

## TQM MORE THAN A DYING FAD?

Yes, the movement has its critics. But applied properly, the principles of Total Quality Management can still deliver big payoffs. Here's how. ■ by Rahul Jacob

**S**OMETIME in the late 1960s, the Beatles abruptly ended a much publicized spiritual dalliance with Maharishi Mahesh Yogi. When the guru asked why they were leaving, John Lennon reportedly replied: "If you're so cosmic, you'll know why." Echoes of such disenchantment can be heard today when executives rail against Total Quality Management (TQM), the elixir of the Eighties. *It* was supposed to have had all the answers; *it* was supposed to turn lead to gold. It didn't.

Signs of disappointment are everywhere. Surveys show that up to two-thirds of American managers think TQM has failed in their companies. The number of applicants vying for the Malcolm Baldrige National Quality Award, the Holy Grail of quality buffs, peaked in 1991 and has since fallen sharply. And the wreckage of TQM programs has spawned a new kind of ambulance chaser: consultants who specialize in turning around failed quality programs, or what the *Washington Post* has wryly labeled "Totaled Quality Management."

Is this backlash warranted? Short answer: No. It's true that obsessively focusing on quality alone can take your eye off other critical variables—such as what your customers might want. Yes, many TQM programs have been badly executed, particularly those imposed from above in cookie-cutter fashion. And, yes, TQM is, as the refrain goes, no panacea. (What is?) But make no mistake: Thoughtfully applied and modified, total quality's principles still represent a sound way to run a company.

For anyone who slept through the 1980s, Ray Stata, CEO of integrated-circuit maker Analog Devices, interprets those principles: "Total quality essentially involves

attention to process, commitment to the customer, involvement of employees, and benchmarking of best practices. It is hard to believe you cannot benefit from that."

That some managers are now loudly insisting they have not so benefited almost surely says more about the poor quality of their leadership than it does about the quality movement. Ranganath Nayak, a senior vice president with Arthur D. Little, maintains that uncritical belief in a magic cure-all is a particularly American business disorder. "The rest of the world is much less faddish," he says.

Executives at Motorola and Federal Express—must-see stops since each won a Baldrige award—voice similar complaints about the quick-fix-seeking managers who visit them. Says Edith Kelly, vice president of purchasing and supply at Fed Ex: "People want to know if there is one thing that we do. But it's really everything."

### FIVE KEYS TO MAKING TOTAL QUALITY WORK

- The CEO must be visibly behind it. Speeches alone won't do.
- Avoid tunnel vision. Ask what change does for customers.
- Limit yourself to a few critical goals. You can't solve two dozen.
- Link changes to a clear financial payback—and expect it soon.
- Don't adopt a quality program off-the-shelf. You're unique.

Indeed, many companies that have successfully adopted TQM don't even use the phrase "total quality" anymore; it has simply become a way of doing business. Wolfgang Schmitt, CEO of Rubbermaid, which began taking TQM companywide two years ago, prefers the decidedly less snappy label Continuous Value Improvement Process to describe that effort. Says he: "The term 'total quality' can be confined to manufacturing. We wanted to take it across the business." Rubbermaid also wanted to underline the importance of other attributes, such as cost, service, speed, and innovation.

Think of total quality as older kin to the current hot managerial idea—reengineering. Both aim to increase productivity by rethinking processes, though reengineering, advocates argue, is more likely to come up with novel solutions because it starts with a more iconoclastic question—"should we be doing this at all?—rather than TQM's "how can we do this cheaper, faster, or better?" The basic message, says Tom Vanderpool, a quality expert at Gemini Consulting, is that while "abandoning the TQM acronym may be correct, abandoning the principles is not."

Five rules to live by—familiar, but no less important for that—usually determine the success of any total quality effort.

■ **The CEO has to be involved.** Ray Stata learned this the hard way. He kicked off Analog Devices' first TQM effort in 1983 after finishing a course at quality guru Philip Crosby's school. Says Stata: "We gave them the books, and I said, 'Quality's free. Go do it.' The effect was zero." In 1986 he hired a capable vice president for quality,



Quality at work: TQM was a springboard for a team of workers to design this efficient washing machine assembly line at Whirlpool's Clyde, Ohio, plant.

who helped the effort gain some zip for a few years. By 1990, however, he realized that all the "low-hanging fruit had been picked" and that if he wanted to get beyond easy steps, such as setting up teams, "making it happen was my job."

Since then, Stata has been very visible at the company's quality-improvement fests, part of an initiative started since 1990 to share success stories. He attends every session and makes a presentation. He also chairs Analog's quality steering committee. Stata readily admits his earlier flip-flops hurt: "There is some closeted cynicism about quality in the company. Among the engineers, it isn't even closeted. They think it's crap." But spreading the word of TQ's successes—a rethinking of production processes that lowered chip defects and saved \$1.2 million-a-year, for example—is making believers of the internal skeptics. Outsiders are impressed too: Last year *Dataquest* named Analog (1992 sales: \$567 million) the best midsize semiconductor supplier for the second year in a row.

Rubbermaid's Schmitt agrees CEO involvement is crucial to sustaining the momentum behind quality training, so he has taken 60 hours of it alongside other employees. "I've had to *visibly* be other of it," he says. "People look to see if you just talk about it or actually do it." He is on three cross-functional teams as well, dealing with subjects from PC support to catering at the company. "Americans often ask Japanese CEOs how much time they spend on quality," says George Labovitz, head of a consulting firm in Burlington, Massachusetts, and co-author of *Making Quality Work*. "They think it's the dumbest question."

■ **Customer focus is critical.** But everybody knows that, you respond. Unfortunately, a reminder is needed because quality programs, with their single-minded championing of things like zero defects, for instance, are especially prone to tunnel vision and navel gazing. Art Hammer, a specialist in TQM turnarounds with the consulting firm QualPro in Knoxville,

Tennessee, says some clients were toiling away at TQM for three to four years—and no one had even begun to ask what all this meant for customers.

Pepsi-Cola, a subsidiary of PepsiCo, demonstrated how to do it the right way two years ago. It surveyed 10,000 customers to develop 16 priorities for its new total quality effort. Example: Improving deliveries. This year Pepsi will see how it's doing by polling 2,000 customers. Fed Ex lives by its Service Quality Indicator, which tracks how often customers experience the annoyance of late deliveries and misplaced packages, among other bothers.

Johnson & Johnson overhauled its quality effort a few years ago because it had gotten too inwardly focused. At J&J's McNeil Consumer Products subsidiary, which manufactures the Tylenol product group, workers who had previously had no opportunity to interact with customers can now visit a special booth in the plant to hear queries and complaints from the outside world that come in on an 800 line.