



# Implementing Total Quality Management

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# Agenda



1. Rationale for Change
2. Requirements for Implementation
3. Role of Top Management: Leadership
4. Role of Middle Management
5. Viewpoints of Those Involved
6. Implementation Variation Among Organizations
7. Implementation Approaches to be Avoided
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9. Getting On with It
10. What to Do in the Absence of Commitment from the Top
11. Implementation Strategies: ISO 9000 and Baldrige
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**This chapter is intended to serve three purposes:**

- 1. To summarize in one chapter some of the salient points made elsewhere in the course concerning the key elements and philosophy of total quality.**
- 2. To develop a logical “road map,” or structure for implementation, in order for the student of total quality to better understand the scope and magnitude of total quality implementation.**
- 3. To provide a practical, hands-on, how-to guide for implementing total quality in any organization, in the sincere hope that this course will have inspired some who are in positions of leadership to take this next step.**



“We are going to win and the industrial West is going to lose out; there’s not much you can do about it because the reasons for failure are within yourselves.

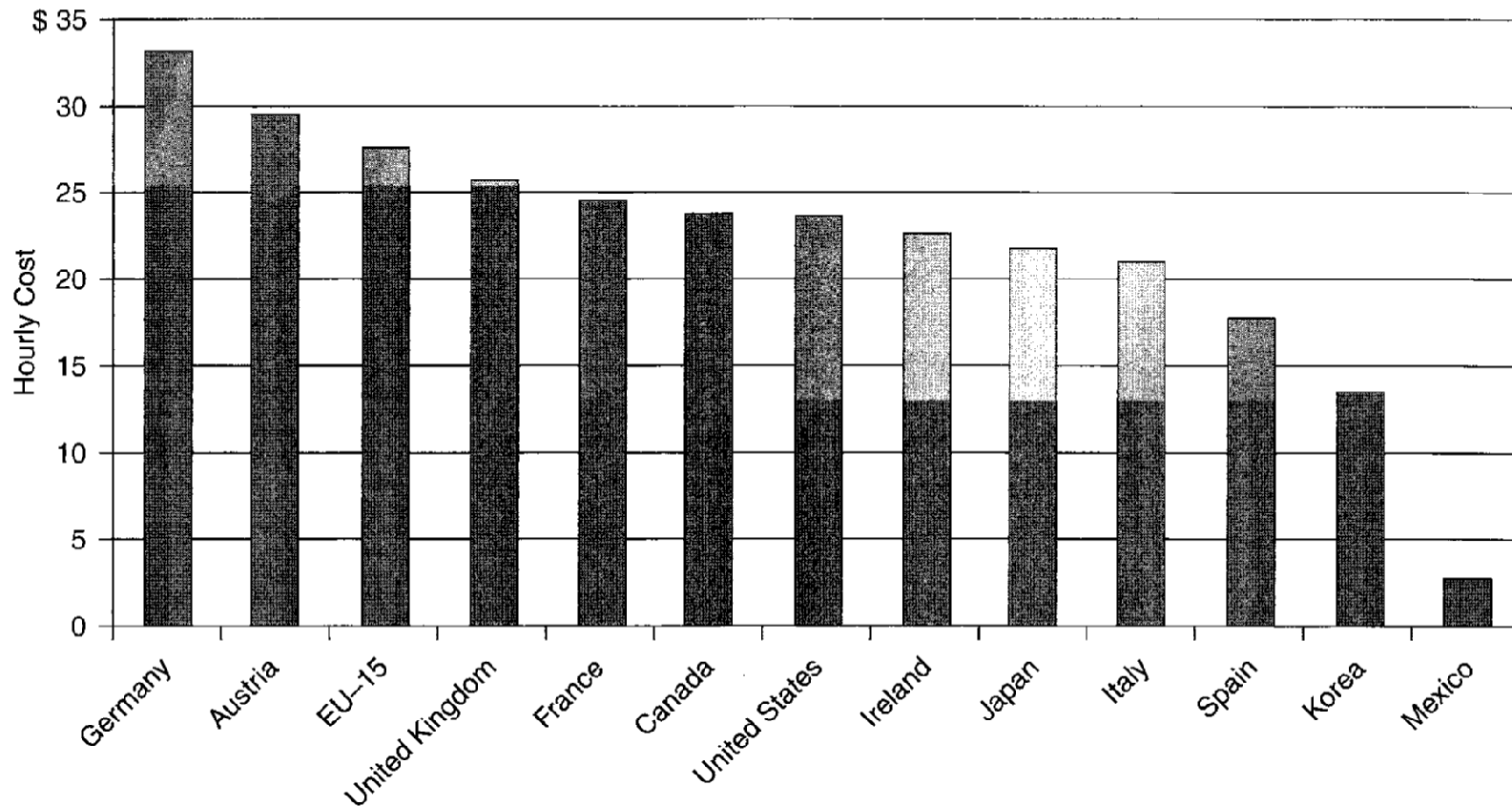
Your firms are built on the Taylor Model. Even worse, so are your heads. With your bosses doing the thinking while the workers wield the screwdrivers, you’re convinced deep down that this is the right way to run a business. For you, the essence of management is getting the ideas out of the heads of the bosses and into the hands of labor.

We [in Japan] are beyond the Taylor Model. Business, we know, is now so complex and difficult, the survival of firms so hazardous in an environment increasingly unpredictable, competitive and fraught with danger, that their continued existence depends on the day-to-day mobilization of every ounce of intelligence.”

Konosuke Matsushita (1894-1989)



# Rationale for Change



**Figure 22-1**

Hourly Production Labor Costs in U.S. Dollars, 2005

Source: U.S. Department of Labor, U.S. Bureau of Labor Statistics, December 2007.

Note: EU-15 is the average for Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

## Rationale for Change



**What's wrong with the traditional way we do business?**

- ✓ We are bound to a short-term focus.
- ✓ The traditional approach tends to be arrogant rather than customer focused.
- ✓ We seriously underestimate the potential contribution of our employees, particularly those in hands-on functions.
- ✓ The traditional approach equates better quality with higher cost.
- ✓ The traditional approach is short on leadership and long on “bossmanship.”



## Requirements for Implementation

Some parts of your organization are concerned that the future holds little promise of prosperity unless fundamental changes are brought about. Perhaps your competition is taking market share. You know that your product quality is not good enough. There is strife within your firm, bickering among departments, endless “brushfires.” The total quality approach is working for others. Maybe total quality is what is needed. What has to happen for total quality to take place? What are the requirements for its implementation?

- ✓ Commitment by Top Management
- ✓ Commitment of Resources
- ✓ Organization-wide Steering Committee
- ✓ Planning and Publicizing
- ✓ Infrastructure That Supports Deployment and Continual Improvement

## Requirements for Implementation



**Toyota Motor Sales USA, Inc.:**

To be the most successful and respected car company in America.

**McDonald's:**

To be the world's best quick service restaurant experience. Being the best means providing outstanding quality, service, cleanliness, and value, so that we make every customer in every restaurant smile.

**Rollins College:**

To be one of the nation's leading colleges, emphasizing academic excellence, responsible citizenship, personal growth, and ethical leadership.

**Park Place Lexus:**

To be the unparalleled retail automotive group in the United States.

**Figure 22–2**

Sample Vision Statements from a Manufacturer, a Restaurant Chain, a College, and a Car Dealership

*Sources:* Toyota, <http://www.toyotamotors2alesus.com>, retrieved Sept. 1, 2008; McDonald's, [http://www.mcdonalds.com/corp/values/people/diversity/diversity\\_facts.html](http://www.mcdonalds.com/corp/values/people/diversity/diversity_facts.html), retrieved Sept. 1, 2008; Rollins College, <http://www.rollins.edu/planning>, retrieved Sept. 1, 2008; Park Place Lexus, [http://www.quality.hist.gov/PDF\\_Files/Park\\_Place\\_Lexus\\_Profile.pdf](http://www.quality.hist.gov/PDF_Files/Park_Place_Lexus_Profile.pdf), retrieved Sept. 1, 2008.



# Requirements for Implementation



## **Evonik Industries AG (Formerly Degussa)**

*Focus on our customers.*

*Operate according to Responsible Care principles that protect employees, environment and the community.*

*Respect diversity in culture, gender, nationality and race.*

*Treat people fairly, with consistency and respect different opinions.*

*Be open, honest, and share information.*

*Encourage learning, develop people, foster teamwork.*

*Set clear goals, empower employees and encourage open feedback.*

*Take responsibility, and lead by example.*

*Support innovation and initiative, learn from mistakes, strive for excellence.*

*Act with passion for our business.*

## **PepsiCo, Inc.**

*Care for customers, consumers and the world we live in.*

*Sell only products we can be proud of.*

*Speak with truth and candor.*

*Balance short term and long term.*

*Win with diversity and inclusion.*

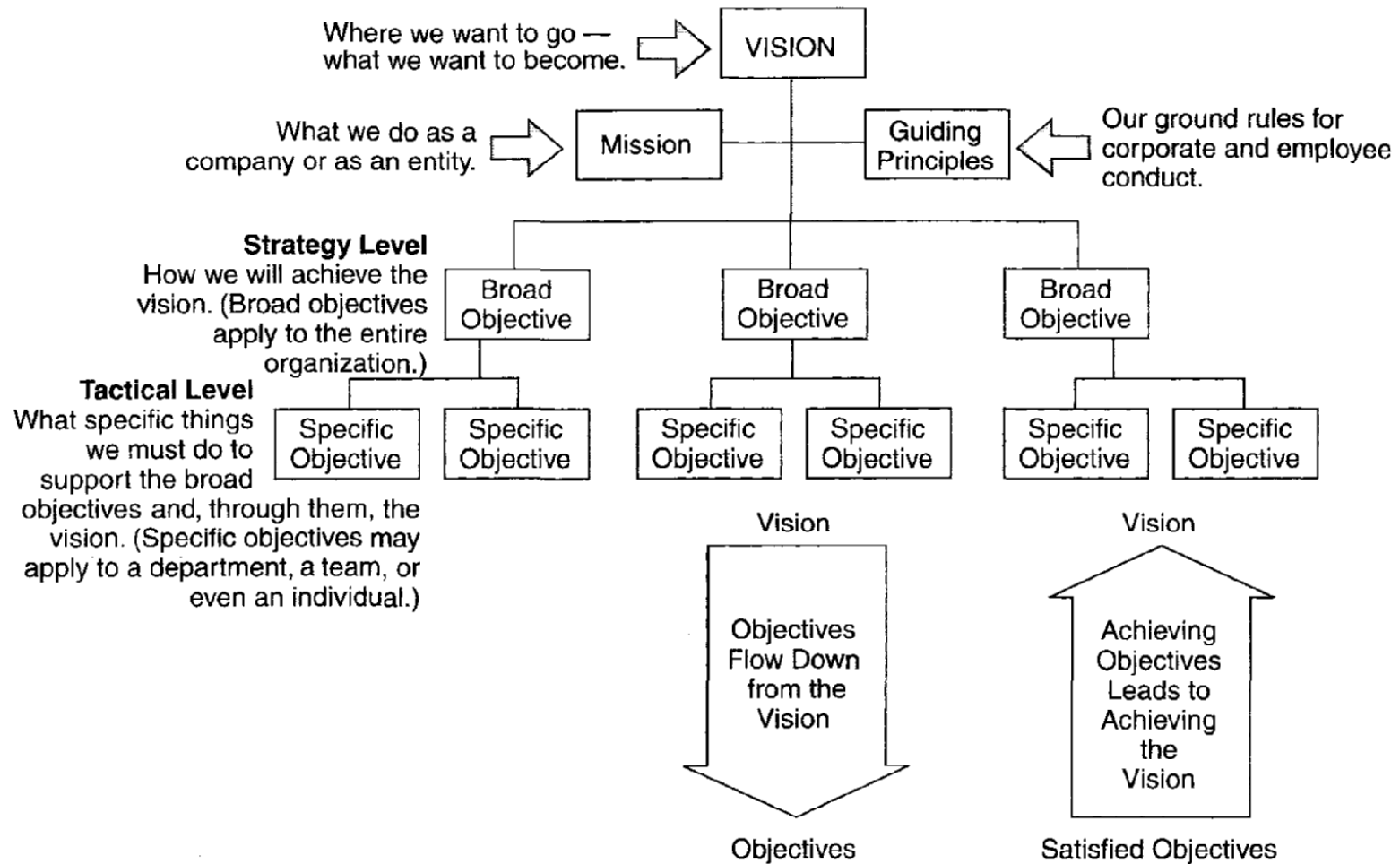
*Respect others and succeed together.*

### **Figure 22-3**

#### **Sample Guiding Principles**

*Sources:* Evonik Industries, [http://www.degussa-usa.com/north\\_america/en/company/visionmissionguidingprinciples](http://www.degussa-usa.com/north_america/en/company/visionmissionguidingprinciples), retrieved Sept. 1, 2008; PepsiCo, Inc., [http://www.pepsico.com/PEP\\_Citizenship/pepsicovalues/index.cfm](http://www.pepsico.com/PEP_Citizenship/pepsicovalues/index.cfm), retrieved Sept. 1, 2008.

# Requirements for Implementation



**Figure 22–4**  
Hierarchy of Vision and Objectives

# Requirements for Implementation



## Maytag Corporation

- **Broad objective** (Strategy):  
Premium brand leadership
  - **Specific objective** (Tactic):  
Extend the product offerings of our Maytag and Jenn-Air brands.
- **Broad objective** (Strategy):  
Continuous reinvestment in new product introductions and innovation
  - **Specific objectives** (Tactic):  
A new Maytag dishwasher.  
A new Hoover deep carpet cleaner.  
A new Jenn-Air laundry line.

**Figure 22–5**  
Sample Broad and Specific Objectives  
*Source: Maytag Corporation, First Quarter Report, 1995.*

# Requirements for Implementation

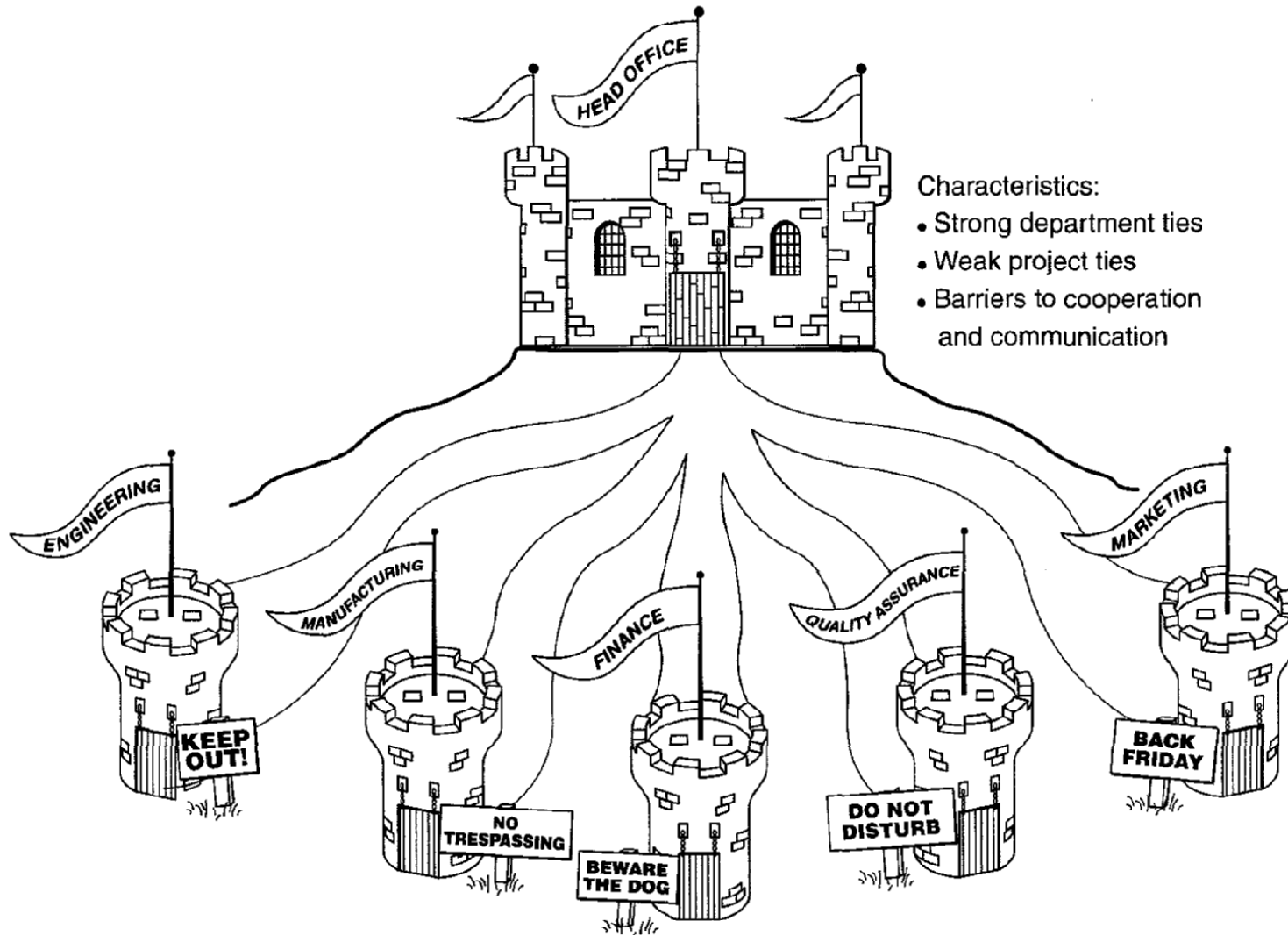
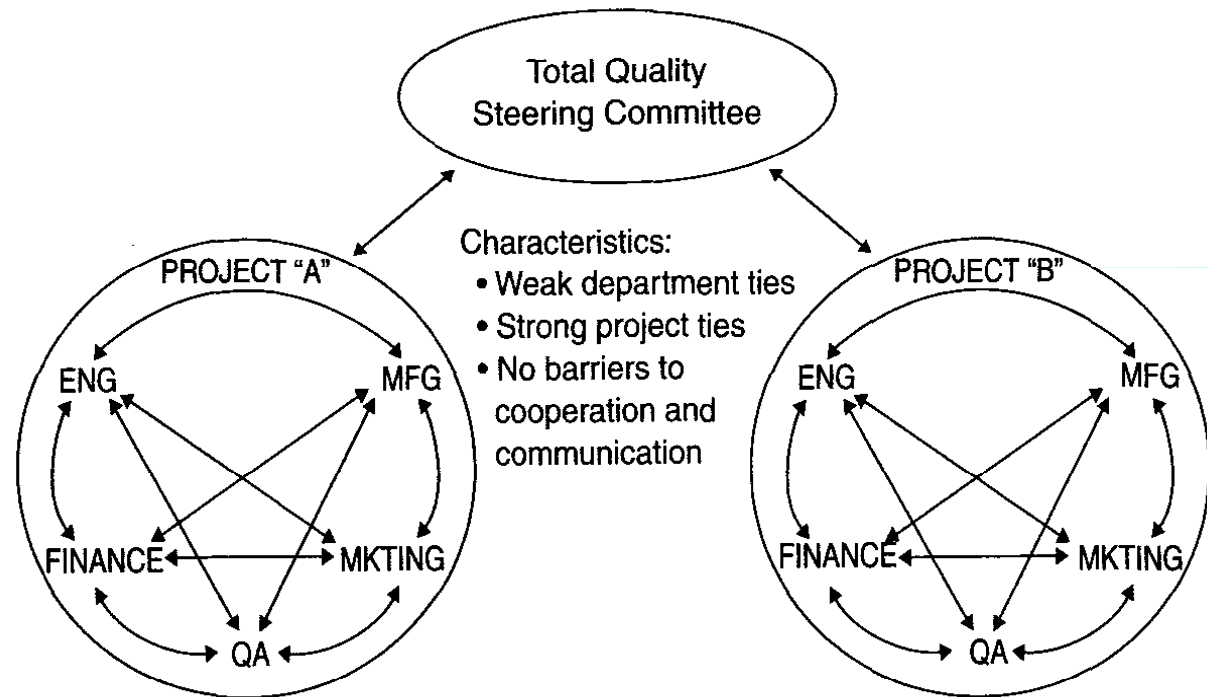


Figure 22-6  
Typical Traditional Organization

# Requirements for Implementation



**Figure 22-7**  
Total Quality Organization

## Role of Top Management: Leadership



Every organization must have a leader. That is what we pay our top managers to be. Yet our expectations are infrequently met. For some inexplicable reason, Westerners have difficulty defining leadership. Leaders are described as people that command or guide a group or activity—not a very illuminating definition. In management circles, the debate goes on about who should be called a leader or whether so-and-so has leadership ability. Somehow the point has been missed: if a person is in charge of any group, that person must lead.



## Role of Top Management: Leadership

From this perspective, every supervisor, manager, director, vice president, president, and CEO must be a leader. The problem is that most of them have never been told what their job is, and few figure it out for themselves. Their job is to lead. You may be thinking that this is rather obvious. It is not. The way our society has traditionally organized its enterprises, the farther up the organizational structure you climb, the less leadership is demanded. When new floor supervisors in a factory have just been promoted from a position on the line, they intuitively know that they have to help the less experienced people, and usually they do so. That is a major role of leadership. On the other hand, when a company president becomes the CEO, he or she is likely to spend less time in a leadership role in the company, making it more competitive, than in lobbying Washington to do something about “unfair foreign competition.”



## Role of Top Management: Leadership

Any person in charge of any group is a leader. That person may or may not be an effective leader. Too many times he or she is not. But someone put the person in a leadership position— it did not happen by self-proclamation. Who did it? Management, of course. Which brings us back to these questions: What is a leader? What skills, what natural abilities, what aura are prerequisites of leadership? While some individuals seem to possess qualities that are useful in leadership, we have all known excellent leaders who did not look the part. It helps to be attractive and to have charisma, but these traits are not necessary, nor are they a guarantee of leadership ability. So what is it that separates the good leaders from the ineffective?

1. Leaders pull rather than push
2. Leaders know where they want to go.
3. Leaders must be courageous and trustworthy.
4. A leader's most important role after forming the vision and setting the course is helping people to do their jobs with pride.





## Role of Top Management: Leadership

### The Aim of Leadership

**“The aim of leadership should be to improve the performance of man and machine, to improve quality, to increase output, and simultaneously to bring pride of workmanship to people. Put in a negative way, the aim of leadership is not merely to find and record failures of men, but to remove the causes of failure: to help people to do a better job with less effort.”**

**Dr. W. Edwards Deming**



<http://www.eng.uwyo.edu/halloffame/deming.html>



## Role of Middle Management

The middle manager is not in a position to initiate the kind of cultural change required by total quality. The middle manager must deal with the facilities, equipment, and processes put in place by higher management. He or she must operate within budget constraints for training self and subordinates. The middle manager is to a greater or lesser extent stuck with the infrastructure established by higher management. The manager in the middle cannot commit company resources, establish the corporate vision, or set up recognition and publicity programs. Nor can the middle manager arbitrate interdepartmental friction. These are the very reasons that no successful total quality program can exist without the full backing and involvement of the top levels. This is not to say that the middle manager (and let's include all levels between the hands-on workers and the department heads) fails to play a role in total quality—far from it. These are the people who will carry the brunt of the work as the path to total quality unfolds.



## Role of Middle Management

From experience, it is clear that the middle- management levels present the greatest obstacles to success in total quality. It always seems easier to sell total quality to the top managers and the hands-on people than to the middle managers. There are several reasons for this:

- ✓ A good many people in these positions have been there a long time, recognize that they will progress no further, and see total quality's sweeping changes as threats to maintaining their status quo. Many times their insecurity is well founded because Western hierarchies typically have far too many layers, and total quality makes that obvious.
- ✓ Many middle managers moved into those positions after long apprenticeships in the hands-on level. They feel that they know more about their subordinates' jobs than the subordinates themselves do. One of the basics of total quality is that the expert in any job is the person doing it day in and day out—not the one who did it 10 years ago.



## Role of Middle Management

- ✓ Most of the middle managers came up doing only what they were told to do, making no waves, playing the company game. That they were successful at it is demonstrated by their eventual promotions to their current stations. They may really believe that is the way it should be.
- ✓ Middle managers as a group tend to study less than managers at the top. Often the events that are reshaping the world's industry pass them by, and they simply do not know what total quality is about. People seldom support any concept they do not understand.

## Role of Middle Management



Middle managers will often function as project team leaders, seeking to define and characterize processes and finding ways to improve them, or will take on a wide variety of special total quality projects. With their teams, they will find new ways to do things and new things to do. They will find themselves on the firing line, for it is at this level that products are produced and information is collected and analyzed. This is, in other words, where the action is, the *raison d'être* for the enterprise. How effective middle managers are in adapting to total quality, and how successful their leadership is, will have the greatest possible impact on the company's ultimate success.



## Viewpoints of Those Involved

### **Factory or Office Worker**

Initial reaction: Here we go again. another company buzzword.

After some experience: Hey, maybe there's something to this total quality.

Six months later: I'd never go back. We're proud of what we do. We're a team.

### **Middle Management (Unenlightened)**

Initial reaction: We've been through "zero defects" and "do it right the first time." This, too, shall pass.

After some experience: They are having lots of problems. They must be nuts to think involving lower levels will do anything but cost money.

Six months later (the still unenlightened): They're just trying to do away with our jobs.

Six months later (the newly enlightened): It's hard to deny success. I'm beginning to understand.



## Viewpoints of Those Involved

### **Middle Management (Enlightened)**

Initial reaction: Time will tell whether top management is really behind this.

After some experience: We're finding problems we never knew we had. Our team is excited.

Six months later: We're operating better than ever, but we've just scratched the surface. Total quality is the way to go.

### **Top Management**

Initial reaction: How much will this cost, how difficult will the cultural transition be, and will the employees buy in?

After some experience: Most of the staff (now steering committee) are on board. Lower levels seem to be developing enthusiasm, but there is some resistance in the middle levels. Overall, we're making progress, but it is sure taking a lot of attention.

Six months later: Definite progress in several areas. Almost everyone involved and excited. few holdouts in the middle. Fewer crises to deal with. More time to put into total quality.

## Viewpoints of Those Involved



### **The Customer**

After the first year: Far better delivery performance. Quality improved. If they can maintain this kind of improvement, they've got my business.





## Implementation Variation Among Organizations

There is no one right way. For a given organization with its special strengths and weaknesses, its peculiar business situation, and its unique culture, there may well be some wrong ways. There will also be more than one right way.

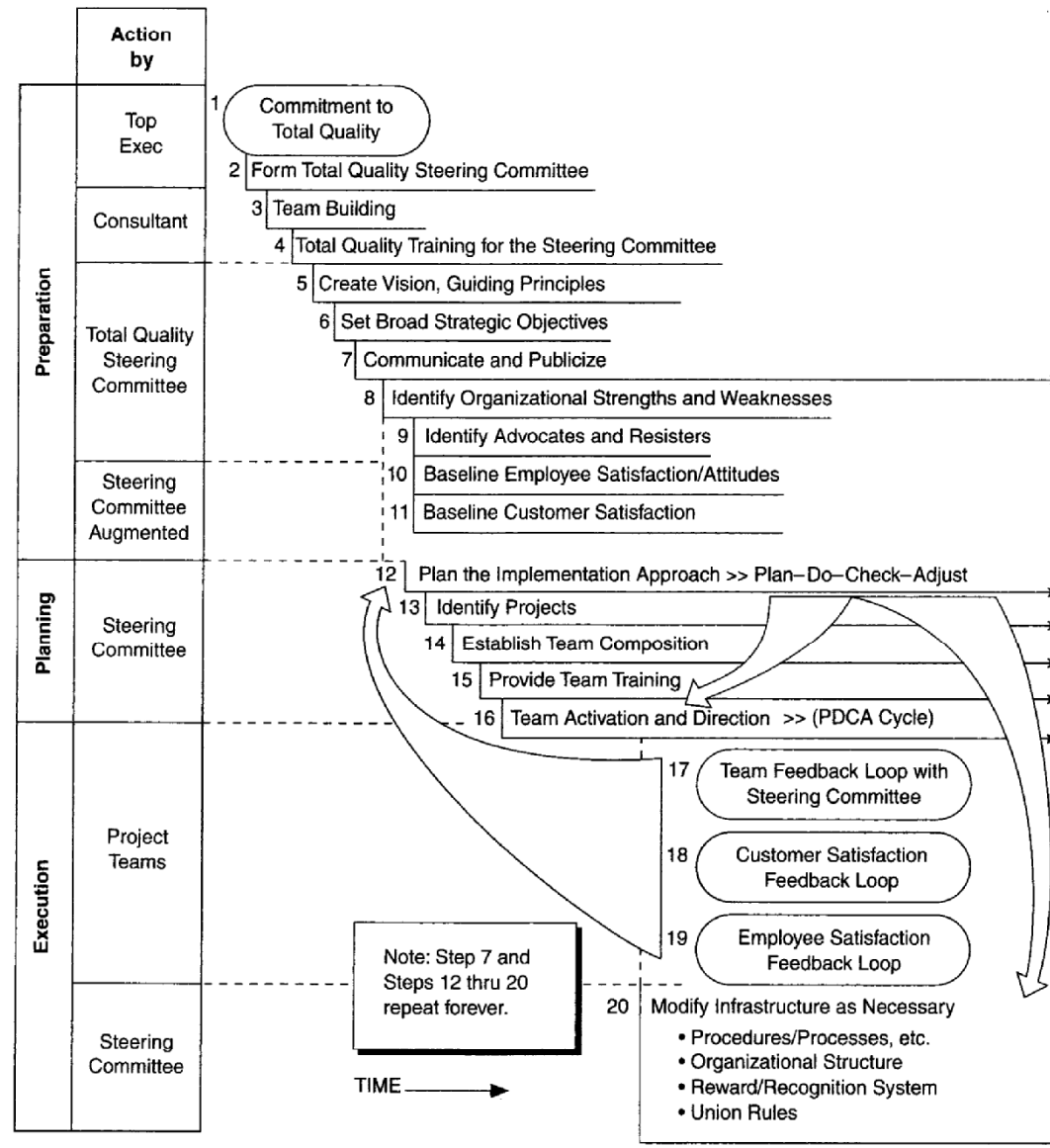
- ✓ Making a commitment at the top.
- ✓ Forming a steering committee of the top management staff.
- ✓ Defining the organization's vision and broad objectives.
- ✓ Train the steering committee.
- ✓ Identify organizational strengths and weaknesses.
- ✓ Identify the probable advocates of total quality.
- ✓ Identify customers, both external and internal.



## Implementation Approaches to be Avoided

- ✓ Don't train all your employees at once.
- ✓ Don't rush into total quality by putting too many people in teams.
- ✓ Total quality implementation must not be delegated.
- ✓ Don't start an implementation before you are prepared.

# An Implementation Approach That Works



**Figure 22-10**  
The Goetsch-Davis 20-Step Total Quality Implementation Process

## Getting On with It



Whether an organization can go through this kind of an implementation without the help of a consultant will depend on the internal availability of one or more experts. Students who study total quality in college can become these internal experts. Rather than trying to muddle through, it would be far better to enlist the aid of a consultant to get you through the implementation and into execution. It is certainly possible to pay a lot of money for such services, but it is by no means necessary. Most consultants would prefer to work with you on a part- time basis . A typical 6-month implementation would probably require 1 person-month or less of consulting services. This could be a wise investment for your organization because the “muddle through” method is almost sure to fail, after which it will be doubly difficult to recover, to try again.

Virtually every type of enterprise can benefit from total quality. Starting on the journey now may put you ahead of your competition. Failure to start now may leave you behind and doomed to failure as the whole world embraces the principles of total quality.



## What to Do in the Absence of Commitment from the Top

If your top management is hostile to total quality, it would not seem prudent for you to push the subject much beyond trying to enlighten them. Even that could be hazardous, depending on your relationship with the management group. Certainly, any overt total quality initiatives on your part in defiance of management's wishes would not be in your best interest. If enlightenment does not work, it may be time to consider moving on to different employment. That is not always a reasonable option, but long-term prospects for your current employment are not bright either, given top management's attitude toward total quality.

If your top managers are simply ambivalent toward total quality, perhaps because they do not know much about it, you have a whole different ball game. Assuming your position gives you some latitude of operation, you may be able to construct a mini-implementation within your department that can improve performance in many areas.



## What to Do in the Absence of Commitment from the Top

Recognizing that departmental total quality is a contradiction in terms (i.e., it cannot be total quality until every aspect of the organization is involved and committed to it), implementing total quality in a single department is better than not doing it at all. If the implementation is well done, the gains will be significant enough to attract the attention of other departments and of top management. Your department may provide the seeds for the larger organization to become involved. Getting started in a single department is not much different from the process we have just studied for a company-wide implementation. The numbers of people involved in every step may be smaller, but most of the steps are required.

## Implementation Strategies: ISO 9000 and Baldrige



Organizations that are not ready to undertake a full total quality implementation but that want to move in that direction can use the criteria of several different award and certification programs as a starting point. The two programs recommended by the textbook authors are ISO 9000 and the Malcolm Baldrige Award.



### **ISO 9000 as a Starting Point**

If an organization has not yet committed to total quality but is in a business that could benefit from ISO 9000 registration, going through the preparation steps will automatically provide a start into total quality. Although ISO 9000 and total quality are not equivalent, any total quality organization should apply the kinds of procedures, checks, and management involvement required by ISO 9000. ISO 9000 is a subset of total quality, but it is close to TQM.

ISO 9000 registration requires, for most organizations, a lot of work. If starting without any written procedures, if processes are not well documented, and if there is no quality system or quality manual, an organization faces an uphill battle. But the work required is work that must be done for total quality anyway. ISO 9000 preparation can get an organization started on a total quality implementation.





## **Self-Assessment Based on Baldrige or Similar Criteria**

The Malcolm Baldrige National Quality award program, which operates under the auspices of the National Institute of Standards and Technology (NIST), was established in 1987 by legislation (P.L. 100—107) and is intended to:

- ✓ Promote awareness of the importance of quality improvement to the national economy.
- ✓ Recognize organizations that have made substantial improvements in products, services, and overall competitive performance.
- ✓ Foster sharing of best-practices information among U.S. organizations.

# Implementation Strategies: ISO 9000 and Baldrige



- 1. Leadership (120 points)**  
Examines how the organization's senior leaders guide and sustain the organization; the organization's governance; and how the organization addresses its ethical, legal, and community responsibilities.
- 2. Strategic Planning (85 points)**  
Examines how the organization develops strategic objectives and action plans; how these objectives and action plans are deployed; how they are changed if required; and how progress is measured.
- 3. Customer and Market Focus (85 points)**  
Examines how the organization determines the requirements, needs, expectations, and preferences of customers and markets; how the organization builds relationships with customers; and how the organization determines the key factors that lead to customer acquisition, satisfaction, loyalty, and retention and to business expansion and sustainability.
- 4. Measurement, Analysis, and Knowledge Management (90 points)**  
Examines how the organization selects, gathers, analyzes, manages, and improves its data, information, and knowledge assets; how it manages its information technology; and how it reviews and uses reviews to improve its performance.
- 5. Workforce Focus (85 points)**  
Examines how the organization engages, manages, and develops its workforce to utilize its full potential in alignment with the organization's overall mission, strategy, and action plans; the organization's ability to assess workforce capability and capacity needs; and its ability to build a workforce environment conducive to high performance.
- 6. Process Management (85 points)**  
Examines how the organization determines its core competencies and work systems and how it designs, manages, and improves its key processes for implementing those work systems to deliver customer value and achieve organizational success and sustainability; and examines the organization's readiness for emergencies.
- 7. Results (450 points)**  
Examines the organization's performance and improvement in all key areas—product and service outcomes, customer-focused outcomes, financial and market outcomes, workforce-focused outcomes, process-effectiveness outcomes, and leadership outcomes. Also examines performance levels relative to those of competitors and other organizations providing similar products and services.

**Figure 22–11**  
Seven Categories of Criteria for the Malcolm Baldrige National Quality Award  
*Source:* National Institute of Standards and Technology, February 2008.

## References

**Quality Management for Organizational Excellence: Introduction to Total Quality, 6th Edition, David Goetsch and Stanley Davis, copyright 2010, Pearson, ISBN: 978-0-13-501967-2.**





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