

TOTAL QUALITY MANAGEMENT

Pierre Morrissette, Les Poteaux LPB Inc, CP 699, 426 Chemin Montréal est, Masson-
Angers Quebec J8M 1V7

Introduction

Good Morning ladies and gentleman, and thank you for giving me the opportunity to share my views with you on the buzz word of the 90 "Total Quality Management". It is an honour for someone like me, who is very new to this industry to be invited to join you and I truly appreciate it. It is said that the greater the gratitude the shorter the speech, so I will try in the next 30 minutes or so, to give you the briefest possible overview of TQM and how it relates to ISO certification.

The first part of my assignment will be to give you a few guiding principles on how to go about doing TQM and how these guide lines relate to the ISO environment. I will then take a few minutes to tell you how we at LPB went about changing our culture.

What is Total Quality Management

In its most simple term, TQM is doing ordinary things in an extraordinary way. Because we no longer live in a world that tolerates average or mediocre performance, world class performance is a prerequisite for survival, especially executing activities related to our customers, suppliers, shareholders and employees. We have all seen what has happened to the airline, automobile and telecommunication industry in the past 10 to 15 years. The Japanese shook the living daylight out of the American car industry; half a dozen majors airlines companies went under when that industry was deregulated in the US; in Canada we are currently experiencing an unprecedented competition in the telecommunication industry.

Having spent over 30 years in the telecommunication industry with Bell Canada, 25 years in a monopolistic environment while the last five getting ready for competition I experienced what majors disturbances do to companies. Our service and reliability records were excellent, but with a troubled economy combined with increased competition, Bell to maintain its leadership needed to do more with less. In 1988 it adopted a mission and a vision with measurable objectives. From that point on change gained momentum and today many would agree that the move to go TQM has help Bell to maintain its leadership in a competitive environment to a much greater extent than its US equivalent, when its industry was deregulated.

If I look at our industry and bearing in mind that I am new in this industry, I doubt that we have had any major incident in the past few years that has disturbed our industry to the extent deregulation shook the airline and telecommunication industry. If such incident does occur, you can bet your bottom dollar that those companies operating in a TQM environment will survive and I would think and hope that it is the case for most if not all of us. The mere fact that this year, this Symposium focuses on Quality is a definite sign that this industry is leaning more toward a TQM environment.

As mentioned earlier TQM implies treating our suppliers, customers and employees like gold is essential if you are to succeed with TQM.

Treating our suppliers as partners instead of sacrificed lambs is also an essential element in your quest to become a TQM organization. True partnership means long term relationships where there are increased benefits for all; trust between partners, partners that share the same vision and mission.

We also all recognize the importance of treating customers so that you win their loyalty. It reminds me of a story I read recently in a TQM review:

" A woman shows up at the gates of heaven and St. Peters informs her that, according to the schedule, she was a year too early and would have to return to earth until her appointment time. She greeted that news with mixed emotions, but since she was already at the Pearly Gates, she asked St. Peters if she might just have a quick peek at heaven."

"St. Peters says OK and let her in. She looked around and saw people sitting on clouds playing golden harps. This wasn't exactly her vision of heaven, but it was rather peaceful. Reflecting on what she had seen, she then asked if she might also take a look at hell before going back to earth. ST. Peters was somewhat taken aback, but nevertheless buzzed the devil on the intercom. Receiving an affirmative answer, our friend quickly descended to the nether region and was greeted by the devil, who took her over to a door which he opened."

"The scene was magnificent. There before her was a tropical island: warm breezes: beautiful sunsets: people surfing, dancing on the beaches and generally having a grand time. With that our friend was sent back to earth. Sure enough a year later to the day she died and was back at the Pearly Gates where St. Peters welcomed her, gave her a golden harp and assigned her to cloud number 1369 third row on the left"

"At this point the deceased inquired if she might elect to go to hell instead of heaven. While St. Peters was surprised and disappointed by this request he nevertheless granted it. Upon her arrival in hell the devil quickly escorted her to the door and again opened it. This time however the scene was different. There in full view was the inferno-people tied to trees, cries of anguish, animals biting at their legs, snakes slithering everywhere. Our friend turned to the devil and said ' Wait a minute a year ago when I was here, this was an absolute paradise. This is awful now--not at all what I expected. What happened? '"

"The devil replied, 'Ha my friend a year ago your were a prospect today you're a customer'"

The morale of this story of course is --always treat your customers as prospects. The same can be said of your employees.

For TQM to work for you must make it invisible, by blending it into the company's culture. Changing a company's culture means changing the way your people think. In an increasingly competitive world, companies simply cannot afford to treat their people as life long dependants

who are entitled to high wages and many other benefits. Similarly, neither can companies afford to treat their people as unthinking, interchangeable parts with the production machinery. The winners will be those companies that do the best job of capturing the energy, commitment and creativity of their people.

A change in a company's culture is also empowering people. Empowerment means training. It's education. It's trust. It's accountability. It's the right to be wrong. It's management getting out of the way so that the people can do their job. It's people working together toward a common vision. We need to unleash the potential of the human mind and spirits. This involves giving people a common vision a common purpose of where the company is going.

How can we assure success in implementing TQM

First we need commitment from all that there is a need for change. Resistance and old habits are getting in the way of the cultural changes needed to do TQM. The best way to overcome this resistance is to show commitment. Words don't work; actions do--consistent and relevant action. By relevant we mean that the president must actively promote and spearhead quality to get other on board. Banners, slogans, buttons or passing the buck to a vice-president Quality or a consultant won't do. These type of actions hinders more than help. When you look behind, quality effort that fall short, often you'll find executives giving only cursory attention to quality. This lack of any real executive commitment is one of the leading reason TQM fails.

Secondly, you need to "walk the talk" You cannot afford to talk from both sides of your mouth and expect to succeed. For example you can't expect your employee to believe that they are empowered if you keep all the controls. Similarly you lose credibility when you perpetuate non-quality measure. In the US, a telephone company measured the amount of time an operator spent answering a customer. It created an environment where those operators that got rid of the customer the quickest were rewarded the most. You need to measure the right activities the right way.

You also need to measure the cost and the benefits of TQM. This is probably the most technically difficult task to do. Estimates on costs and training are difficult to evaluate and will often vary depending on who puts the numbers together. When comes time to measure it is best if you measure the effectiveness of the activity instead of measuring the activity itself (like the time spent answering a customer or the number of teams in the plant). Different Quality institutes have developed tools to help you in measuring the outcome of your efforts.

A fourth important element of TQM is establishing a mission and a three to five year vision. Missions need to be powerful, understandable and contain a statement of purpose and the company's values. One of the best mission I have ever heard is SAS airline mission "we fly people not airplanes" On the other hand a vision is the ability to see beyond the present and to create what does not exist. It's the primary motivator of human action. The vision you have of your business creates consequences and affects how your time is spent. A strong vision inspires passion and should be developed with your people.

Deployment of TQM and communication to all employees is also a critical step in this process. There are no shortcuts to quality. It takes time and will become a way of doing instead of a

program to change. You also need to review regularly your progress, here again tools are available to help you in this activity.

This next activity cannot be over stressed. Training might be the most important factor for TQM success. Choosing and delivering the right amount of training, for the right employee at the right time if one of the companies' biggest challenge. Quality training starts with quality concepts as those expressed by Demming, and then moves on to the tools of the quality trade such as Pareto charts, tree diagrams, affinity diagrams. Next employees are trained in areas of special interest such as ISO 9000 that brings me to the second part of my presentation.

The integration of ISO 9000 in a TQM Environment

The following chart shows where ISO fits in the Quality continuum, and how this continuum relates to the involvement of the company in the market. At the lower end of the spectrum products are inspected by the manufacturer to meet the specifications of the customers; a bare minimum of quality control required for a company to survive in a particular market. The second step in the quality control driven section of the continuum relates to processes measured under the current ISO Quality Management System. The ISO classification decides the type of process requiring measurement. Like its predecessor it aims at correcting problems rather than preventing them. Termed Quality assurance it assures you a presence in the global market. In the second part of the chart, where attempts are made at trying to prevent problems instead of correcting them and where the work environment is more responsible, less authoritarian we find the Total Quality Control stage followed by the highest attainable step on the chart TQM. In both cases, quality is driven by cultural changes. In a TQC environment you assume market leadership, others are forced to follow you. In a TQM environment you do not only assume market leadership you maintain it. Your employees are fully trained, empowered, satisfied and highly productive. Your strategies are focused on the customer current and future needs. Your systems are simplified and everyone understands them.

Which ISO classification best suits your needs

The least demanding classification, ISO 9003 covers final inspection and testing only. The classification applicable to most companies, ISO 9002 covers: the entire production process, the installation of the equipment at customers premises, all aspects related to servicing, the purchasing and receiving process. ISO 9001 covers all of the 9002 activities plus the design control requirements.

Hoshin planning

Hoshin is a planning system for carrying out Total Quality Management. Developed by Goal/Qpc Research committee in 1989 it is a simple system that allows an organization to plan and execute strategic organizational breakthrough. Its key elements are: a planning and implementation process that is continuously improved throughout the year. It is focussed on key systems that need to be improved to achieve strategic objectives; it requires the participation by all levels and departments as appropriate in the planning, development, and deployment of yearly objectives and means; its planning and execution are based on facts; the goal and action plan which cascades through the organization are based upon the true capabilities of the organization.

Hoshin planing is used extensively by companies such as Hewlett Packard, Florida Power and Light, Proctor and Gamble, Bell Canada and LPB.

Summary

In order not to fail in TQM you must believe; you must be committed; you must treat it as a cultural change and not a program and you must be patient.

In closing I thank you for being so patient it is a virtue that you will continue to develop in doing TQM.

The Purpose of the Presentation:

To give a brief overview of some of the basic principles guiding TQM implementation.
How ISO 9000 relates in a TQM environment

What is Total Quality Management

In simple terms:

" Doing ordinary things in an extraordinary way " with: Suppliers, Customers, Employees

What is Essential to Success in Implementing TQM?

Commitment from all that there is a need and a will to change
Leadership: "Walk the talk"
Measurement: Cost and benefits

Other Important Activities

Establishment of a mission and a 3- to 5- year vision that sets direction
Deployment of TQM and communication to all employees
Establishment of a training program and schedule
Regular progress and annual review

Which ISO Best Suits Your Needs?

ISO 9001
ISO 9002
ISO 9003

ISO 9001

Model for Quality Assurance in:

Design / Development; Production; Installation and Servicing

ISO 9002

Model for Quality Assurance in:

Production; Installation; Servicing, Purchasing

ISO 9003

Model for Quality Assurance in:
Final Inspection and Test

LPB's Approach to Total Quality Management

A "fait vécu"

In 1990, LPB realized that in order to survive it needed to change dramatically

Financial difficulties
Labour problems
Wrong culture
Perception problem with our products

Clear Direction from Management

" Total Quality Management is the only way "

Hoshin Planning

Aiming for breakthrough

Development and Deployment of :

Mission: Manufacturing poles is our core business
Vision: 3- to 5- year plan
Values: Our attitude toward suppliers, customers and employees

Complete Process Review :

Major changes to our distribution network
New Quality Control Manual
ISO Certification
Focus on service that surpasses needs

Extensive Training Program -- From Top to Bottom :

Local school board
88% Government assistance
Basic TQM tools and concepts

Summary

Must believe
Must be committed
Not a program
A way of life
It takes time