

INTEGRATING TQM INTO THE STRATEGY OF THE BUSINESS

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Abstract: In several large organizations in which total quality has been used successfully to effect change, the senior management did not focus on formal structures and systems, but set up *process-management* teams to solve real business or organization problems. The key to success in this area is to align the employees of the business, their roles and responsibilities with the organization and its *processes*. This is the core of process mapping or alignment. When an organization focuses on its key processes, that is the activities and tasks themselves, rather than on abstract issues such as 'culture' and 'participation', then the change process can begin in earnest.

Organizations will avoid the problems of 'change programmers' by concentrating on 'process alignment' - recognizing that people's roles and responsibilities must be related to the processes in which they work. Senior managers may begin the task of process alignment by a series of seven distinct but clearly overlapping steps. This recommended path develops a self-reinforcing cycle of *commitment, communication, and culture change*. The order of the steps is important because some of the activities will be inappropriate if started too early. In the introduction of total quality for managing change, timing can be critical.

Step 1 Gain commitment to change through the organization of the top team

Process alignment requires the starting point to be a broad review of the organization and the changes required by the top management team. By gaining this shared diagnosis of what changes are required, what the 'business' problems are, and/or what must be improved, the most senior executive mobilizes the initial commitment that is vital to begin the change process. An important element here is to get the top team working as a team, and techniques such as MBTI and/or Belbin team roles will play an important part.

Step 2 Develop a shared 'mission' or vision of the business or of what change is required.

Once the top team is committed to the analysis of the changes required, it can develop a mission statement that will help to define the new process alignment, roles and responsibilities. This will lead to a co-coordinated flow of analysis of process that crosses the traditional functional areas at all levels of the organization, without changing formal structures, titles, and systems which can create resistance.

The mission statement gives a purpose to the organization or unit. It should answer the questions 'What are we here for?' or 'What is our basic purpose and therefore must define the boundaries of the business in which the organization operates. This will help to focus on the 'distinctive competence' of the organization and to orient everyone in the direction of what has to be done. The mission must be documented, agreed by the top management team, sufficiently explicit to enable its eventual accomplishment to be verified, and ideally be no more than four sentences. The statement must be understandable, communicable, believable, and usable.

Some questions that may be asked of a mission statement are:

- Does contain the need that is to be fulfilled?

- Is the need worthwhile in terms of admiration and identification, both internally and externally?
- Does it take a long term view, leading to, for example, commitment to new product or service development, or training of personnel?
- Does it take into account all the stakeholders?
- Will the purpose remain constant despite changes in top management?

It is important to establish in some organizations whether or not the mission is survival. This does not preclude a longer term mission, but the short term survival mission must be expressed, if it is relevant. The management team can then decide whether it wishes to continue long term strategic thinking.

There must be open and spontaneous discussion during generation of the mission. But there must in the end be convergence on one statement. If the mission statement is wrong, everything that follows will be wrong too, so a clear understanding is vital.

Step 3 Define the measurable objectives, which must be agreed by the team,

The mission provides the vision and guiding light and sets down the core values, but it must be measurable objectives that are tightly and inarguably linked to it. These will help to translate the directional and sometimes 'loose' statements of the mission into clear targets, and in turn to simplify management's thinking. They can later be used as evidence of success for the team, in every direction, internally and externally.

Step 4 Develop the mission into its critical success factors (CSFs) to coerce and move it forward

The development of the mission *is* clearly not enough to ensure its implementation. This *is* the 'danger gap' into which many companies fall, because they do not foster the skills needed to translate the mission through its CSFs into the critical processes. Hence they have 'goals without methods', and TQM is not integrated properly into the business. At this stage of the process strong leadership from the top is crucial. Commitment to the change, whatever it may be, is always imbalanced; some senior managers may be antagonistic, some neutral, others enthusiastic or worried about the proposed changes.

Once the top managers begin to list the CSFs, they will gain some understanding of what the mission or the change requires. The first step in going from mission to CSFs is to brainstorm all the possible impacts on the mission. In this way thirty to fifty items, ranging from politics to costs, from national cultures to regional market peculiarities, may be derived.

The CSFs may now be defined - what the organization must accomplish to achieve the mission, by examination and categorization of the impacts. There should be no more than eight CSFs, and no more than four if the mission is survival. They are the minimum key factors or sub goals that the organization *must have or need*, and which together will achieve the mission. They are not the *how*, and are not directly manageable - they may be in some cases statements of hope or fear - but they provide direction and the success criteria. In CSF determination a management team should follow the rule that each CSF is *necessary*, and that together they are *sufficient* for the mission to be achieved.

Some examples of CSFs may clarify understanding.

- · We must have right-first-time suppliers.
- · We must have motivated, skilled people.
- · We need new products that satisfy market needs.
- · We need new business opportunities.
- · We must have best-in-the-field product quality.

The list of CSFs should be an agreed balance of strategic and tactical issues, each of which deals with a 'pure' factor. The use of *and* being forbidden. It will be important to know when the CSFs have been achieved through Key Performance Indicators (KPIs), but the more important next step is to use the CSFs to enable the identification of the *processes*.

Step 5 Break down the critical success factors into the key or critical process and gain process ownership

This is the point at which the top management teams have to consider how to institutionalize the mission or the change in the form of processes that will continue to be in place, after any changes have been effected

The key, critical, or business processes describe what actually is or needs to be done so that the organization meets its CSFs, as with the CSFs and the mission, each process *necessary* for a given CSF must be identified, and together the processes listed must be *sufficient* for the CSFs to be accomplished. To ensure that *processes* are listed, they should be in the form of verb plus object, such as 'research the market', 'recruit competent staff', or 'measure supplier performance'.

Each business process should have an owner who is a member of the management team that agrees the CSFs. The business processes identified frequently run across departments or functions, yet they must be measurable.

The questions will now come thick and fast. Is the process currently carried out? By whom? When? How frequently? With what performance and how well compared with competitors? The answers to these will force process ownership into the business; the process owner should form a process quality team to take the next steps in quality improvement. Some form of prioritization, by means of process 'quality' measures, is necessary at this stage to enable effort to be focused on the key areas for improvement. This may be carried out by a form of matrix analysis or some other means. The outcome should be a set of 'most critical processes' (MCPs), which receive priority attention for improvement.

The first stage in understanding the critical processes is to produce a set of processes of a common order of magnitude. Some processes identified by the quality council may break into two or three critical processes; others may be already at the appropriate level. This method will ensure that the change becomes entrenched, the critical processes are identified and that the right people are in place to own or take responsibility for them; and it will be the start of getting the process- team organization up and running.

Step 6 Break, down the critical processes into sub-processes, activities and tasks and form improvement teams around these.

Once an organization has defined and mapped out the critical processes, people need to develop the skills to understand how the new process structure will be analyzed and made to work. The very existence of new process quality teams (PQTs) with new goals and responsibilities will force the organization into a learning phase. The changes should foster new attitudes and behaviors,

An illustration of the breakdown from mission through CSFs and critical processes to individual tasks may assist in understanding required:

Mission

Two of the statements in a well known quality management consultancy's mission statement are: 'Gain and maintain a position as Europe's foremost management consultancy in the, development of organizations through the management of change and

provide the consultancy, training and facilitation necessary to assist with making the continuous improvement of quality an integral part of our customers' business strategy. '



Critical success factor

One of the CSFs that clearly relates to this is we need a high level of awareness of our company in the market place.



Critical process

One of the critical processes that clearly must be done particularly well to achieve this CSF is to 'Promote, advertise, and communicate the company's business capability'.



Sub-process

One of the sub-processes resulting from a breakdown of this critical process is 'Prepare the company's information pack',



Activity

One of the activities contributing to this sub-process is 'Prepare one of the subject booklets, i.e. TQM, SPC or quality systems'.



Task

One of the tasks that contribute to this is 'Write the detailed leaflet for any particular seminar', e.g.: 'One-day or three-day seminars on TQM or SPC, or quality system advisory project'.

Individuals, tasks, and teams

Having broken down the processes into sub-processes, activities, and tasks in this way, we can now link them with the Adair model of action-centered leadership and teamwork.

The *tasks* are performed, at least initially, by individuals. For example, *somebody* has to sit down and draft out the first version of a seminar leaflet. There has to be an understanding by the individual of the task and its position in the hierarchy of processes. Once the initial task has been performed, the results must be checked against the activity of coordinating the promotional booklet - say for TQM. This clearly brings in the team, and there must be interfaces between the needs of the *tasks*, the *individuals* who performed them and *learn* concerned with the *activities*.

Using the hierarchy of processes, it is possible to link this with the hierarchy of quality teams. Hence:

- Quality council - mission - CSFs - critical processes.
- Process quality teams - critical processes.
- Quality improvement (or functional) teams (QITs) - sub-processes.
- QITs - activities.
- QITs and quality circles/Kaizen teams/individuals - tasks.

Once the processes have been analyzed in this way, it should be possible to develop metrics for measuring the performance of the processes, sub-processes, activities, and tasks. These must be meaningful in terms of the inputs and outputs of the processes, and in terms of the customers and of suppliers to the processes.

At first thought, this form of measurement can seem difficult for processes such as preparing a sales brochure or writing leaflets advertising seminars, but if we think carefully about the *customers* for the leaflet-writing tasks, these will include the *internal* ones. i.e. the consultants and we can ask whether the output meets their requirements. Does it

really say what the seminar is about, what its objectives are and what the programmer will be? Clearly, one of the 'measures' of the seminar leaflet-writing task could be the number of typing efforts in it, but is this a *key* measure of the performance of the process? Only in the context of office management is this important measure. Elsewhere it is not.

The same goes for the *activity* of preparing the subject booklet. Does it tell the 'customer' what TQM or SPC is and how the consultancy can help? For the *sub process* of preparing the company brochure, does it inform people about the company and does it bring in enquiries from which customers can be developed? Clearly, some of these measures require *external market research*, and some of them *internal research*. The main point is that metrics must be developed and used to reflect the *true performance* of the processes, sub-processes, activities and tasks. These must involve good contact with external and internal customers of the processes. The metrics may be quoted as *ratios*. e.g. number of customers derived per number of brochures mailed out. Good data collection, record-keeping, and analysis are clearly required.

It is hoped that this illustration will help the reader to:

- Understand the breakdown of processes into sub-processes, activities, and tasks.
- Understand the links between the process breakdowns and the task, individual and team concepts.
- Link the hierarchy of processes with the hierarchy of quality teams.
- Begin to assemble a cascade of flowcharts representing the process breakdowns, which can form the basis of the quality system and communicate what is going on throughout the business.
- Understand the way in which metrics must be developed to measure the true performance of the process, and their links with the customers, suppliers, inputs and outputs of the processes.

The changed patterns of co-ordination, driven by the process, maps, should increase collaboration and information sharing.

Clearly the senior and middle managers must provide the right support. Once employees, at all levels, identify what kinds of new skill are needed, they will ask for the formal training programmers in order to develop those skills further. This is a key area, because the teamwork around the processes will ask more of employees, so they will need increasing support from their managers.

This has been called 'just-in-time' training, which describes very well the nature of the process required. Such training is quite different from the blanket or carpet-bombing training associated with many unsuccessful change programmers, which targets competencies or skills but does not change the organization's patterns of collaboration and co-ordination.

Step 7 Monitor and adjust the process alignment in response to difficulties in the change process

Change must create something that did not exist before, namely a 'learning organization' capable of adapting to a changing competitive environment: One must also learn how to monitor and modify the new behavior to maintain the change-sensitive environment.

Some people will, of course, find great difficulty in accepting the changes, and perhaps will be incapable of doing so. in spite of all the direction, support, and peer pressure brought about by the process alignment. There will come a time to replace those managers and staff who cannot function in the new organization, after they have had a good opportunity to make the changes. These decisions are of course never easy,

especially where valuable technical skills are owned by the people who have difficulty working in the new participatory, process-driven organization.

When people begin to understand what kind of manager and employee/staff the new organization needs, and this often develops slowly and from experience of seeing individuals succeed and fail, they should begin to accept the need to replace or move people to other parts of the organization.

Conclusions: Never ending or continuous improvement is probably the most powerful concept to guide management. It is a term not well understood in many organizations, although that must begin to change if those organizations are to survive. To maintain a wave of interest in quality, it is necessary to develop generations of managers who not only understand but are dedicated to the pursuit of never-ending improvement in meeting external and internal customer needs.

The concept requires a systematic approach to quality management that has the following components:

- · Planning the processes and their inputs.
- · Providing the inputs.
- · Operating the processes.
- · Evaluating the outputs.
- · Examining the performance of the processes. ·
- Modifying the processes and their inputs.

This system must be firmly tied to a continuous assessment of customer needs, and depends on a flow of ideas on how to make improvements, reduce variation, and generate greater customer satisfaction. It also requires a high level of commitment, and a sense of personal responsibility in those operating the processes.

The never-ending improvement cycle ensures that the organization learns from results, standardizes what it does well in a documented quality management system, and improves operations and outputs from what it learns. But the emphasis must be that this is done in a planned, systematic, and conscientious way to create a climate - a way of life - that permeates the whole organization.

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