGTH—COMMENT WILL BE DROPPED IN FINAL VERSION AND WILL NOT BE INCLUDED IN CONSENSUS CONVERSATIONS. Identified by one examiner (Ex5) This comment appears to be a conflict with the strength comment above. Perhaps there is something I missed in the meaning of what the examiner saw during the review, possibly between the difference between DETERMINING drivers of engagement and ASSESSING engagement. At this point, I've elected to keep this here for all to see, but will probably delete it after feedback from the team.

There appears to be an OFI key theme for core competencies—not addressed in L&D System, not addressed in 5.1 for managing workforce to capitalize on core competencies.

Did not use the a(2,3) OFI comment “Not clear how the applicant identifies drivers of engagement for different workforce groups and segments. Effective processes are in place but however not used for diverse workforce groups and segments. This may lead to not identifying appropriate drivers and may also lead to suboptimal engagement and performance of the entire workforce, declining customer satisfaction, and not achieving growth goals” as it appears to be a conflict with the a(2,3) strength above.

Scoring

Score Value: 60

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

****CONSENSUS—SCORE REMAINS SAME.

Possibly 3/4 OFIs, 2 at the multiple level, 2 at the overall level, four/five strengths, 2 at the multiple requirement level, others at the overall requirement level.

Most strengths show approach to overall, OFIs at multiple/overall (A).

Deployment in 2 of the strengths, OFIs issued for deployment (D).

Some learning, not sure fact-based & systematic process across the board. Some org. learning/innovation in place for improving the efficiency/effectiveness (L).

In some cases, approach aligned w/org. needs & other process items (SPP, QCPs. etc...) (I).

Didn't go down to next scoring range as the applicant is above the early stages of alignment, has an approach to learning, is not in early stages of deployment.

Didn't go up to next scoring range as missing too many multiple requirements, some deployment gaps, not to the organizational level analysis & sharing & more aligned than integrated.

Item Worksheet—Item 6.1

Work Processes

Relevant Key Factors

1. Internet-based, direct-to-customer boutique distributor of athletic clothes & footwear; products: (1) activewear clothing for women (largest product line) & men. (2) Athletic shoes for men & women (differentiator for many customers). Recently expanded into products to meet special needs of challenged athletes. 90% of orders delivered through delivery partner (SendPlx).
2. CC2: innovation
3. Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
4. University Fitness Center, Looper Clinic, Fit Magazine, URAthlete for latest research on product development, new fitness trends.
5. SC6: changing customer demands/expectations.
6. PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation ("I" of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant's systematic approach to designing its key work processes ensures that they meet requirements and provide customer value. FITTESS (Figure 6.1-2) aligns process design and improvement with an identified business case associated with an SO and one or more core competencies and process measures. The process integrates organizational knowledge from cross-functional teams and leverages the core competency of relationships by incorporating key customer inputs to embed service excellence into processes.</p>	<p>Cited by five examiners (one doubled); observations were consistent across all examiners. Relates to KFs 2 and 3. Comment addresses approach, learning, and integration.</p>	a(2)
	<p>Through a systematic process to determine key product and process work requirements, the applicant ensures effective work process design. ShapeltUp teams analyze inputs from multiple sources—including VOC mechanisms; regulatory, ISO, strategic and operational requirements; and Advisory Board, supplier and collaborator input—in the Innovate phase of FITTESS (Figure 6.1-2), and the inputs are evaluated in the Test phase. The CEO, LT, and senior coaches review and validate the requirements annually.</p>	<p>Mentioned by all examiners (none doubled). Evidence cited and content of comments were very consistent across all examiners. Comment relates to KF 3 and addresses approach, deployment, learning, and integration.</p>	a(1)

++	Strength	Rationale	Item Ref.
	Building on the applicant's culture of performance excellence, the PES (Figure P.2-4) systematically drives improvement. Cross-functional ShapeltUp teams, which may include customers and suppliers, use PES tools to address opportunities for improvement (OFIs) identified through Baldrige assessments and ISO, supplier feedback, and internal reviews. Process owners identify underperforming areas and develop APs to address improvements. Best practices and learning are shared through the SustainIt Portal and key communication mechanisms and are incorporated into the L&D curriculum.	Cited by six examiners (one doubled). Comment relates to KF 6 and addresses approach, deployment, learning and integration (via APs).	b(3)
	The applicant's method for process implementation ensures that the day-to-day operation of work processes meets key requirements, thus supporting high performance. FITTSS (Figure 6.1-2) addresses team member training on new designs and includes documentation in SOPPs and work instructions. Monitoring of processes and in-process measures by coaches supports daily SustainIt efforts.	Cited by five examiners (none doubled). One comment also incorporated mention of support processes from b(2). I chose to ignore that here due to several OFI comments concerning identification of support processes, which I included as an OFI under b(2). Relates to KF 3 and addresses evaluation factors of approach, deployment, learning and integration (with key requirements).	b(1)

Notes

There were two comments under b(2) regarding support processes, in addition to inclusion of it in a b(1) comment. The main supporting evidence cited for a strength is the listing of key support processes and measures in Figure 6.1-1. I chose not to incorporate these into a separate strength comment, as we already had four strength comments that are more significant. Counter to these b(2) strength comments, there are several OFI comments in b(2) mentioning lack of a description for "how" the processes are determined within the SPP, which go directly to the criteria question, "HOW do you determine your KEY support PROCESSES?" and I did include the OFI for b(2) on "how" support processes are identified within the SPP. I originally included this as an OFI in b(2), but after input from my backup, deleted it in favor of another OFI regarding innovation, which we considered to be more important for the applicant.

c (Innovation Management) had some divergent views, with strengths cited by four examiners, mostly for the existence of the Innovation Council. However, two examiners also noted some misgivings within their strength comments, one relating to "not really clear how resources are allocated to specific opportunities if they are not action plans" and the other for undefined "significance of the Innovation Council (also mentioned in an OFI in Item 1.1), with questions about the Council's composition, among other things." There are four OFI comments in all—none doubled—on this as well, citing several unclear areas in the application response. My view is that innovation really is not demonstrated as a core competency throughout the application (see the OFI in 7.1 re: no results for innovation). That explains why I've ignored it as a strength here—and added an OFI on it—but I've prepared a "backup" strength comment to use if the team decides otherwise during consensus. That reads as follows: "The applicant builds on its core competency of innovation using systematic methods. The Innovation Council supports organizational innovation efforts by following the FITTSS Process in reviewing proposals for innovative projects for ROI and resource requirements. Cycles of learning are embedded in the process and the FitInnovator bonus was added to reward team member innovation and intelligent risk taking."

R3 feedback included one suggestion to bold the a(3) strength; another comment was counter to that in that it doesn't need to be doubled; we need to discuss in consensus.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	Beyond benchmarking within the industry, it is not evident how the applicant incorporates product excellence into FITTESS to ensure that it can meet changing customer demands and expectations. For example, it is not apparent how the applicant uses the Innovative Reverse Product Identification and Capture Process or input from key collaborators on the latest research on product development and new trends in fitness to help meet the customer requirement for a wide variety of on-trend activewear and athletic shoes.	This was cited by two examiners in three comments in total; all comments were doubled. The OFI directly addresses the criteria question around product design, including the mentioned-but-undefined Innovative Reverse Product Identification and Capture Process. Although the applicant does not itself design products, the application does not explain how it keeps up with customer requirements regarding changing needs and on-trend activewear and athletic shoes by using customer (such as the Advisory Council) or collaborator input to influence suppliers' new product development. Relates to KFs 4 and 5 and addresses approach, learning and integration (re: customer requirements).	a(2)
	It is not evident how the Innovation Council manages the applicant's overall portfolio of strategic opportunities, thus leveraging the core competency of innovation. The process to make financial and other resources available to pursue innovation opportunities is not clear, nor is it evident how the applicant decides to pursue intelligent risks or discontinue pursuing opportunities based on priority.	Three examiners had a total of four OFI comments, all regarding lack of clarity in the description for the innovation management process. The comment addresses approach, deployment and integration (with strategy and the SPP) and it relates to the key factor of the innovation core competency.	c

Notes

There were no OFI comments for b(1).

After input from my backup, I elected to drop an OFI on b(2) related to determination of support processes. It read, "It is not clear how key support processes are determined within Step 3 of the SPP or how day-to-day operation of these processes ensure that key business support requirements are met or exceeded. For example, it is not clear how supplier satisfaction and supplier performance measures ensure timely and effective supplier communications on a daily operational basis." This issue was mentioned by four examiners (one doubled). These comments go counter to the two strength comments for b(2), which I did not include for the reasons mentioned there. In its place, I included an OFI under c (see below).

For c, also see the counterpoint notes under the strengths. Considering the emphasis on innovation in the application (as a core competency), the lack of clear definition of the process for managing it in 6.1c weighed more heavily towards an OFI. Inclusion of this comment may provide content for a key theme OFI.

R3 input: OFI 1—a(2): Agreement from three examiners that it should be doubled. Also support for the OFI re: innovation as a KT. One examiner supported inclusion of the OFI on support processes.

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one?

The 70–85% scoring range appears to be the most appropriate overall: The approach is responsive to the multiple requirements (i.e., the 70–85% range), with minor exceptions. Approaches appear to be well deployed (70–85% range), but no information is presented to demonstrate full deployment with lack of gaps (which would merit the 90–100% range).

Organizational learning is demonstrated in PES and through improvement in other approaches described (e.g., revision to FITTESS). Innovation management, while somewhat questionable in execution and refinement as mentioned in the OFI, is given benefit of the doubt, which moves the appropriate range to 70–85%.

Approaches are integrated with organizational needs through the SPP and linkage to APs (70–85% range), although some gaps relating to customer and market requirements are identified in an OFI (so the 90–100% range is not appropriate).

Consensus discussion on the innovation OFI favored the 70–85% range.

Item Worksheet—Item 6.2

Operational Effectiveness

Relevant Key Factors

1. Corporate headquarters outside Richmond on 24-acre campus—offices, Call Center, training facility, team member wellness center, warehouse. Leased warehouses in Irving, TX, & Portland, OR.
2. Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
3. Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.
4. Delivery (on-time, accurate), quality (meeting sizing/quality specs), portfolio (products “made in America”), packaging (use of recycled material spec).
5. SC3: maintaining adequate profit margin; operations: SC4: warehouse space/inventory constraints, SC5: maintaining/securing robust inventory selection.
6. PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation (“I” of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
	<p>The applicant uses its core competency of relationships and the systematic SupplyFit (Figure 6.2-1) to qualify, measure, and sustain its interactions with key suppliers. The process includes regular performance reviews and biannual qualification visits, as well as methods to sustain the relationship. An annual review identifies improvement opportunities. Close coordination with suppliers may help the applicant address its strategic challenges related to inventory management.</p>	<p>Mentioned by all examiners (three doubled). The comment addresses approach, deployment (key suppliers), learning (annual review cycle), and integration (with the CC).</p> <p>The comment relates to KFs 3, 4, and 5. I did not include specific mention of the Innovative Reverse Product Identification and Capture process here because there was an OFI in an IR comment related to it here and in 6.1 (see the a(2) OFI in 6.1). However, since the applicant lists this process as a strategic advantage, we should have some discussion on it. Clarification on that might result in making this a doubled comment. Also, there's one mention of the Human Rights Policy in the IR comments. Should we include this?</p>	b
	<p>The applicant's focus on continuous improvement helps drive process efficiency and effectiveness. All key work and support processes are evaluated annually for potential improvement using FITTESS. Overall costs of</p>	<p>Mentioned by all seven examiners. The comment addresses approach, learning, and integration (use of the measurement system).</p>	a

++	Strength	Rationale	Item Ref.
	operations are controlled through systematic error-proofing during design; regular monitoring of work processes through FitMeasures; and use of PES tools, including ShapeltUp and SustainIt, to help prevent rework and errors.	Relevant KF is #6. The comment addresses approach, deployment (all processes evaluated annually), learning, and integration (e.g., FitMeasures and PES tools).	
	The EMS helps the applicant prevent and recover from disasters or emergencies. The annual hazard vulnerability analysis identifies potential issues, including for information systems; analyzes the likelihood of occurrence and the impact on the organization and customers; and prepares contingency plans for mitigation, preparedness, response, and recovery. Drills are held with all areas and shifts every six months, and the SafetyHabits Committee evaluates the outcomes and addresses OFIs.	Mentioned by six examiners. Comment addresses approach, deployment and learning and relates to KFs 1 and 3.	c(2)
	The applicant systematically provides team members with a safe operating environment. The SafetyHabits Committee coordinates companywide efforts by developing and evaluating annual safety plans that address risks related to facilities and organizational and regulatory changes, appropriate training, prevention, and root-cause analysis. Measures are included as part of SustainIt.	Mentioned by five examiners. Comment addresses approach, deployment, and learning and relates to KF 1.	c(1)

Notes

There was fairly consistent agreement among examiners for the strengths in item 6.2. All the major points were considered in consolidating the comments.

We should discuss whether to double the first strength.

We also need some discussion regarding b and the significance and possible inclusion of mention of the Reverse Look-Up process. The applicant calls this process a strategic advantage, but it's never really defined, nor—as it's pointed out in one IR OFI—is it clear how this process fits in with supply-chain management. I left out mention of this process in the strength comment for this reason.

R3 inputs supported the comments.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	It is unclear how the EMS addresses continuity of operations and maintenance of a robust inventory in the event of disasters or emergencies that affect warehouse operations or key suppliers. The applicant does not indicate how it works with suppliers, beyond a "mock" test in 2015, to ensure that supply-chain	Mentioned by five examiners (one doubled). Comment addresses approach, deployment, and learning and relates to KFs 2, 3, 4, and 5 (specifically, SC 5). Except for the anecdotal mock test in 2015, there's no indication of how the applicant might deal with disruptions in product supply that might affect their ability to meet the delivery promise of 24-hour shipping. The concern	c(2)

--	Opportunity for Improvement	Rationale	Item Ref.
	disruptions do not affect the meeting of customer requirements, especially overnight delivery. In such cases, this may damage the applicant's core competency of relationships with both suppliers and customers.	for supply-chain disruption issue is particularly important especially because more than 40% of activewear and 90% of athletic shoes—a growing product line—are foreign-sourced (Figure 7.1-19).	
	It is not evident how the applicant's initiatives to improve process efficiency and effectiveness consider and balance customer needs and requirements, such as prompt delivery or customer support. This may hinder the applicant's core competency of relationships.	Mentioned by four examiners. Comment addresses approach—a gap in responding to the criteria—and relates to KFs 2,4, and 5 (specifically, SC 3). This may be a benefit-of-the-doubt issue, but it's captured here to ensure it would become a site visit issue.	a
	It is not evident how the Reverse Product Identification and Capture Process functions within SupplyFit (Figure 6.2-1). No description of the process is apparent, making it unclear how the applicant capitalizes on this strategic advantage to ensure effective operation of its supply chain.	This comment was added after consensus discussion. The rationale was that it opens the possibility to investigate the Reverse Product process through a site visit issue. This process, while stated as a strategic advantage by the applicant, is never fully described in the application, so some further review of it seems warranted. Relevant key factors are #1 and #4.	b

Notes

I did not include IR OFIs for two Areas to Address:

b: There were two unrelated IR comments here, neither of which I decided to include as an OFI. The first addressed how the Reverse Product Identification and Capture Process is integrated with SupplyFit. While the application response did not directly address this (and the application does not clearly explain this process, which is claimed to be a strategic advantage), I consider this a benefit-of-the-doubt issue. NOTE: This comment was added as a third OFI after consensus discussion. The second OFI relates to how poor-performing suppliers are managed. This issue is clearly addressed as Step 6b in SupplyFit (Figure 6.2-1) and also in the last paragraph in the response for 6.2b.

c(1): The two IR comments here conflict with each other: one concedes there are approaches for accident prevention (then focuses on lack of preventive action), the other indicates there are no approaches regarding prevention. The application response here in c(1) does not address either prevention of accidents or recovery from them. However, recovery is addressed in contingency planning for emergencies as described in 6.2c(2) and in the data and information recovery methods described in 4.2b(5) for IS. As a benefit-of-the-doubt, it might be assumed that this approach would extend to safety-related issues relevant in c(1). Also, the use of HVA (mentioned in both c(1) and c(2)) indicates there might be a prevention component in addressing the findings of the analysis, so, as a benefit-of-the-doubt issue for both prevention and recovery, I elected not to include either of these in a consensus OFI.

For the OFI in a, my backup raises a valid counterpoint about benefit of the doubt: "While I agree that the applicant does not specifically address how they "balance the need for cost control with the needs of your customers," I would be more inclined to make this a benefit-of-the-doubt question for site visit follow-up. I need more convincing that VOC is entirely missing from improvement Projects." Inclusion of it as an OFI, as the lesser of the two here, ensures it would be investigated on-site.

R3 input supported the comments, with one suggestion to consider doubling the c(2) comment.

Scoring

Score Value: 55

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

Approach: Given the importance of supply-chain management, the OFI in c(2) indicates all multiple requirements are not addressed fully, making the 50–65% range appropriate instead of 70–85%.

Deployment: The main issue is deployment of emergency management approaches to all key suppliers, so the “may vary” descriptor for 50–65% is appropriate.

Learning: There is evidence of learning, but not as a “key management tool” as in the 70–85% descriptor. There is less evidence of innovation here compared to other Items. The HVA approach has been in place for many years, at least in other industries, and the Reverse Look-Up process is never fully explained so as to demonstrate why it is innovative and a strategic advantage. The annual evaluation of several approaches here, including SupplyFit, indicates the 50–65% range is most appropriate.

Integration: The OFI on balancing cost control indicates there is more alignment than integration, hence the 50–65% range is appropriate.

Item Worksheet—Item 7.1

Product and Process Results

Relevant Key Factors

1. CC2: innovation.
2. 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional (purchase at least annually).
3. Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
4. Key suppliers: Ahihas, Celjer, Fast Bonce, Luminous, Olympian, Nawrk Partners, local & regional M&Ps, T2Bs, SendPlx. Suppliers provide inventory to warehouses & influence competitiveness & innovation through pricing, sales trends, developments in fabrics, materials & products. Communication: email, partner portal, quarterly meetings.
5. Delivery (on-time, accurate), quality (meeting sizing/quality specs), portfolio (products “made in America”), packaging (use of recycled material spec).
6. In-industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer).
7. SC2: cyber security, SC4: warehouse space/inventory constraints, SC5: maintaining/securing robust inventory selection; SC6: changing customer demands/expectations.

Strengths

++	Strength	Rationale	Item Ref.
	<p>Several results demonstrate superior customer service, a strategic advantage. The applicant addresses increasing demands from consumers for better and more personalized customer service, as shown by improvements in Average Total Time per P2P Order, commensurate with an increase in customer engagement (Figure 7.1-9). Higher service levels are supported by a decrease in the abandoned call rate to about one-fourth of the best-practice rate and by Call Center phone and e-order uptime of 100%, the latter of which is best-in-class (Figure 7.1-12).</p>	<p>Mentioned by all examiners (one doubled relating specifically to cyber security, which is a separate comment under b(1)). There were multiple strength comments by several examiners, addressing different evaluation factors or specific customer requirement areas. I chose to focus on one specific area related to personalized service. This seemed to be a good representation of the overall performance in a(1) and discusses levels, trends, comparisons and alignment with key business needs and requirements.</p> <p>The comment relates to KFs 2, 5 and 6. I also did not address many of the results presented here that are financial or market-related and belong in Item 7.5.</p>	a
	<p>Results for cyber security, a strategic challenge, and IS audit compliance indicate no security breaches in the past six fiscal years, even while cyber-attacks increased a hundredfold. Audits for ISO 27001 security and the Payment Credit Industry Data Security Standard show no findings over the same period, and the IS audit compliance rate has been at 100% for the</p>	<p>This issue was mentioned by five examiners (one doubled). I elected to make it a separate comment in b(1) because of its critical nature for the applicant and its customers. It relates to KF 7 (sorry, I had to squeeze an extra KF in here) and addresses levels and trends, with alignment to the SC of cyber security.</p>	b(1)

++	Strength	Rationale	Item Ref.
	past two fiscal years (Figure 7.1-24), demonstrating effective protection of vital data and information.		
	Beneficial trends and good performance relative to comparisons for many process effectiveness and efficiency results indicate that the applicant is addressing its strategic challenge of maintaining an adequate profit margin. For example, cost per invoice has decreased by about 20% over four years and is at the best-practice level (Figure 7.1-27). Other examples are 30% and 40% improvement, respectively, in Total Cost per P2P Customer (Figure 7.1-10) and Average Fulfillment Cost per Invoice (Figure 7.1-15). Fulfillment and shipping costs are at or near the top decile.	Mentioned by six examiners (one doubled). Again, there was a lot of raw material to work with here, and I chose to link the comment to one of the applicant's strategic challenges. There were several other figure examples that could have been referenced, but I chose what seemed to be the most important ones. The comment addresses levels, trends, comparisons and alignment with the SC. The relevant KF is # 7 (profit margin).	b(1)
	The applicant balances some favorable supply-chain management results with addressing its challenge to maintain a robust inventory selection. Supplier satisfaction improved from 85% to 91% over five years, exceeding the top-decile benchmark, with a corresponding improvement in overall supplier performance (Figure 7.1-29). Inventory Turns Overall and by Warehouse (Figure 7.1-30) show a beneficial trend, with all warehouses nearing the top-decile level. In addition, there have been no product recalls in the past three years (Figure 7.1-32).	Mentioned by four examiners (none doubled). The comment addresses levels, trends and comparisons, with alignment to two strategic challenges: SC4: Current warehouse space/inventory constraints and SC5: Maintaining and securing robust inventory selection (KF #7). One side issue to note here is the supplier performance (right side of chart in Figure 7.1-29)—while the trend is favorable, the scale itself is not defined. Is 1.0 perfection, and, if, so, does that take into account a composite of all supplier performance requirements? That would make for a good SVI.	c

Notes

So much to choose from here, especially in a(1), not surprising since there are 32 graphics, some with multiple measures reported. I chose to separate out a specific customer requirement issue in the a(1) comment as representative of the applicant's overall performance. I also did not address any of the financial or market-related results shown in a(1) (Figures 7.1-1, -2, -4, -6, -7, -10, and -15), as these relate to product performance or customer-related requirements and seem to be more appropriate to discuss in Item 7.5 or 7.1b(1) as efficiency indicators. Even so, most of the 20 results presented in 7.1a are not covered by a comment.

I elected to include two comments under b(1), one related to efficiency/effectiveness results linking that to the SC of adequate profit margin, and the second specifically on cyber-security, which also is an SC and is an important issue by itself.

There were no specific IR comments related to b(2), although mention of the results there was included in another strength comment. Since we had four strengths that seem to be of greater relative importance, I chose to ignore this.

Four examiners gave an IR strength in c for supply-chain management, which are summarized in the last strength comment. However, no results were presented for the specific supplier requirements around delivery or quality. The supplier results that are presented are for inventory turns (two graphs are shown for that, the second one, Fig. 7.1-31, shows turns by supplier, with turns for five of the six major suppliers all below goal), and a combination graph of supplier satisfaction/supplier performance (Figure 7.1-29). Composite supplier performance has been trending

positively, but no segmented results are shown for the various requirement areas. As a benefit-of-the-doubt issue, I did not include this as an OFI and recommend we assume all supplier requirements areas are addressed in the composite Supplier Performance rating, which can be investigated as an SVI.

R3 input supported the comments and scoring.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	Results are not reported for one of the applicant's core competencies, innovation. This may make it difficult for the applicant to understand the success of its efforts to drive breakthrough improvements in operational performance.	This was an outlier comment, mentioned by only one examiner (nice catch). It's important to include it, since innovation is claimed to be a core competency and the Criteria ask for results in this area. Relevant KF is # 1.	b(1)
	None of the customer-focused product and service results presented include comparisons to the applicant's four key competitors, and some process effectiveness and efficiency results do not include comparative data. Given that the Sratsa best-in-class levels reflect only the 25th percentile, comparisons with competitors may help the applicant understand its relative performance in meeting customer requirements and in becoming the #1 Internet-preferred activewear and shoe resource in the nation.	The lack of direct comparisons was pointed out by a single examiner and I believe it has merit (there were several other comments relating generally to lack of comparisons). The Org Profile states that a limitation in obtaining comparative data is in "securing volume and process data from two privately owned (Tip the Scales and DZMT) and two publicly owned (Lean Out and Lean Muscle) key competitors." While it's understandable that information from the two small, private firms may be difficult, if not impossible, to obtain, some comparison data might be available from the two publicly-held companies. Even though the applicant is at Sratsa Best in Class levels for many measures, this standard is only at the 25th percentile. It's not known if the competitors are even better than that. Also, the OFI serves the purpose to "get the applicant to the next level" by forcing them to look both inside and outside their comfort zone for relevant comparisons. Relevant KFs are 2 and 5.	a, b(1)
	Results for the applicant's key supply-chain requirements (Figure P.1-6) are not reported. For example, no segmented results are presented to indicate supplier performance against the requirements for on-time and accurate delivery, including for the major shipping partner, or for meeting sizing and quality specifications.	This OFI was added after consensus discussion.	c

Notes

There were several comments on the comparison issue, including the use of the Sratsa comparison: 1) the fact that it's only a top-quartile comparison (I chose to ignore this, since sometimes that's all you can get in a composite measure) and 2) that the applicant's performance lags the top quartile in some instances. I counted the total Sratsa comparison references in 7.1 and came up with 15 instances where the applicant was at or better than Sratsa, and five in which they were not. In two of the lagging results, the FY2016 projections showed them reaching the benchmark. So, it

doesn't seem to warrant an OFI for just the three lagging results.

In addition, for the comparisons to the four boutique competitors, it's questionable how much relevant data could be obtained from any, including the two publicly traded companies, that would relate directly to 7.1 (financials and sales might be obtainable, but these are relevant to 7.5). The OFI is intended as "get them to the next level" feedback, but are we being prescriptive in expecting too much in the way of direct comparisons?

There was a comment on lack of segmentation of results by the various customer groups. This might have some merit for consideration. While it's not be feasible to get data for engaged customers vs. lurkers and NYRs, it may be feasible to get results by the subsegments of engaged customers: frequent purchasers, persistent purchasers, occasional purchasers.

There were five comments in all on limited presentation of emergency preparedness results. I chose not to include that as a comment because I couldn't make a clear link to any key factor and because of its relatively low importance compared to the other OFIs listed here.

R3 comments supported the OFIs. There was one suggestion to bold the b(1) OFI on innovation, which might be useful to support the overall key theme OFI around innovation.

Scoring

Score Value: 70

Score Range: 70–85%

Why shouldn't the score be in the range above or below the selected one?

Levels and trends: Results reported cover the multiple requirements (with some gaps) and current results are good to excellent; favorable trends are reported, most over 5 fiscal years. The 70–85% range is appropriate.

Comparisons: presented in 17 of 32 charts against best-in-class or top quartile benchmarks. Results are favorable against comparisons in most cases, but few instances of clear industry leadership. However, relevant comparisons are not presented for direct competitors, or for measures where comparisons might be feasible to obtain. The relevant descriptor straddles the 50–65% and 70–85% ranges.

Results reported relate to most customer, market and process requirements. Short-term projections (FY2016) are provided for more than 20 measures, making the 90–100% range appropriate. In summary, the comparison OFI keeps the appropriate scoring in the 70–85% range, and lack of innovation results put it at the bottom of the range.

Consensus supported the rationale.

Item Worksheet—Item 7.2

Customer-Focused Results

Relevant Key Factors

1. Internet-based, direct-to-customer boutique distributor of athletic clothes & footwear; products: (1) activewear clothing for women (largest product line) & men. (2) Athletic shoes for men & women (differentiator for many customers). Recently expanded into products to meet special needs of challenged athletes. 90% of orders delivered through delivery partner (SendPlx).
2. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
3. CC1: relationships, CC2: innovation, CC3: fitness.
4. 3 segments: engaged customers, lurkers, NYRs, similar requirements. ECs segmented further: frequent purchasers (nearly monthly), persistent purchasers (seasonally), occasional purchasers (at least annually). Key Requirements/Expectations: Products—Wide variety of styles, sizes, functions (all); free/overnight delivery (ECs/NYRs); customer support—24-hour hotline, online chat w/ support, call takers empowered to fix problems (all); operations—online presence, easy access & smooth transactions, using customers' profiles (all).
5. In industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer). External to industry: Baseline & Rich (Financial), JWStrength (customer), ATE/Expert Best Places to Work/OSHA/USDOL/USBLS (workforce), FTC/ISO9001:2015 (regulatory), The Insight Board (leadership), Inspired by ISO 26000 (societal/community). Limitations: 1) Obtaining timely comparative data in rapid-growth market; 2) securing volume & process data from 2 privately & 2 publicly held key competitors.
6. Business: SA1: superior customer service.

Strengths

++	Strength	Rationale	Item Ref.
X	The applicant's customer satisfaction and dissatisfaction results demonstrate success in delighting customers always. For example, overall customer satisfaction has improved over the five years and exceeds that of each of its four major competitors and the comparison by four or more percentage points (Figures 7.2-2 and 7.2-3). Overall dissatisfaction has improved from 8.5% to 6% since 2010 due to ongoing improvements (Figure 7.2-14).	Ex4 and Ex6 ++ for a and Ex6 ++ for a(1). All team inputs are consistent and supportive of this strength. Demonstrates results at the multiple level. Key factors: Results in alignment with the vision of being the #1 internet-preferred provider, are based on products and services, use industry comparative data, build on the core competency of relationships, support SA1 superior customer service, and make progress toward achieving the mission of delighting customers always. R2 Input: Ex1, Ex6, Ex3, and Ex2 support. Changed first sentence from "demonstrates progress toward its vision" to "demonstrates success in delighting ...," gaining Ex7's concurrence with ++. All comments agree with this strength.	a
	Satisfaction with service recovery, a key indicator for reclaiming customer satisfaction and loyalty that builds on the	Core comment from Ex5 with support from Ex7 and Ex2. Focus on making returns a positive experience, learning from customer feedback, and	a(1)

++	Strength	Rationale	Item Ref.
	<p>core competency of relationships, improved from 88% to 95% over five years due to the implementation of a new process (Figure 7.2-5). During the same period, satisfaction with returns increased from 89% to 93% after the provision of no-cost shipping labels and customer follow-up after each return.</p>	<p>improving processes and service recovery. Focus on service recovery supports the philosophy that it is easier to sell again to an existing customer than it is to make a new customer.</p> <p>Key factors: In alignment with the MVV; comparisons with industry benchmarks and competitors; SA of providing superior customer service; directly related to the quality and value of product offerings and services; and builds on the core competencies of relationships, innovation (learning—new service recovery process, computer glitches being viewed as an opportunity to improve processes and customer service), and fitness.</p> <p>R2 input: All comments supported this strength without modifications.</p>	
	<p>Results for customer engagement, which is critical in maintaining and growing market share, demonstrate beneficial levels and trends. For example, customer engagement levels exceed competitors' levels and meet the benchmark (Figure 7.2-8); likelihood to recommend, a key indicator of customer loyalty, has been at 97% for the past four years, just short of the 100% benchmark (Figure 7.2-10); and social media results (Figures 7.2-11 through 7.2-13) show that the applicant has grown its online presence and engagement levels.</p>	<p>Built around Ex3 feedback-ready comment. Supported by Ex2, Ex4, Ex6, Ex5, and Ex7. Positive trends and improving levels are demonstrated for key indicators, in comparison to competitors and key industry benchmarks. Positive results have been achieved following the strategic decision to leverage social media to improve the online presence and branding. Customer loyalty and engagement are critical to maintain and grow market share.</p> <p>Key factors: Supports the MVV; emphasizes delivery and marketing mechanisms from product offerings; emphasizes all three core competencies; uses comparative data from competitors and industry benchmarks; and demonstrates SA4 (focus on continuous improvements).</p> <p>R2 Input: All team comments support this strength without modifications.</p>	a(2)

Notes

The intent was to capture the essence of all team input into the first two comments.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	<p>Customer satisfaction and engagement results include limited segmentation by the customer groups delineated in P.1b(2) (engaged customers, lurkers, and NYRs) or for the engaged customer segments of frequent, persistent, or</p>	<p>Built around Ex7 comments. Ex3 ++ and supporting comments from most team members. Segmentation is a key multiple requirement and opportunity to identify targets of improvement and innovation. This may also impede the intent to migrate from lower-level segments to achieve</p>	a

--	Opportunity for Improvement	Rationale	Item Ref.
	occasional purchasers (Figure 3.1-2). Without this type of information, the applicant may be missing opportunities for improvement and innovation to increase market share or improve satisfaction and engagement.	engaged customers. Key factors: may undermine strategic advantage of superior customer service; core competency of innovation; mission of delighting customers, always; ability to leverage the power of segmentation; and ability to compare segments with both competitors and industry benchmarks. R2 input: Supported by Ex7, Ex2, and Ex4. Ex6 initially wavered on it—but now supports it. Ex4 originally questioned lurkers as customers, but now supports them because the applicant tracks them. Consensus: The phrase “limited segmentation” was added.	
	Results for customer dissatisfaction are limited to those for one overall indicator (Figure 7.2-14). Results for additional indicators of dissatisfaction, such as customer complaints, may enable the applicant to better understand its performance with respect to key customer requirements and identify opportunities for improvement.	Comment built around feedback-ready input from Ex1 with support from Ex4 and Ex5. Dissatisfaction and complaint results are not aligned and integrated. Additional results could prove to be of great value in targeting root causes of dissatisfaction and complaints and developing action plans and evidence-based decisions to enable mitigation and resolution. Key factors: SA1 superior customer service; lack of results may undermine the core competencies of relationships and innovation; and lack of segmentation of dissatisfaction may undermine improvements targeting the achievement of the MVV. R2: All support.	a(1)
	Some social media marketing results do not include competitor information. For example, Social Media Connections: Howlookbook “Likes” (Figure 7.2-12) gives results for only one of six social media outlets and does not include comparisons with competitors. Without such information, the applicant may not be able to gauge how it is faring in social media marketing and may be vulnerable to market surprises such as the one cited in 2.1a(1).	Built around one comment. Entry into social media in 2012 was directly tied to learning and improving in the online marketing and sales market space and the future growth of the company. Although this initiative has had positive trends in sales results, lack of competitor information may mask critical flaws or areas for improvement and innovation. Key Factors: SA1 superior customer service and SA4, finding targets to focus on for improvement and innovation efforts..	a(2)

Notes

7.2a(1) also noted in 7.5. Consider as a key theme.

Scoring

Score Value: 60

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

30–45: More than early stages of obtaining comparative information.

50–65: Good overall performance levels and responsive to overall requirements; there are beneficial trends, i.e., customer satisfaction, clearly aligned with MVV; weak in comparisons to competitors and benchmarks in some areas; and weak in performance results for key customer segments.

70–85: Particularly weak in comparisons to competitors and being responsive to multiple requirements. Some measures were expected but not presented, i.e., customer complaints and dissatisfaction.

R2 input: Ex3: Some gaps, but they are strong with the main item focus, agree as-is. Ex1: Agree with proposed scoring. Ex4: Support range and score. Ex2: Support your reasoning and the proposed scoring range and score. Ex3 noted "well done on rationale."

Item Worksheet—Item 7.3

Workforce-Focused Results

Relevant Key Factors

1. CC1: relationships, CC2: innovation, CC3: fitness.
2. 8889 team members; managers = “coaches”; sr. leaders = “sr. coaches.” Employee groups: 28% Call Center (HS diploma); 36% Warehouse & Fulfillment (HS diploma); 18% Corporate/Administrative (bachelor’s); 4% Marketing/Sales (associate/bachelor’s); 3% Purchasing (associate/bachelor’s); 6% IT (bachelor’s); 5% Operations Support (bachelor’s/cert/). All Call Center team members are fitness enthusiasts. Call Center team members hold fitness certifications. Tenure: 11% <= 1 yr; 25% 1-2 yrs; 18% 3-5 yrs; 27% 6-10 yrs; 19% >10 yrs. 42% Black; 38% White; 11% Hispanic; 6% Asian; 3% Other. No organized bargaining units.
3. Vary slightly by workforce segment; include teamwork, recognition, pride in work, opportunity to grow, communication, professional development/technical training (for IT & Ops Support).
4. Basic health/safety requirements, office environment; warehouse & fulfillment areas: required to training in hazard communications, lockout/tagout, lifting/handling, fire extinguishers. Team members who drive forklifts certified in forklift safety.
5. SC7: Retaining skilled team members in competitive boutique athlete market.
6. SA7: Highly engaged team members.

Strengths

++	Strength	Rationale	Item Ref.
X	The applicant’s workforce engagement results indicate strengthening of its strategic advantage of highly engaged team members. Overall engagement has increased from about 71% to about 82% over five years and exceeds the best-practice benchmark (Figure 7.3-12). Engagement by team member tenure also shows beneficial trends for all five cohorts, most significantly for the newest team members (Figure 7.3-13). Similarly, overall engagement has increased for all segments reported (Figure 7.3-14).	*****CONSENSUS—DOUBLED STRENGTH PER TEAM CONSENSUS. Identified by seven examiners, L, T, C, I. The applicant provides positive results relating to its workforce engagement. For example, Overall Engagement: Tenure (Fig. 7.3-13 shows positive levels and trends for most workforce segments. Overall Engagement (Fig. 7.3-14), Engagement: Communication (Fig. 7.3-15), Engagement: Teamwork (Fig. 7.3-16), and Engagement: Pride in Work (Fig. 7.3-17) all show beneficial levels and trends and better than best practice performance comparisons.	a(3)
	Workforce health and safety results show improvement, in some cases to 100% or benchmark levels. For example, improvements have lowered worker compensation costs from 6% to 2% of payroll (Figure 7.3-8), and injury rates are better than the benchmark (Figure 7.3-7). Safety, hazard communication, and lockout/tagout training, as well as forklift safety certifications, have been at 100% for two years (Figures 7.3-9 through 7.3-11). In addition, participation in WellFit has exceeded the benchmark for three years (Figure 7.3-21), supporting the goal	****CONSENSUS—COMMENT STANDS AS IS. Identified by five examiners (Ex2, Ex4, Ex5, Ex6, Ex7) L, T, C, I. After a spike in FY2013, team member injury rate declined by 50% from FY2013 through FY2015 and currently is well below the OSHA benchmark (Figure 7.3-7). Along with the decrease in injuries, the costs for workers compensation decreased from 6% of payroll to 2% from FY2010 through FY2015 (Figure 7.3-8). Safety training for new hires, annual refreshers, hazards communication, lockout/tagout and forklift operation have all been at 100% compliance for the last two fiscal years (Figures 7.3-9 through -	a(2)

++	Strength	Rationale	Item Ref.
	of 80% participation.	11). In addition, team member participation in WellFit increased from ~ 42% to 70%, exceeding the AFPM Best Practice benchmark for the past three years (Figure 7.3-21) and well on way to SO of 80%.	
	The applicant demonstrates beneficial trends in its capability and capacity results for the workforce overall and some key segments. For example, first-year retention (Figure 7.3-1), which relates to a strategic challenge, improved from below 65% to more than 85% over three years as a result of improvements, including revising the orientation program and introducing behavioral interviewing. Recruiting Time to Fill and Referrals (Figures 7.2-2 and 7.3-3) also show beneficial trends.	<p>***CONSENSUS—COMMENT STANDS AS IS. REDUCED APPARENT CONFLICT WITH SEGMENTATION OFI.</p> <p>Identified by six examiners (Ex2, Ex3, Ex4, Ex5, Ex6, Ex7) L, T, I. Results provided to ensure appropriate levels of capability & capability. Fig. 7.3-1—Retention: By segmenting data, identified low retention trends for 1st yr team members. Improvements included revising orientation & new FitBuddy program which led to positive trends in 1st yr retention from 64% in FY2013 to 85% in FY2015. Fig. 7.3-2—Recruiting Time to Fill: Due to ShapeltUp teams improved by 60% & Targeting Selection behavioral interviewing in 2014 to improve hiring decisions & positively impact retention. Time to fill exhibited a positive trend from 40 days in FY2010 to 15 days in FY2015. Fig. 7.2-3—Referrals (as a % of new hires): positive trend was exhibited from 15% in FY2010 to 31% in 2015. An indicator of workforce pride & loyalty & may be related to improved retention rate.</p>	a(1)
	Good levels and beneficial trends for workforce development results demonstrate a learning environment for the applicant's team members. Average training hours per FTE and tuition reimbursements have both improved and are better than the best-practice levels (Figures 7.3-25 and 7.3-27), even as the number of degrees and certifications has nearly doubled (Figure 7.3-28). These results are reinforced by results for perceptions of opportunity to grow and of professional development, which has increased from 68% to nearly 90% (Figures 7.3-22 and 7.3-23).	<p>***CONSENSUS—COMMENT STANDS AS IS.</p> <p>Identified by four examiners (Ex1, Ex2, Ex4, Ex7) L, T, C. Engagement Opportunity to Grow (Fig. 7.3-22) levels, trends, better than best practice performance. Engagement Professional Development (Fig. 7.3-23) levels, trends, better than overall performance for IT/Operational Support. Internal Promotions (Fig. 7.3-24) levels, better than best practice performance. Average Training Hours Per FTE levels, better than best practice performance. Tuition Reimbursements (Fig. 7.3-27) levels, better than best practice performance. Degrees & Certifications (Fig. 7.3-28) levels, trends.</p>	a(4)

Notes

****CONSENSUS—COMMENT DELETED a The applicant demonstrates beneficial trends for nearly all workforce focused results. Improving trends are present in 26 of the 28 results provided, indicating improvement in workforce capability and capacity, workforce climate, workforce engagement, and workforce development. The trends may continue to strengthen the applicants strategic advantage of highly engaged team members Identified by one examiner (Ex1) relating to overall favorable trends in information presented by applicant for 7.3 Favorable trends for all measures presented except L&D Evaluations (7.3-26) where no trends are presented and Internal Promotions (7.3-24, which experienced a dip in 2013, but has otherwise shown sustained high performance.

FEEDBACK FROM TEAM INDICATED THIS STRENGTH SHOULD BE REMOVED AS IS BLANKET COMMENT COVERED IN MORE DETAIL IN THE OTHER STRENGTHS LISTED. THIS COMMENT WILL BE REMOVED FROM FINAL VERSION AND NOT DISCUSSED DURING CONSENSUS

*****Team—While the comment covers all of (a), is it strong enough to be the #1 strength comment? Or should we leave the comments 1-4 as is and eliminate this one?

Used all examiner comments in some form.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
	<p>Workforce-focused results are missing for selected benefits, such as spot bonuses, smoking cessation, stress management, and alternative work schedules (Figure 5.1-3), as well as for the Talent Review System and Talent Development Program, leader development, skills and staffing needs, and the efficiency of the L&D System. Tracking these results may help the applicant understand the effectiveness of its approaches in meeting current and future workforce needs.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS. MOVED COMMENT UP TO TOP SPOT AS SOME TEAM MEMBERS FELT THIS WAS MORE IMPORTANT TO THE APPLICANT THAN SEGMENTATION OR COMPARISONS.</p> <p>Missing results: Workforce climate, security, workforce service/benefits, Leader development Capacity needs. Identified by five examiners (Ex7, Ex2, Ex6, Ex1, Ex4)</p> <p>a(1, 2, 4) Identified missing results—Skills and staffing needs, leader development Spot bonuses, smoking cessation, stress management, alternative work schedules (from Fig. 5.1-3)</p> <p>*****Refined comment based on backup feedback.</p>	a(1,2,4)
	<p>Some workforce capability and capacity, climate, and development results are not segmented by the diversity of the workforce or by workforce groups and segments, including contract workers. Segmenting results in this way may help the applicant identify the distinct needs and expectations of different workforce groups and reinforce its strategic advantage of an engaged workforce.</p>	<p>****CONSENSUS—COMMENT STANDS AS IS. DOES NOT CONFLICT WITH DIVERSITY ISSUES DISCUSSED IN PROCESS ITEMS WITH CHANGES IN THE PROCESS ITEMS.</p> <p>Identified by six examiners (Ex2, Ex3, Ex7, Ex5, Ex4, Ex1) in some form for a, a(1), a(2), a(4).</p> <p>*****Refined comment for clarity per backup feedback.</p>	a(1,2,4)
	<p>Some workforce-focused results, such as those for workforce retention (Figure 7.3-1), unscheduled absences (Figure 7.3-3), and engagement (Figures 7.3-13 and 7.3-14), do not include relevant external comparisons. Comparing these results to those of other, appropriately selected organizations may help the applicant move beyond measuring the creation and maintenance of a productive, caring, engaging, and learning environment for all members of its workforce to adequately measuring and analyzing its performance within its competitive environment.</p>	<p>*****CONSENSUS—REMOVED THE SECOND SENTENCE PER TEAM CONSENSUS. ADDED THE WORD “RELEVANT” TO THE FIRST SENTENCE. REWROTE LAST SENTENCE TO REFLECT WHY COMPARISONS ARE IMPORTANT TO THE APPLICANT. CHECKED FIGURES AND REFERENCED NEW FIGURES WITH NO COMPARISONS SINCE COMMENT REFERS ONLY TO RELEVANT EXTERNAL COMPARISONS. REMOVED “MIXED RESULTS.”</p> <p>*****NOT SURE WHAT TO DO WITH THIS COMMENT.... SOME FEEDBACK AGREED WITH COMMENT, ONE TEAM MEMBER</p>	a

--	Opportunity for Improvement	Rationale	Item Ref.
		<p>WANTED TO REMOVE REFERENCE TO “MIXED RESULTS” OR CLARIFY WHAT MIXED MEANS, AND ANOTHER ASKED FOR MORE SPECIFICS AS THE WORDING POTENTIALLY FEELING LIKE A PROCESS COMMENT. WILL NEED TO DISCUSS DURING CONSENSUS.</p> <p>Identified by two examiners (Ex7, Ex4). However, the team may want to not use this comment in light of the two more meaningful comments already in this section. Thoughts?</p>	

Notes

Used all of the examiner inputs.

Scoring

Score Value: 60

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

***CONSENSUS—SCORE REMAINS SAME.

SOME TEAM MEMBERS FELT THAT THE 3 OFIs WERE FAIRLY SIGNIFICANT (LACK OF SEGMENTATION & COMPARISONS, MISSING MEASURES) AND FELT THE SCORE SHOULD BE 55. LEFT AT 60 PENDING CONSENSUS DISCUSSION.

Several organizational performance results reported, responsive to both basic and overall requirements with good performance levels (Le).

Trend data is reported, with some mixed trends evident. (T)

Little or no comparative information is reported for anything other than engagement (C).

Results reported for a few areas of importance to the accomplishment of the organization's mission (I).

Didn't go down because results presented are good and were to the overall requirements. Trend data was reported, with a couple of mixed trends, but not adverse.

Didn't go up because of OFIs for missing results and segmentation. There is comparative data for the engagement survey, but not much else.

Item Worksheet—Item 7.4

Leadership and Governance Results

Relevant Key Factors

1. M: Clothing our customers for a fit life & delighting them, always. V: Be the #1 Internet-preferred activewear & shoe resource in the nation. Vs: Fun, Innovative, Team-based, Healthy, Agile, Balanced, Integrity, Timely, Service.
2. Regulated by FTC, CPSC, EPA, OSHA, VA Dept. of Taxation, IRS, EEOC. Voluntarily certified to ISO 9000 & ISO/IEC 27001 standards (Fig. P.1-4)
3. 1) Expansion of products to meet special activewear clothing/athletic footwear needs of challenged athletes; 2) doubling of warehouse capacity to manage increasing SKUs & cut order-to-ship time in half to compete with IR/BS; 3) potential competitor merger/consolidation (current negotiations between Tip the Scales & Lean Muscle).
4. In industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer). External to industry: Baseline & Rich (Financial), JWStrength (customer), ATE/Expert Best Places to Work/OSHA/USDOL/USBLS (workforce), FTC/ISO9001:2015 (regulatory), The Insight Board (leadership), Inspired by ISO 26000 (societal/community). Limitations: 1) Obtaining timely comparative data in rapid-growth market; 2) securing volume & process data from 2 privately & 2 publicly held key competitors.
5. Business: SC1: emerging competitors & mergers, SC2: cyber security, SC3: maintaining adequate profit margin; operations: SC4: warehouse space/inventory constraints, SC5: maintaining/securing robust inventory selection; societal responsibility: SC6: changing customer demands/expectations; workforce: SC7: retaining skilled team members in competitive boutique athlete market.
6. Business: SA1: superior customer service, SA2: innovative reverse product identification & capture process; operations: SA3: FIT platform, SA4: focus on continuous improvements, SA5: ISO 9001:2015 certification, ISO/IEC 27001 compliance; societal responsibility: SA6: HEALTH comprehensive portfolio; workforce: SA7: highly engaged team members.

Strengths

++	Strength	Rationale	Item Ref.
	In results for senior coaches' communication with the workforce, beneficial trends and good performance relative to benchmarks support the strategic advantage of highly engaged team members. Results indicate best-practice-level effectiveness in communicating key messages, listening, and focus on action (Figure 7.4-1 through 7.4-3). In addition, Senior Coach Rounding (Figure 7.4-4) shows sustained high performance, meeting the level of the Baldrige Award recipient benchmark.	All 7 examiners commented on the strong results for LT communication & engagement with team members per the survey. R2 Feedback—tweaked relevance, per input.	a(1)
	Results for several initiatives demonstrate the applicant's commitment to fulfilling its societal responsibilities. For environmental concerns, the applicant reports beneficial trends for Recycling, Equipment Efficiency, and Percent of SKUs Recycled (Figure 7.4-11). Volunteer time, Operation FitShoe results, community support, and JoinedPath participation and contributions (Figures	All 7 examiners also had STR comments around support of key communities &/or environmental concerns, 7.4-11-15.	a(5)

++	Strength	Rationale	Item Ref.
	7.4-12 through 7.4-15) all show sustained levels, demonstrating the applicant's strong relationships with the communities it supports.		
	Sustained beneficial trends are demonstrated in most measures of governance accountability, law and regulation, and ethics. For example, awards earned by the applicant (Figure 7.4-8), Corporate Compliance (Figure 7.4-9), Financial Audits (Figure 7.4-6), and the Board Survey (Figure 7.4-7) indicate governance accountability and compliance with regulations, ISO industry and quality certifications, and internal and network security standards.	All 7 examiners defined STR comments for a(2, 3, &/or 4) around favorable sustained trends. These were combined into 1 comment for all 3 multiple areas.	a(2,3,4)
	The applicant demonstrates achievement of its strategy and APs, per BSC results and the percentage of APs accomplished (Figures 7.4-16 and 7.4-17). This performance may help the applicant attain the vision to be the #1 Internet-preferred activewear and shoe resource in the nation.	Ex7, Ex6, and Ex3 commented on STR for b. With relevance to strategic outcomes, this STR comment may be important to the applicant.	b

Notes

There are a lot of STR comments (4) and a lot of OFI comments (4), so relevance should be debated during feedback.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	Key leadership results are missing for areas such as senior coaches' communication and engagement with customers, strengthening core competencies and taking intelligent risks, and stakeholder trust in the LT. Examples are results for some key communications mechanisms (Figure 1.1-2) that may be linked to customer engagement, as well as measures of success in projects involving intelligent risk. Given the applicant's core competencies of relationships and innovation, such results may help improve LT engagement with customers and create greater organizational sustainability in a unique market.	<p>R1 Feedback: There were 2 OFIs for missing measures separated for relevance, but based on a total of 8 comments, they were combined in 1 (double) OFI.</p> <p>Original Feedback: This OFI includes several comments from a(1): Ex1, Ex4, Ex5, Ex6, & Ex7, and portions of b: Ex6 & Ex7, relating to missing measures. Many comments were made in IR relating to 1) the relevance of relationships linked to missing customer engagement with LT, 2) innovation &/or intelligent risk, and 3) strengthening of core competencies in general. The interrelationship of these CCs and 7.4a(1) allowed for an OFI comment about them together. Additionally, there is a caution in "piling on" for relationships, as several measures in other categories could be related to improved relationships with customers (7.2 sat. & engagement), team members (7.3), and suppliers (7.1).</p> <p>R3 Feedback: OFI 1 (7.4a(1),b) reference was</p>	a(1), b

--	Opportunity for Improvement	Rationale	Item Ref.
		changed from listening and learning mechanisms to the Key Communication Mechanisms (Fig. 1.1-2), per consensus call.	
	The applicant provides no comparisons for key results for governance, law and regulation, ethics, societal responsibilities, or support of key communities, such as Volunteerism (Figure 7.4-12), Community Support (Figure 7.4-14), ethics and compliance (Figures 7.4-9 and 7.4-10), and Environmental Concerns (Figure 7.4-11). Leveraging the core competency of relationships to obtain such comparisons may reinforce the applicant's values of Integrity and Service to its key stakeholders.	2 examiners (Ex1 & Ex2) identified this as key to the applicant for effective governance. Some comparisons for these measures could be difficult in their market, so this one is linked to leveraging relationships to capture comparative information.	a(2,3,4,5)

Notes

R1 Feedback: I combined 2 OFIs for missing measures separated for relevance into 1 double (--) OFI.

R2 Feedback: dropped the b OFI on action plan accomplishment based on feedback and rereading the narrative on AP completion within the established time frames and the fact that they are almost all meeting the 85% threshold. This clears up any conflict with the b strength comment.

Original notes: There are several missing measure comments in 7.4, so combining them in a way that informs the applicant of ways to make improvement is tricky. Instead of 1 (--) doubled comment on missing measures in aggregate, the OFIs were broken up into unique opportunities to drive improvement.

OFI for b may appear conflicting with STR for b, so conversation during feedback is appreciated.

Scoring

Score Value: 50

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

Based on R1 feedback, I'm still supporting a 45, but with tweaks to comments from R2 feedback, this could move up to the 50–65 range.

R2 feedback: Based on the discussion of relevance to the applicant and dropping the OFI on AP completion, I suggest we bump the score up to the next range and give a 50%. Of the reported data, good trends exist in areas of importance to the applicant.

Original Notes: The applicant demonstrates good performance to the overall, and some beneficial trends are shown, but the key gaps in missing measures and missing comparisons holds them out of the holistic range of 50–65. As comments are eliminated or combined to reduce them down from 8, the score will shift.

Item Worksheet—Item 7.5

Financial and Market Results

Relevant Key Factors

1. Internet-based, direct-to-customer boutique distributor of athletic clothes & footwear; products: (1) activewear clothing for women (largest product line) & men. (2) Athletic shoes for men & women (differentiator for many customers). Recently expanded into products to meet special needs of challenged athletes. 90% of orders delivered through delivery partner (SendPix).
2. Privately owned, closely-held; 7-member BOD & LT. LT = CEO, COO, & COs of Finance, Strategy, Marketing & Sales, People, Information. BOD is chief policy-making body, exercises overall control & mgmt. CEO is ex-officio BOD member, reports directly to BOD. All COs report to CEO.
3. 8% market share in % Internet net sales, 73% controlled by large Internet retailers & big-box stores. Remaining 19% divided between 4 key boutique-space competitors: Tip the Scales (7%), Lean Out (6%), Lean Muscle (2%), DZMT (4%). Applicant #1 in activewear clothing & #3 in athletic shoes among key boutique competitors.
4. In-industry: Sratsa.com (business to consumer), Turnit.org & SCM Compare (supply chain), Purchasezilla CS (customer). External to industry: Baseline & Rich (Financial), JWStrength (customer), ATE/Expert Best Places to Work/OSHA/USDOL/USBLS (workforce), FTC/ISO9001:2015 (regulatory), The Insight Board (leadership), Inspired by ISO 26000 (societal/community). Limitations: 1) Obtaining timely comparative data in rapid-growth market; 2) securing volume & process data from 2 privately & 2 publicly held key competitors.
5. PES: 5 foundational elements: 1) incorporating Baldrige into everyday work (past 10 years); 2) ISO 9001:2015 for process integrity, ISO 26000 for societal responsibility, ISO/IEC 27001 for information security management system; 3) cultural focus on performance excellence; 4) ShapeltUp: Lean & FITTESS for process & PI efforts to address OFIs or (re)design systems/processes. Innovation (“I” of FITTESS) supported through Innovation Council; 5) SustainIt: Lean mgmt. to ensure daily review of progress toward improvement targets.

Strengths

++	Strength	Rationale	Item Ref.
X	Market performance indicates progress toward the applicant’s vision to be the nation’s #1 Internet-preferred activewear and shoe resource. Among four key competitors, the applicant rose from the #3 position in 2012 to #1 in 2015 in percentage of Internet net activewear sales and from #4 to #3 in athletic shoes (Figure 7.5-9). During that time, overall market share increased from 6% to 8%, nearly one third of the boutique market (Figure 7.5-10). In addition, new product offering SKUs have grown from about 225,000 to about 375,000 (Figure 7.1-3).	All seven examiners had this comment with a great deal of congruence between comments. I used Ex4’s comment primarily as it included more specific information.	a(2)
	Financial results indicate the applicant is addressing its strategic challenge of maintaining an adequate profit margin. Net margin improved from about 1% to over 35% over five years (Figure 7.5-2). Over the	Six of seven examiners identified this. My backup asked a good question that I would pose to everyone else. Why did they meet top decile in FY2011-12 and show a variable, declining trend (below top decile) in FY2013-15? We	a(1)

++	Strength	Rationale	Item Ref.
	same period, net income improved from near zero to nearly \$250,000 (Figure 7.5-1). These increases relate to growth in gross sales volumes, which increased from about \$100 million to more than \$800 million over six years (Figure 7.5-3). Days Accounts Receivable and Days Cash on Hand (Figures 7.5-5 and 7.5-6) compare favorably to the top-quartile level.	mention top quartile, but they have stated their goal is top decile. *** Ex4 responded: Regarding the observation, I assume he's referring to Days Cash on Hand (Figure 7.5-6). Any good CFO will tell you that the easiest way to fix this is to not pay your suppliers on time. But, alas, doing that would have affected the first a(1) strength comment.	
	The applicant's ability to pay suppliers on time (Figure 7.5-4) earned it a 5-star top ranking from Baseline and Rich from FY2012 to FY2015. No competitor has received this ranking, indicating a strong competitive position for the applicant in an area that directly affects supplier relationships (a core competency), satisfaction, and performance.	Four of seven examiners mentioned supplier satisfaction and ability to pay suppliers on time. As this relates directly to a core competency with this stakeholder group. I included it here. LTCl. *** In round 2 I removed the double—it was there because of the 5-star rating, but several examiners didn't support having it as a doubled comment. Two others did ... speak up if you disagree.	a(1)

Notes

Not included: I already had 6 comments so did not move this one up: Applicant's growth rate for the Challenged Athlete product line nearly matched Overall growth rate in FY2015 Fig. 7.5-7 shows entry into Challenged Athlete market generated a 55% sales growth rate, slightly lagging the 65% overall rate.

Opportunities for Improvement

--	Opportunity for Improvement	Rationale	Item Ref.
X	Financial and marketplace results for the athletic shoe product line, cited as a differentiator for many customers, lag results for activewear. Gross sales for athletic shoes show a much slower growth rate and trajectory (Figure 7.5-3) than for activewear. Addressing lagging performance and slower growth may help the applicant defend its position in the face of possible competitor consolidation and help fund planned strategic investments.	Three of seven examiners agreed on this comment. Although I think it is not necessarily important to mention that shoes lag the clothing segment, I don't see anything that indicates that it is not supposed to, so I am including it here. I merged the comments from all three of the examiners here. Ex4 wrote in response to my comment: Per the application [P.1a(1)], shoes are a "differentiator for many customers." So even though they entered this market fairly recently, I think it's valid to bring up the issue of lagging performance in this segment. ** Ex1 and Ex5 recommended that this be doubled.	a
	Other than those for gross sales, financial results are not segmented by customer group or product line. Segmented results (e.g., by product line, activewear versus athletic shoes, and women's versus men's product lines) may	Two examiners mentioned lack of segmentation directly, and one mentioned it indirectly. This comment is also tending to be common in other areas of category 7 and is supported by an OFI in category 3 about not	a(1)

--	Opportunity for Improvement	Rationale	Item Ref.
	allow the applicant to understand profitability and performance across all products and customers, identify those most prominent in declining performance, and thereby develop APs for mitigation.	segmenting. *** Modified the wording in R2 based upon the fact that Fig. 7.5-3 shows gross sales segmented by product.	

Notes

I removed the first OFI in round 2 because there were more indications that the missing data were present for the most part. It got real skinny, and the other OFI not included was raised to a level to be included. Here is the OFI I removed:

The applicant does not provide financial or market results to demonstrate the success of several competitive positions. This includes the doubling the warehouse capacity to increase SKUs, and decreasing shipping time as competitiveness changes. Additionally, expected key measures of financial performance are missing such as budgetary performance, debt ratio, and marketplace performance in new products and markets entered. Lack of these measures may hinder senior leaders' ability to assess the organization's financial performance and viability.

Scoring

Score Value: 60

Score Range: 50–65%

Why shouldn't the score be in the range above or below the selected one?

Not below because the results address the overall levels.

Not above because there are some missing data, some adverse trends and little segmented data. Within this range, I put it at the 60% level because the results shown are most of what they said was important and they show really good levels.

The one point we wrestled with was the lower levels of shoe sales, but I included the OFI and it ended up a doubled OFI. I didn't adjust the score however because the strengths are strong, and one is doubled also—and we removed the one OFI about missing data, which was important to everyone at first.

Scoring

Summary of Criteria Items	Total Points Possible	% Score	Score	Scoring Band
Category 1—Leadership				
1.1 Senior Leadership	70	65%	46	
1.2 Governance and Societal Responsibilities	50	65%	33	
Category Totals	120		78	
Category 2—Strategy				
2.1 Strategy Development	45	70%	32	
2.2 Strategy Implementation	40	70%	28	
Category Totals	85		60	
Category 3—Customers				
3.1 Voice of the Customer	40	65%	26	
3.2 Customer Engagement	45	65%	29	
Category Totals	85		55	
Category 4—Measurement, Analysis, and Knowledge Management				
4.1 Measurement, Analysis, and Improvement of Organizational Performance	45	70%	32	
4.2 Knowledge Management, Information, and Information Technology	45	70%	32	
Category Totals	90		63	
Category 5—Workforce				
5.1 Workforce Environment	40	55%	22	
5.2 Workforce Engagement	45	60%	27	
Category Totals	85		49	
Category 6—Operations				
6.1 Work Processes	45	70%	32	
6.2 Operational Effectiveness	40	55%	22	
Category Totals	85		54	
SUBTOTAL Cat. 1-6	550		358	5 (321-370 points)
Category 7—Results				
7.1 Product and Process Results	120	70%	84	
7.2 Customer-Focused Results	80	60%	40	
7.3 Workforce-Focused Results	80	60%	48	
7.4 Leadership and Governance Results	80	50%	40	
7.5 Financial and Market Results	90	60%	54	
SUBTOTAL Cat. 7	450		266	5 (256-300 points)
GRAND TOTAL	1000	TOTAL SCORE	624	