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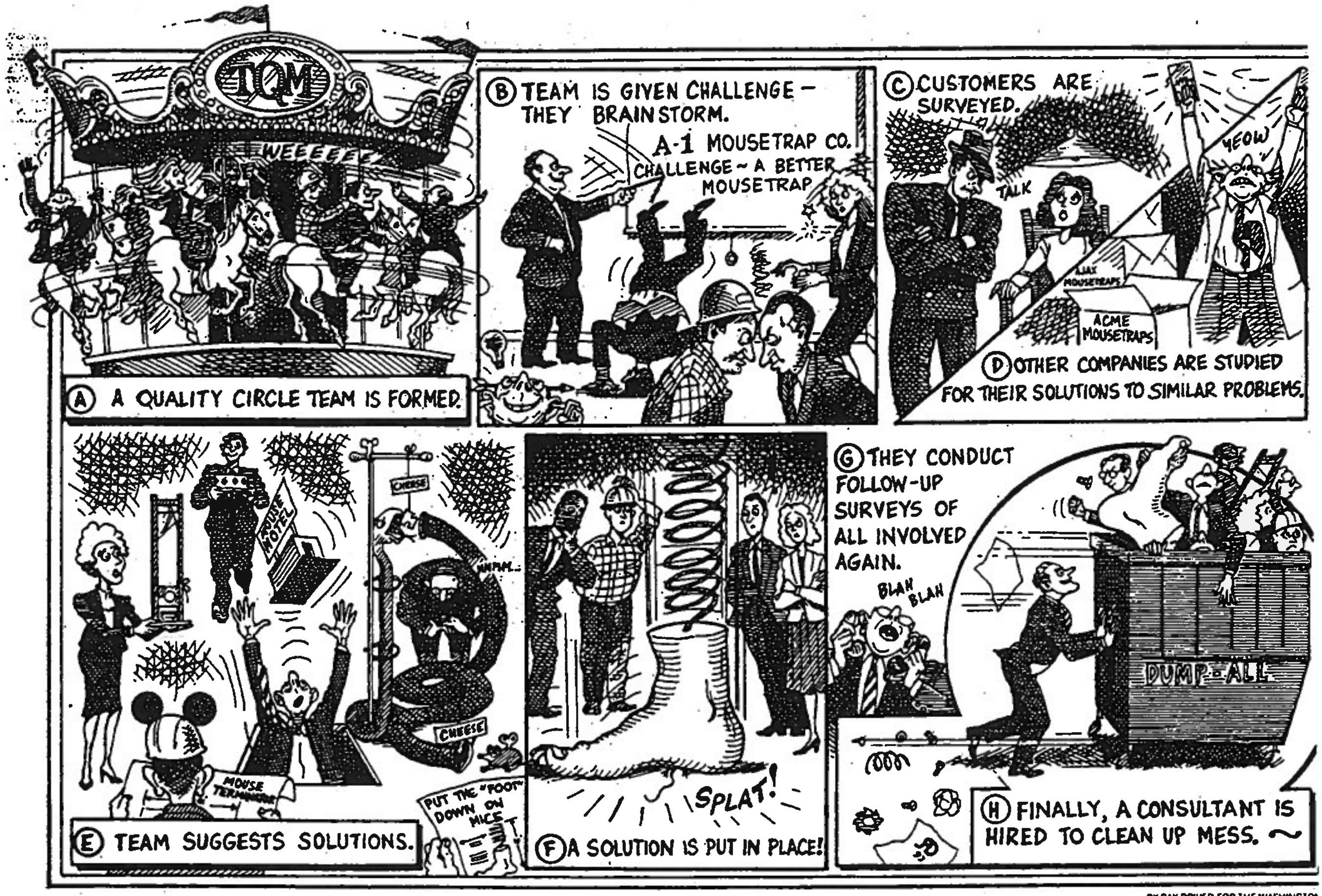

BY RAY DRIVER FOR THE WASHINGTON

Totaled Quality Management

Consultants Flourish Helping Firms Repair the Results of a Business Fad

By Jay Mathews
Washington Post Staff Writer

Hot ideas that go sour often leave a mess and create business for high-priced repairmen. So it is with Total Quality Management, the business fad of the 1980s and the business rehabilitation project of the 1990s.

TQM, as it is often called, focuses on customer satisfaction and emphasizes employee teamwork to remove nagging inefficiencies and expensive bottlenecks. Although invented by Americans, it became a Japanese watchword in the 1950s and 1960s and did not become popular in the United States until the late 1970s.

Some companies, such as Xerox Corp., Motorola Inc. and Federal Express Corp., have done well with it. Many others have abandoned it as too time-consuming and unprofitable and left its remnants festering in obscure corners of their organizational charts.

But TQM's mystique is so powerful, and its approach so intuitively sensible, that management firms have succeeded in creating a new industry in TQM cleanup and repair. They are claiming excellent results both for themselves and their clients.

"Most of our business comes from the miscarriages and abortions," said Art Hammer, a quality expert and principal at QualPro Inc. of Knoxville, Tenn. "Some companies say, 'We don't want anything more to do with this,' and others say, 'There must be something that is worthwhile here.' "

QualPro is not shy about the financial rewards of TQM repair. It offers a two-page list of its lucrative recent jobs, from the almost $2.8 million it received for finding $15 million in savings at a "large telecommunications firm" to its $255,000 fee for $1.4 million in savings at a "medium chemical manufacturer" to a modest $25,000 for saving a "small paper mill supplier" $550,000.

ABC Technologies Inc. of Portland, Ore., has turned an MBA student's idea for calculating the costs of quality production into annual sales of $3 million. Bruce Hadley, ABC Technologies vice president for marketing, said the computer software he sells brings measurable reality—which dollars are well-spent and which are not—to "the whole TQM religion."

"In the old days," Hadley said, TQM "was kind of like, 'Let's hire some blue suits, let's drop $100,000,' and after a few months everybody will feel better. But in the last two or three years, the approach has improved thanks to tools like ABC."

In the early 1980s, many TQM gurus warned against expecting instant profits and cost reductions from the teamwork exercises and customer questionnaires that were central to the process. That did not ease the disenchantment felt by executives who saw little change in their earnings reports.

One of the more discouraging quality episodes occurred at Douglas Aircraft Co., the troubled subsidiary of McDonnell Douglas Corp. In 1989, McDonnell Douglas embraced TQM as a way to gird itself against poor earnings and much richer competitors

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Total Quality Management Cleanup Crews Thriving

QUALITY, From H1

such as Boeing Co. McDonnell Douglas dispatched 8,000 employees at its Long Beach, Calif., plant to two-week training seminars. Executives and shop leaders spent weeks preparing to introduce TQM procedures.

But by 1991, the quality program was in tatters, largely because the program's advocates had not anticipated massive layoffs that poisoned labor-management relations. Few workers felt they could trust supervisors to follow through on promised changes.

There were other noticeable TQM setbacks. Florida Power & Light Co., winner of Japan's Deming Prize for quality management, slashed its program because of worker complaints about excessive red tape. The Wallace Co., a Houston oil supply firm that won the Commerce Department's Malcolm Baldrige National Quality Award, was forced to file for Chapter 11 bankruptcy protection when the oil industry recession overwhelmed even its strong customer support.

Industry surveys discovered that leading executives talked a great deal about quality and customer satisfaction, but often did not change their procedures to achieve them. A recent survey of 100 top managers from Fortune 500 companies by Rath & Strong management consultants showed that 87 percent believed that delivering value to customers was critical. But 80 percent of the same companies did not tie compensation for all employees to customer satisfaction, and 70 percent said performance was "driven more by internal operating measures than external customer measures," a Rath & Strong report said.

Results Right Away

The TQM repair experts knocking on corporate doors today emphasize their commitment to what James C. Shaffer, co-leader of Towers Perrin Co.'s Quality Center for Excellence in Rosslyn, calls "measurable business improvements."

Hammer, an impatient man who received his bachelor's degree from the University of Tennessee at age 19, said QualPro analysts shun the consciousness-raising sessions that characterized some early TQM programs. Instead they look for specific production bottlenecks.

"There is a very specific approach that focuses on the customer," he said. "You can start seeing results in weeks."

QualPro Chairman Charles Holland offers a money-back guarantee that company savings will exceed his fees, and is fond of saying "quality has nothing to do with trying to make everyone love each other."

One QualPro investigation of customer dissatisfaction at a DuPont Co. plant in Houston saved $5.2 million by improving the use and calibration of one kind of machinery, Hammer said. A quality team at Boise Cascade Corp. working with Hammer saved $1.5 million a year after they discovered that the high-quality wood used by a mill in DeRidder, La., was not necessary for the high-quality newsprint the company sought. Charles Fritch, district manager for quality at Southwestern Bell Corp., said the QualPro method helped him cut the time for tracing annoying and anonymous phone calls to seven minutes from seven days.

William Hutaff, chief financial officer at Charlotte Pipe & Foundry Co. in Charlotte, N.C., said Hammer's analysts were particularly helpful in showing how to keep the pipe they made for plumbing wholesalers conveniently lightweight but still within specifications. "We did have significant savings there," Hutaff said.

Adam Cywar, senior engineer and founder of International Business Machines Corp.'s Activity Based Management Competency Center in Boca Raton, Fla., said he has had success with ABC Technologies software in assigning true costs to all the company functions he studies. A telephone help-line agent who learns, for example, that half of his callers simply want a pamphlet can then arrange a voice-mail system that will handle those requests and free him for profitable work elsewhere.

"TQM or any of the other alphabet soup programs really are not cost-effective until every individual employee can see some benefit to them personally," Cywar said.

Feedback Is Key

Hutaff said one of the lessons he learned was to continue to collect statistics on production rates and quality after initial problems were solved and to give employees regular access to the results. "If you start sliding down the road," he said, "the statistics will help you see that and get back up."

Robert H. Schaffer, whose management consulting firm is based in Stamford, Conn., said results had become "a four-letter word" in some TQM programs. He quoted one executive who had little to show after an expensive quality program: "You can't expect to overturn 50 years of culture in just a couple of years."

A 1991 survey of 300 electronics companies by the American Electronics Association found 73 percent had quality programs in place, but of these, 63 percent said they had failed to improve quality by even as much as 10 percent.

Shaffer of Towers Perrin said one company he encountered insisted that employees attend an hour-long quality improvement class at 2 p.m. each day and organize themselves into teams to address problems such as how to get cafeteria trays back to the cafeteria. One employee told Shaffer's investigator, "Continuous improvement is something we do from 2 p.m. to 3 p.m. every day. It's not the way we do real work."

The most successful TQM repair crews now make offers similar to what Schaffer has been promising for several years: "specific, measurable, operational improvements within a few months instead of a few years."

This fits nicely with the American lust for instant results, although some quality advocates argue that real change takes a good deal more time. Brad Stratton, editor of Quality Progress, the monthly magazine of the 120,000-member American Society for Quality Control, said patience among top managers and a willingness to share power with employees is essential.

"TQM is not simply sitting down and analyzing a process and fixing it," Stratton said. "If you're not willing to make this part of your company for at least the next 10 years, then it's of no use to you."

Hutaff, whose North Carolina pipe plant enjoyed some quick results, said he still believes in TQM as essentially a slow and evolutionary process. "If you go for just the quick fix and don't change the mindset, you are going to go back to where you were," he said.

TQM repairmen, Stratton said, are "picking low hanging fruit"—finding the most obvious production problems. Such tactics, he said, have long-term use only if they lower corporate resistance to TQM values.

"You might use them to get your foot in the door," Stratton said, "and then say, 'If you want to do a little bit more of this, I can go out there and really attack a lot of big stuff.' "