QUALITY MATTERS: REQUIREMENTS FOR TOTAL QUALITY LEADERSHIP

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A DIFFERENT APPROACH TO ORGANIZATION MANAGEMENT is coming to the forefront—one that yields higher quality, higher productivity rates, improved service, and a greater return on investment. Called total quality leadership (TQL) by some quality professionals, the system focuses on providing top value to customers by building excellence into every facet of the business. This is accomplished by creating an environment that allows and encourages employees to contribute their knowledge to improve company operations. Total quality leadership comes about when the full potential of the work force is aligned with company performance objectives.

TOTAL QUALITY LEADERSHIP FOCUSES ON CONSTANTLY IMPROVING EVERY SYSTEM IN THE ORGANIZATION.

All companies require numerous actions or processes to achieve a particular result. Literally thousands of processes exist in most companies; they are required for purchasing materials, production, testing, accounting, inventory control, distribution, sales, etc. Total quality leadership studies and improves these processes to give customers products and services they value.

THE ESSENTIAL COMPONENTS

Total quality leadership begins with recognizing that at least 85% of the problems in most companies are the fault of management-controlled systems. Less than 15% of their problems are employee related. Thus, TQL focuses on constantly improving every system in the organization. Systems must be reviewed and analyzed constantly to determine if, in fact, they are geared to increasing productivity, achieving quality improvement, and providing customer satisfaction.

A key component of total quality leadership is the need for all processes to be standardized. This is an important factor in reducing the variability experienced in products and services. Procedures cannot be performed differently on different shifts or by different supervisors and employees. This is not to discourage efforts in systems improvement, but rather to provide a consistent process that can be studied, analyzed, and improved. These improvements are then incorporated into the process and standardized. Quality improvement is a never-ending effort.

The primary focus of TQL must be on the customer. Quality is judged by customers—not by us. All product and service characteristics that contribute to customer satisfaction and preference should be the focus of a company's management system. The objective is to establish a customer relationship that builds confidence, loyalty, and trust. The challenge is not only to meet customer requirements but to provide characteristics that clearly differentiate your offerings from that of prevailing competition. This strategic concept can assure customer retention and increased market share; however, it demands constant awareness of emerging market requirements, developments in technology, and competitive position.

Recognition of internal as well as external customers is a vital component of total quality leadership. Internal customers are those departments or employees whose job success depends on the quality of goods and services passed to them by other employees. Each department or employee is a "customer" of a previous function and, in turn, is a "supplier" when passing along material, information, or service. Only through total coordination of the quality effort in the internal customer-supplier relationship can we assure providing a high degree of satisfaction to external customers.

Supplier partnerships form another important aspect of total quality leadership. Cultivating long-term relationships between customers and suppliers benefits both parties. Most often this is accomplished through use of fewer suppliers. Reduction in number of suppliers

decreases product variability, minimizes change over time, slashes accounting and paperwork, reduces incoming inspection and testing costs, and frequently lowers inventory investment. These partnerships provide opportunities for vital information exchange dealing with quality performance data, process and formulation changes, and the sharing of principal long- and short-term plans. Supplier partnering is a strategy employed by world-class companies. They realize that suppliers can play an important role in their success and that communication between buyers and suppliers must be open, interactive, and proactive. Teamwork should characterize a company's relationship with its suppliers.

Total quality leadership is data orientated. It requires tracking numerous variables inside and outside the organization and relating these to customer satisfaction levels. It is important to remember that processes generate data as well as products and services. These data, if properly analyzed and acted upon, can play a vital role in process and product improvement.

THE NECESSARY ORGANIZATIONAL CHANGES

Completing the transformation to total quality leadership requires executives and managers to become leaders and coaches instead of bosses. They need to focus on solving the problems at hand rather than seeking someone to blame. Communication and feedback are essential to the quality improvement effort. Managers must ensure that employees are aware of their performance and how it relates to their customer needs—internally and externally.

It all starts at the top. Total participation by every executive in the organization is required. Senior executives serve as role models. Passive support will quickly doom the quality-improvement initiative.

The entire concept centers around teamwork. This involves forming management teams to lead the implementation of the organization's quality improvement process. The teams provide the necessary strategic planning, identify important problems, specify projects to address these concerns, and select project teams to identify causes and seek solutions. They usually are cross-functional, consisting of representatives from affected departments, often managers, supervisors, or hourly employees. Specialists are called upon for their participation and contribution, if needed.

To seek and identify solutions may require the development of new skills. Training on the application of quality improvement tools is a basic ingredient in TQL. Again, active participation in these training programs by top management is vital to their understanding and appreciation of the problem-solving process that will be used by the organization.

REAPING THE REWARDS

The elements of total quality leadership embrace each category of the Malcolm Baldrige National Quality Award criteria: Leadership, Information and Analysis, Strategic Planning, Human Resource Development and Management, Process Management, Business Results, and Customer Focus and Satisfaction.

The astounding business success of many of the Baldrige winners, which span numerous industries, is proof that when properly organized, this type of quality improvement process is an approach for all organizations to consider. Becoming a quality leader can result in impressive returns.

A 1996 investment study by the National Institute of Standards and Technology (NIST) compared the stock market performance of Baldrige winners with the Standard and Poor's 500 (S&P 500). NIST "invested" a hypothetical, equal sum of money in the S&P 500 and in the publicly traded companies that have won the award since 1988. The investment was tracked from the April 1 of the year the companies received the award, or the date they became publicly traded, through Aug. 1, 1995. As a group, the 14 companies soundly outperformed the S&P 500 by greater than 4 to 1. A similar study for the 41 publicly traded applicants that received Baldrige Award site visits by virtue of their high initial score showed that this group outperformed the S&P 500 by greater than 2 to 1.

SOME FINAL COMMENTS

Total quality leadership has an obsession with quality. As the late Dr. W. Edward Deming prescribed, there is a constancy of purpose. There is a total commitment from all employees, supervisors, managers, and executives. Only through personal and visible leadership can world-class customer satisfaction be obtained. After all, it is not by accident that leadership is the first category in the National Quality Award criteria. TJ

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