

Reengineering Total Quality Management

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“The lack of good long range TQM planning has wasted billions of dollars. Today, more than ever before, organizations need to apply the Five Ps—Proper Planning Prevents Poor Performance.”

Introduction

The quality methodology has evolved over the last one hundred years as follows:

- Craftsman/apprenticeship
- Management control
- Quality control
- Quality assurance
- Total quality control
- Total quality management

In the 1950s, Armand V. Feigenbaum defined Total Quality Control in his book of the same name. Feigenbaum's book defined quality's relationship to the total product chain. In the mid-1980s, *total quality management* became the preferred phrase. It came into being without definition, and as a result, it represented a very free wheeling approach in comparison to the engineering-defined approach in total quality control. Consultants and professionals in all disciplines claim that their approach to performance improvement was part of the TQM methodology. We have identified more than 220 different approaches and/or tools that have been identified by one or more consultant or professional as being part of TQM. The concept of quality being first between equal cost and schedule gave way to all problems to cost, schedule and performance was caused because the organization did not have a quality management team. The first two words of TQM—"total" and "quality"—became adjectives that defined management rather than nouns. This put all activities that improved efficiency, effectiveness and adaptability under the banner of TQM. Things like inventory management, space management, project management, preventive maintenance, safety, activity based costing, reengineering, computer-aided manufacturing, computer-aided design, risk management, appraisal systems, reward systems, benchmarking,

organizational change management, organization restructuring, organizational alignment and business planning were all embraced under the TQM banner. Many quality professionals claim that if management is not doing everything that it can to meet the requirements of all the organization's stakeholders, they are not doing a quality job. This took the quality concept far beyond meeting and exceeding customer requirements to meeting and exceeding all of the following stakeholders' expectations.

- Customers
- Management
- Investors
- Employees
- Suppliers
- Employees' families
- Community

The added dimension of stakeholders throws TQM into many new areas of concern. Often different stakeholders have conflicting requirements. Management wanted increased value-added per employee, the employee wanted job security, investors wanted increased return on investment

and to reduce costs, the customers wanted lower prices, the community wanted organizations to employ more people.

The TQM methodology has turned out to be a smorgasbord of tools and techniques that was never engineered to work together. Many of these tools solve the same problem. Others work well for very successful organizations but can be disastrous for marginal organizations.

Unfortunately, management walked up to the TQM buffet and began to act like a child left on his/her own in a candy store. Soon their plates were heaped full of goodies that, instead of satisfying their hunger, left them with a stomach ache. To add to this problem, every time one of the executives went to another management conference they came back with a new TQM tool that pushed other TQM activities aside.

Is it any wonder that articles appear in magazines like *Fortune* magazine claiming someplace between 10–50% of all of the TQM efforts have failed? I don't care what the number is, even if its 5% failures, it's too much. If we handle our new product development cycles the same way we handle our TQM efforts, most of our organizations would be out of business already. What we need to do is step back and reengineer our TQM

processes much the same way that we would bring out a new product.

Why shouldn't we do as thorough a job with our TQM process as we are with our new product process? Probably the TQM process will have a bigger impact upon your organization's future success than any product you have on the drawing board today.

If you were designing a new product, you would start by finding out who was going to use the product and what their requirements were. You would then define what all your options were to create a product that would fulfill these needs. Now you would be ready to start designing the product with a blank sheet of paper on your drafting board. Throughout the development process, you would periodically test the design to assure that it will meet the users requirements. This is exactly what we are going to do as we reengineer your total quality management process.

My data indicates that many organizations have more to gain from reengineering or redesigning their TQM process than they would realize from reengineering any one of the following processes:

- Order entry
- Accounts payable

- Floor loading
- Field support

The 8 Phases of Reengineering TQM

Figure 1 shows the eight phases that are used to reengineer and customize a TQM process to meet an organization's unique improvement needs.

Management has realm of control over relatively few things. They do not control the economy, their customer, their competition, their suppliers, government regulations, the stock market, etc. The only thing that management can change is the environmental processes that they control. If you are going to bring about sustained performance improvement within an organization, the environmental processes within the organization that impacts the desired results must *change*. It is therefore extremely important that these key environmental processes be identified. We find that in most organizations there are between 5–10

environmental processes that have the most impact upon the organization's performance. Typical process that impact organizational performance are:

1. Management processes
2. Training processes
3. Measurement processes
4. Customer partnership processes
5. Supplier partnership processes
6. Internal support business processes
7. Production processes
8. R&D processes
9. After-sales services processes

Organized Labor Involvement

It is strongly recommended that if some of the employees in the organization are presented by organized labor that the union leaders get involved as early as possible. We recommend that the appropriate union

leaders became active partners in developing the environmental vision statements and the plan that will transform the organization. This will help to align the organized labor's goal with the environmental vision statements. Early involvement of these key people in the planning process often slows down the process a little, but in the long run much time will be saved because the plan will be much better and much more effectively implemented.

Phase I—Assessment

Before we can start to reengineer the TQM process, we need to define where it is operating today, or the *as-is state*. To do that, an assessment of the present organization, its behavioral patterns, and its past experiences needs to be conducted. Often it is best to conduct these assessments with individuals who are not associated with the organization that is being assessed. This can be accomplished by bringing in assessment teams from other locations within the

organization, or through the use of consultants. Typical kinds of reviews that are effective at developing the as-is state are:

- An improvement review and analysis
- Malcolm Baldrige National Award analysis
- QS-9000 conformance analysis
- Employee surveys

These assessments should provide an extremely good understanding of how the critical environmental processes are functioning today. Other factors that will also be evaluated are:

- Effectiveness of recent improvement experiences
- Organization's change resiliency
- Improvement opportunities
- Adequacy of the measurement systems
- Differences between employee and management priorities

Phase II—Establish Environmental Vision Statements



The Executive Team (ET) should set aside two or three days to develop a set of preliminary visions for the key environmental processes they will picture how these processes should evolve over the next five years. To accomplish this, the meetings should be held off site in a sterile environment where no one is interrupted by phone calls.

Using the results of the assessment, the ET should define the as-is performance levels of all the key environmental processes that impact the organization's performance. Then they should discuss each process to define if it needs to be improved over the next five years. If the process needs to be improved (and most of them will), the ET should define how it should change. The ET should think beyond the present boundaries and define the future desired state.

Jack Welch, CEO of General Electric, says, "Leaders—and take everyone from Roosevelt to Churchill to Reagan—inspire people with clear visions of how things can be done better. Some managers, on the other hand, muddle things with pointless complexity and detail. They acquaint it with sophistication, with sounding smarter than anyone else. They inspire no one." Father Theodore Hesburgh, former President of Notre Dame

University, stated, “The very essence of leadership is that you have to have a vision. It’s got to be a vision you articulate clearly and forcefully on every occasion. You cannot blow an uncertain trumpet.”

A typical example of a 5-year vision statement for management support and leadership is:

“Management fosters an environment of open communication where opinions and suggestions are encouraged and valued: visions, plans and priorities are shared throughout the organization.

“Management provides the necessary time, tools and training for employees, which enables everyone to contribute their personal best toward the mission of the organization.

“Teamwork is stressed: decision-making is accomplished at the lowest appropriate level. Bi-directional feedback occurs on an ongoing basis to measure results and provide input for a continuous improvement process.”

Stakeholder's Involvement with Vision Statements

The ET develops the preliminary vision statements. These statements reflect the way management interprets the data they have and the way they picture the evolution of the organization's environment. But management is only a small part of the people who are affected by the vision statements. There are three more stakeholders who also need to influence these vision statements. They are: (1) the customer, (2) the employee, and (3) the suppliers.

Each of the executives should take the preliminary vision statements back to their organization and hold a series of focus group meetings with their direct reports, first-line managers and employees to get their inputs related to the preliminary vision statements.

Each focus group should review all of the vision statements to determine:

1. Is this the type of environment you want to live in?
2. Is this different from today's environment?
3. Do you understand the vision statement and what each word means?

4. How could it be improved?
5. Do you think it is achievable?
6. What would keep us from achieving it?

Procurement should ask the major suppliers to attend a focus group meeting where all the vision statements are reviewed. Marketing should do the same thing for their major customers, with particular emphasis focused on present customer partner status and on the customer partnership vision statement. With both the suppliers and the customers, it is better to review the vision statement with too many, rather than too few.

Preparing the Final Vision Statements

When the results of the focus groups are available, a second meeting of the ET is held to develop the final vision statements. At this meeting, the executives present their teams' inputs and represent their teams' views of the desired future.

The outcome from this meeting is a new, final group of vision statements. In our experience, most of the final vision statements are very different from the preliminary vision statements.

Phase III—Setting Performance Improvement Goals

The executive team should now define how it will measure success for the improvement effort. Every one of the executives has expectations of what should be accomplished in their function and the organization as a whole. To guide the improvement planning cycle, the executive teams needs to focus on setting goals for only a few critical organization measurements. For example:

- Return on investment
- Customer satisfaction
- Response time
- Value-added per employee
- Market share
- Dollars saved

- Morale index

We suggest that the executive team select three to six organization measurements and set yearly goals for them that will be used to design the improvement process around. The ultimate design of the improvement process will be greatly impacted based upon how aggressive these improvement performance goals are.

Phase IV—Desired Behavior and Habit Patterns

The start of the personality change for the organization is development of a set of vision statements. If they are worthwhile and are embraced by management and employees alike, then the individual's feelings and thought patterns will begin to change. If the organization and the individuals involved are rewarded personally and socially as these new feelings are embraced, over time they will transform into normal behavior and/or habit patterns. Now more and more, they will take the needed action, often telling management after the fact about the problem and

how it was handled. They will start to come to management, explaining how they are going to correct the problem instead of asking management how to solve it. Positively reinforced behavior and actions become habits. At this point in time, these special patterns become a natural pattern. “It’s just the way we do things around here; it’s nothing special.”

For every vision statement, ET should prepare a list of habits and behaviors that would exist in the organization if the vision was realized. To accomplish this, the ET may decide to focus on key words or phrases in the vision statements, or the vision statements as a whole. Typical key words or phrases that might be included in your vision statements are:

- Empowered employees
- Customer-driven
- Process focus
- Streamlined operations
- Quality first
- Technology-driven

Phase V—Three-Year Improvement Plans

Organizations that want to eliminate the piecemeal, flavor-of-the-month approach to improvement are stepping back and looking at all their improvement options before committing a course of action. It takes time up front, but it saves total cycle time, cost and effort over a three-year period. In addition, it produces much better results. Properly designed, it will create an organization that is creatively bringing out the best each employee has to offer.

Factors Impacting The Three-Year Improvement Plan

An organization must consider many factors before finalizing the three-year improvement plan. It can be divided into two categories, (1) impacting factors, and (2) influencing data. *Impacting factors* are things like the organization's mission, values, performance goals, business plans, etc. *Influencing data* are things like customer feedback, opinion surveys, poor-quality cost, competitive performance, etc.

Certainly the environmental influencing data can have a major impact on the final three-year improvement plan. Some of the things included in

these considerations are: technologies, standards, desired pace of change, competitive environment, etc.

Individual Environmental Improvement Three-Year Plans

The ET should look at each vision statement and develop a plan to transform the organization's environment over the next three years in keeping with the vision statement. This environmental improvement plan must provide a logical transition from the "as-is" state to the desired future state as defined by the vision. Transition is defined as an "orderly passage from one state, condition, or action to another."

The ET will then generate a list of today's problems related to the environmental process that is being planned for and a list of roadblocks that will impede the change of state. When this is complete, the tools that impact the environmental process under study will be reviewed. For example, as mentioned earlier, in the management support and leadership category, about 44 of the 400 improvement tools are directly applicable in helping bring about this transformation.

The appropriate improvement tools and the list of problems and roadblocks are then analyzed to determine which tools are used to correct which problems and eliminate the roadblocks. Once the ET has selected the appropriate tools, an implementation plan for each tool will be prepared and an individual assigned the responsibility for ensuring the plan is implemented. At this point in the planning process, priorities are not given to individual tools unless there is some type of interdependency.

After the individual environmental improvement plans are completed, the ET should then review the performance improvement goals to identify which measurements are impacted by the specific environmental change plan. The ET should then evaluate how much improvement the specific environmental change plan will have related to the affected performance improvement goals.

Phase VI—Combined Three-Year Plan

When the ET has completed developing the individual three-year improvement plans, they are now ready to combine the plans and prioritize activities. There are a number of things that should be considered when the individual plans are combined, not the least of which are the performance improvement goals that were developed earlier. The executive team should review the individual plans to define which activities impact each of the performance improvement measurements and schedule the activities so that the performance goals will be met.

Phase VII—Rolling 90-Day Improvement Action Plan

Now that the organization has agreed on a combined three-year improvement plan, it is time to put theory into action. The rolling 90-day improvement action plan is used to provide the organization with an agreed-to, short-range schedule for implementing the combined three-year improvement plan. This schedule will be divided into weekly segments, but specific target dates are often added to the plan. (Example:

The ET will meet on the first and third Tuesday of every month from 9 a.m.–noon; or, The final report is due February 3rd.)

To accomplish this, any activity that starts during the first three months of the combined three-year plan should have a detailed, day-by-day implementation plan developed for it. This plan should be prepared by the individual assigned the responsibility for that activity by the ET. These plans are then combined into a rolling 90-day improvement action plan.

Phase VIII—Implementing the New Quality Processes

The problem that we have had in the West is not what we do; it's how we implement it. Almost all the improvement tools that individual organizations have tried are good under the right conditions. Unfortunately, in most cases, we have done the right thing, but did it very ineffectively, thereby minimizing the potential gains from the activity. Literally billions of dollars have been wasted in the West training

employees to do things that they are not doing today. One of the keys to successful implementation of a TQM process is an excellent change management process.

Summary

The piecemeal approach to improvement usually produces results, but not the best results. To become a winner, or to stay a winner, organizations need to define how they want the organization's environment to evolve over the next five years, by preparing a series of vision statements that define the future desired state. Once their direction is defined, they can design the improvement process that will uniquely meet their transformation needs. Organizations can no longer react to the latest improvement fad. They must consider all of the options that are available to them, then patiently implement them over a period of time so there will not be a negative impact on the organization's performance. Frequently, in their enthusiasm to implement the change process, organizations overcommit themselves, taking away resources that are needed to maintain their output.

