

Managing the Total Quality Transformation

THOMAS H. BERRY

Foreword by A. Blanton Godfrey,
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Foreword

The first, and probably most natural, reaction to a new book on total quality management is, "Oh no, not another book on quality management! What could possibly be in this book that hasn't been in 50 others?" But this book *is* different. Many other books tell us what we should do, but few tell us how to do it. Many other authors tell us why quality is so important and what spectacular results can be achieved, but few even attempt to describe the steps of the journey to total quality management.

Tom Berry not only describes this journey in detail, he writes with the authority of one who has taken the journey himself. He not only gives us a clear road map, he tells us about the bumps in the road, the ditches, and the railroad crossings.

We have all *read* much about total quality management. Tom Berry provides us with a chance to judge what has been *done* about it. Tom provides proof that total quality management works, works here in the United States, and works in *service* companies! He supplies the concepts and proof and also a road map (with useful warning signs) on how to implement total quality management. From his personal experience in leading the implementation effort at Colonial Penn, Tom discusses:

- How and where to start TQM
- How to scale-up TQM
- How to institutionalize TQM
- The role for frontline employees
- The role for middle managers
- The role for upper managers

Tom gives excellent guidance to the company or organization starting the journey toward total quality management. He provides insights into some of the challenges facing quality leaders in the 1990s. He gives a clear prescription for building quality into the business plans and strategic plans. He shows how to move from a restricted focus on outcomes or results to managing the critical *processes* within the company.

Tom clearly explains the differences between the roles of the cross-functional quality improvement teams and the unit-level quality teams. He shows how the unit-level quality teams use the Deming wheel or Shewhart diagram (Plan, Do, Check, Act) to drive the unit quality process. He explains the use of quality planning and management's key role in planning and in the deployment of plans, goals, and objectives throughout the organization.

But best of all, Tom continuously brings us back to reality with examples of what companies, particularly Colonial Penn and Florida Power and Light, have actually done. He describes in detail what the quality council members do during the first steps of the journey and how they manage the quality improvement process down the road. He stops often to give us specific, useful lists of actions for top managers, quality teams, and quality managers. Tom is not shy with his recommendations. He doesn't miss many opportunities to tell us exactly what to do and how to do it. We suggest you consider all his recommendations seriously.

After finishing the text, we are sure you will find the quote attributed to Sir Winston Churchill appropriate: "It is not the end. It is not the beginning of the end. However, it is the end of the beginning."

A. C. Endres
VICE PRESIDENT

A. Blanton Godfrey
CHAIRMAN AND CEO
JURAN INSTITUTE, INC.

Preface

Managing the Total Quality Transformation describes how an organization can delight its customers and optimize long-term profitability, competitive position, and market share by adopting a customer-focused, total quality management (TQM) process.

A quality management process is a total corporate focus on meeting—and often exceeding—customers' expectations and significantly reducing the costs resulting from poor quality by shaping a new management system and corporate culture. For most companies, the cost of poor quality is estimated to be from 20 to 25 percent of sales revenues!

To many people, including top executives, *quality* is a nebulous word like *excellent* or *outstanding*. If you can't define *quality*, then you can't measure it, and if you can't measure quality, you can't achieve it. If you can't achieve it, the cost of poor quality continues to erode your chances for a profitable future.

A company that can define, measure, and achieve quality, however, will earn and sustain a strong competitive advantage and envious profitability, which are the ultimate objectives of any organization.

This book is intended to provide an easy-to-follow blueprint for achieving quality, particularly in medium to large service businesses, where until quite recently, the faint drumbeat of a growing quality revolution in U.S. manufacturing firms has gone virtually unnoticed. This book can aid the manufacturing revolution as well.

The company that seizes the initiative for constantly catering to the needs of its customers and involves all its people in a quality revolution will emerge victorious in terms of customer satisfaction and loyalty, and

in terms of earnings growth and competitive position. There is no better formula for success, and there is no better time to mount a quality offensive than right now.

Step by step and chapter by chapter, this book describes how quality can be defined, measured, achieved, and maintained. It begins by offering a usable definition of *quality* and describing the incentives for achieving it. Succeeding chapters model the journey toward total quality management and guide the reader along the path to a fully realized and totally customer-focused environment, where a reputation for quality products and services can be earned and maintained.

Along the path to achieving quality, the reader is exposed to a total quality model and to such critical ingredients as:

- Developing an approach to quality
- Forming quality improvement teams
- Planning and organizing for quality
- Taking quality to the unit level
- Training people in the use of quality improvement tools and techniques
- Building a knowledge of customers and their needs
- Managing the critical success factors
- Experimenting with the quality process at a test site
- Developing a customer-focused corporate culture
- Improving vendor performance
- Ensuring top management's involvement and support
- Recognizing and rewarding quality achievement
- Measuring and sustaining quality

A vital thread woven through the emerging quality fabric is the absolute necessity for employee involvement at every organizational level and from every corner of the organization. Empowering people to take the quality initiative and inciting management to clear the obstacles that impede the progress of employee involvement are strongly and continuously advocated.

I've included charts, examples, models, and Transformation Checkpoints, which are quality "to-do" lists at the end of each chapter. However, it is not the purpose of this book to provide instruction in the statistical process control tools used by quality improvement teams. I hope that upon completion of this book the reader will feel an impelling

need to begin a quality revolution and have the confidence, knowledge, and enthusiasm to get the job done—because it's a matter of corporate survival!

Today we must fight to survive in an increasingly competitive marketplace that is international in scope. We can no longer consider the battlefield to exist only from sea to shining sea.

I believe that our workers are capable of competing and winning in the broader arena. But to do so, we must question some of our long-held and most basic beliefs concerning customer satisfaction and managing for quality. As a nation, we are just beginning to rise to this significant challenge. The recent establishment of the Malcolm Baldrige National Quality Award by the U.S. government provides evidence that the United States is waking up to face the challenge.

Delighting customers is the name of the game in which we are all engaged. Every man and woman in the workplace must be called upon to pitch in—to serve customers as never before. This must be our highest priority, and achieving it must be recognized as a long-term endeavor. Those who walk down Wall Street carrying their shareholder banners while the battle for customer loyalty wages around them must wake up to both the priority and the time frame for improving our corporate competitiveness. They must take pride in their involvement in this quest for quality. After all, what is most important—quarterly earnings per share, price-earnings ratio, dividend declaration? Or should survival next year and into the next decade take the front seat?

The total quality efforts upon which a growing number of enlightened companies are embarking continue to challenge the short-term—earnings mentality. We must believe that an investment in total quality and customer satisfaction today will make all the annual reports look magnificent tomorrow and that the commitment being made now is for greater gain later.

This book encourages adopting a total quality management process now. Each of us, as a consumer, deserves it. Each of us, as a worker, must contribute to it. Each of us must demand it to ensure a bright economic future for the country.

It is my hope that you will read this quality “battle plan” from cover to cover and are motivated to join the quality revolution in your factory, office, or division. If you have already begun to fight, my intention is to smooth the way for you.

If this book doesn't do it for you, then find one that will. And above all, stay the course of quality advocacy.

Thomas H. Berry

Acknowledgments

A number of key people, whether they know it or not, played a vital role in the preparation of this book. Some of them provided personal encouragement or hands-on assistance, which was not only greatly appreciated but was also, from time to time, sorely needed.

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Two long-time and cherished friends provided substantial encouragement from the very first day (or even earlier) throughout the long haul of producing a marketable proposal and a finished manuscript. John Toedtman clearly recognized my passion for total quality management and pushed me hard to "get the book written." Ferdinand Setaro did exactly the same thing and also introduced me to Patricia Haskell, who became my literary agent. Ferdie and Pat provided technical guidance and much-needed support in marketing my publishing proposal and, later, helped me to manage my own impatience as I floundered in the publishing world for the first time.

Many other people over the past several years were significant contributors to building my knowledge and understanding of total quality.

Dr. Joseph M. Juran worked with me and with Colonial Penn in the initial stages of developing a TQM model for our service organization. Later he recognized that we had a story worth telling and invited me to prepare a paper for presentation at his Institute's 1988 Annual Conference (IMPRO). The presentation received top ranking by the participants.

The people of FPL Group, Inc., and Florida Power and Light Company provided irreplaceable assistance and opportunities for learning as well as encouragement as I worked to develop a TQM process for Colonial Penn. Special thanks goes to Marshall McDonald, former chairman of FPL Group, and John Hudiburg, former chairman of Florida Power and Light Company, and to the following people of these organizations who helped guide the way: Tom Petillo, Carl Stimson, Frank Voehl, Bear Baila, Irwin Weinberg, Barbara Cottrell, Bill Cunningham, Kent Sterret, Sandy Straus, Bill Hamilton, Joe Collier, Jack Woodall, Joe Howard, Bud Hunter, Clark Cook, and Dottie Norton. FPL also provided me with the opportunity to visit Japan and, on numerous occasions, to be exposed to the knowledge of members of the Union of Japanese Scientists and Engineers, including the enlightening Dr. Noriaki Kano.

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1

TQM: What's It Really All About?

This book is about designing, implementing, and sustaining a total quality management (TQM) process primarily in medium to large service corporations. However, it also applies to the manufacturing sector. Other popular labels for total quality management are quality improvement process (QIP) and total quality control (TQC). The company that takes the initiative to adopt TQM can eventually achieve a significant advantage over its competitors with respect to all the key indicators of success: market share, profitability, growth, costs, and so on.

A point I must stress up front is that a TQM process is not a quick-fix strategy. You won't see your competitors fading from sight in your company's rearview mirror a few months after developing TQM. However, if you build a strong quality-focused organization, you will pull away from the field over a several-year period. You maintain this leadership position only by continuing to nurture your TQM approach year after year, forever and ever.

I use the word *process* and avoid the word *program* in order to help make this vital point.

A process is a methodology that is developed to replace the old ways and to guide corporate activity year after year. It is not a special guest. It is not temporary. It is not to be tolerated for a while and then abandoned.

A program, on the other hand, is typically seen by many employees as something with a beginning, a middle, and an end. It is here today and