WHY TOTAL QUALITY MANAGEMENT FAILS

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And What Can Be Done About It

Every organization has been searching for new ways to improve. During the past decades, countless remedies have been publicized and implemented: management by objectives, participative management, quality circles, employee involvement, empowerment, and visioning. But almost every single effort has failed to make a lasting difference. Quick fixes, Band-Aids, and magic (silver) bullets are just some of the terms that have been used to depict these very specialized attempts at improving complex organizations. Now in the 1990s, however, the rapid pace of social, technological, and political change—worldwide—has put even more pressure on organizations to constantly improve everything they do. Revolutionary—and not just continuous—improvement may be mandatory for success.

Not surprisingly, in the rush to stay in tune with this incredible agenda for change, many organizations have been implementing Total Quality Management (TQM), which may have already become the largest management movement of all time. But if TQM is implemented as just another quick fix (for example, getting everyone involved in quickly learning new tools and techniques, forming continuous improvement teams across departments and disciplines, and then expecting all employees to make significant improvements in the way they serve their customers) when, in fact, there is mistrust, defensive communication, little teamwork across work units, conflicted strategic signals, fragmented organizational structures, and a reward system that ignores performance—any TQM program is likely to fail.

By **Ralph H. Kilmann**
Adapted from *Managing Beyond the Quick Fix* and *Workbook for Continuous Improvement: Holographic Quality Management,* by Ralph H. Kilmann

Recognizing Systemic Barriers to Success

The silent killers of continuous—or radical—improvement are mistrust, withholding of information, and an unwillingness to change among members (CULTURE); defensive communication and deficient approaches to resolving problems (SKILLS); little or no cooperation and teamwork within and between departments (GROUPS); mixed strategic signals translated into confusing goals and objectives (STRATEGY); conflicted work units that are divided by steep functional walls (STRUCTURE); and a reward system that ignores performance and improvement (REWARDS).

Typically, an organization embodies these systemic barriers if it is old, large, and still managed by bureaucratic procedures; if it has experienced large doses of autocratic leadership in the past and, therefore, has thoroughly demoralized its employees; if it was very successful prior to the turbulent 1980s and, as a result, habitually clings to its out-of-date formulas for success; if it has encountered a sudden shift from a stable to a mostly dynamic environment and, therefore, is still living in the past; if it has implemented one quick fix after another and, thereby, has failed to transform itself for the 1990s and beyond.

Yet systemic barriers to success are deeply ingrained in both the informal and formal systems in an organization. Consequently, they will not go away on their own. And trying to improve an organization while ignoring these systemic barriers will result in one failed improvement effort after another: the fate of most quick fixes. Indeed, many thousands of organizations are now in danger of repeating this vicious cycle by not implementing a completely integrated program (a non-quick fix) that can identify and remove their systemic barriers to success—before they proceed with Total Quality Management.

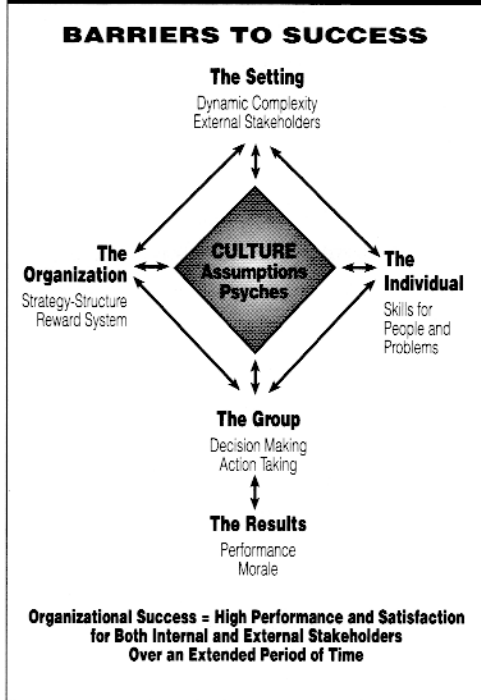## Identifying Systemic Barriers to Success

The objective is to develop a deep understanding of all the barriers facing the organization as well as its channels for success. Many organizations make use of various employee-opinion surveys to learn what members think about their jobs, their division,

and the well-being of the whole organization. While the information gathered from such questionnaires is certainly systematic, I do not believe that any survey can uncover the true experience of life in a complex organization. Only a one-on-one, face-to-face discussion can hope to capture the full range of issues that impact on organizational members. Even if it seems more efficient to interview groups of members instead of individuals one at a time, people will not voice their true feelings in front of others unless the organization already has an open and trusting culture.

Expert consultants (internal or external to the organization or both), with the aid of key managers (who have access to organization charts and job positions), develop a detailed plan to gather diagnostic information from members throughout the organization. The objective is to sample each level in the hierarchy—and each division and department—in order to get a representative sample of the organization. Everyone in the top management group should be interviewed, simply because their views, and especially their commitment to change, are so important to the success of the program. If there are more than 5,000 employees in an organization, interviewing about 350 members should provide enough information to diagnose the fundamental problems and opportunities (due to the "law of large numbers" with stratified random sampling). For smaller organizations or work units, conducting 50 to 150 interviews should be sufficient.

It is essential to be crystal clear about the holistic model—the guiding framework—that is used to ask questions and record responses during the diagnostic interviews. Figure 1 shows organizational life through a multidimensional lens, which I refer to as the Barriers to Success model. This model is used for discovering the full range of systemic barriers to success that can be transformed into channels for success.

The diagnostic—holistic—model clearly demonstrates why TQM will fail if systemic barriers to success are present. If the corporate culture puts pressure on employees to mistrust others, withhold information, and keep things the same (so that everybody strives to protect his or her own turf), quality cannot be improved—within or across groups. If individuals do not use the proper styles and skills for managing complex problems, efforts to improve processes will be determined by the manager or the

BARRIERS TO SUCCESS

The Setting
Dynamic Complexity
External Stakeholders

The Organization
Strategy-Structure
Reward System

CULTURE Assumptions Psyches

The Individual
Skills for People and Problems

The Group
Decision Making
Action Taking

The Results
Performance
Morale

Organizational Success = High Performance and Satisfaction for Both Internal and External Stakeholders Over an Extended Period of Time

loudest persons—not by the combined wisdom of group members. If group efforts are given lip-service while individuals continue to pursue their personal objectives, it will be virtually impossible for any group to undertake collective action for the benefit of the customer. If an organization's strategy is based on false assumptions about customers and other key stakeholders, both individual and group efforts will be delivering the wrong products and services—at a competitive disadvantage. If the structure makes it difficult for persons in different departments to get together (due to outdated functional boundaries), groups will not include the right people to solve problems and improve quality. If the reward system does not measure individual—and group—contributions to improving processes, but only relies on measures of short-term results, members won't commit to the long-term success of the organization. Only if an organization identifies—and removes—all these systemic barriers, can it continuously improve its processes, products, and services.

Removing Systemic Barriers to Success

Once all systemic barriers have been identified, they can be removed by conducting monthly workshop sessions along five tracks.
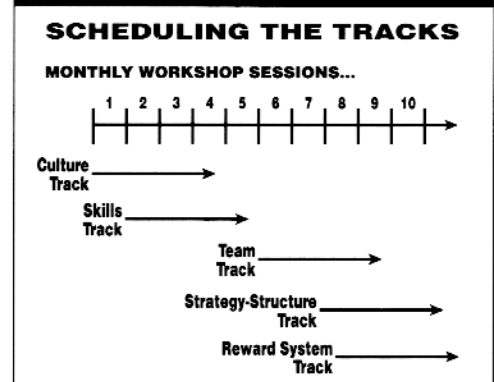
The first three tracks (culture, skills, and team tracks) remove the systemic barriers in the informal organization: how people behave toward one another—and address problems—on the job. The last two tracks (strategy-structure and the reward system tracks) remove the systemic barriers in the formal organization: the design of work units, resources, technologies, documents, and incentives that guide what people are supposed to do.

The culture track enhances trust, communication, information sharing, and a willingness to change among all members: the conditions that must exist before any improvement effort (including, of course, TQM) can succeed. The skills track provides all members with improved ways of working with people—and problems. The team track brings the new culture and updated skills into every work unit in the organization. Building on this foundation from the first three tracks, the strategy-structure track establishes either a new or a revised strategic plan for the firm and then aligns all divisions, departments, work groups, jobs—and all resources—with this new strategic focus. Completing the sequence, the reward system track establishes a performance-based reward system that sustains all improvements by formally sanctioning an adaptive culture, the use of updated skills, and cooperative team efforts within and across all work groups.

This sequence of the five tracks is, perhaps, the most important principle to understand—and honor. While it might be tempting to try to improve things by first modifying the formal aspects of the organization (the last two tracks), such an approach inevitably leads to failure. Changing the formal systems on paper, for example, cannot result in behavioral change on the job—unless members are willing and able to change. If there is mistrust, defensive communication, deficient problem-solving skills, and little cooperation across departments, better formal systems can neither be designed nor be implemented.

Alternatively, by first proceeding to improve the informal aspects of the organization (the first three tracks), the membership can develop the necessary culture, skills, and teamwork for effectively managing all its crucial business, technical, and organizational problems—including its formal systems. Even so, the first three tracks—by themselves—are not enough: If the formal systems (particularly the reward system) are not eventually redesigned as needed, any short-term improvements in the informal organization will fade away. All five tracks—in sequence—are needed to enable and sustain organization-wide improvement. Figure 2 illustrates the scheduling of the five tracks.

SCHEDULING THE TRACKS

MONTHLY WORKSHOP SESSIONS...

1 2 3 4 5 6 7 8 9 10

Culture Track
Skills Track
Team Track
Strategy-Structure Track
Reward System Track

Proceeding with Total Quality Management

Once the five tracks have removed all (or most) of the systemic barriers to success (representing both the informal and formal systems), the organizational infrastructure for Total Quality Management and continuous improvement will be in place: (1) The culture fosters trust, candor, information sharing, and a willingness to change and improve; (2) employees have the appropriate styles and skills to communicate effectively with one another, identify and solve complex problems, and manage their time; (3) a spirit of cooperation and teamwork flourishes within and across all work units; (4) members have an accurate and clear understanding of how their daily jobs align with the strategic direction of their organization and have the necessary resources to perform efficiently and effectively; (5) the reward system motivates high individual—and team—performance in terms of accomplishing short-term results and contributing to long-term organizational success.

Building on these effective systems, an organization can now proceed with describing, controlling, and improving its core processes—both within and across all work groups. A process is defined as a sequence of tasks and decisions—starting with inputs from suppliers and ending with outputs to customers. Specifically, all activity in an organization is intended to be a value-added process for customers and other key stakeholders—as shown in Figure 3.

Three kinds of feedback provide a variety of opportunities to revise the work being performed so that the final customer is entirely satisfied: (1) Every person in the chain can assess the quality of his or her work and make the necessary mid-course corrections before any output is given (handed off) to someone else; (2) every person can actively encourage customer feedback in order to provide what the customer requires; and (3) every person can specify what quality inputs are expected from the supplier so that processes add value down the chain—as shown in Figure 4.

Keep in mind, however, that unless all systemic barriers have been removed (or at least minimized), it is highly unlikely that employees will be able—or willing—to cooperate across group boundaries in order to add value for their customers: Mistrust between functional departments, deficient communication and problem-solving skills, and a lack of cooperation or teamwork across work units will surely get in the way of hand-offs down the process chain. And does it make sense to expect employees to improve their core processes if mixed strategic signals and conflicted goals make it impossible to know who the ultimate customers really are and what they actually need or want? No! Worse yet, what if the culture and the reward system motivate employees to satisfy their bosses (up the hierarchy) instead of their customers (down the chain)? Total Quality Management is just not possible if systemic barriers are still present.

Conclusion

While the quick-fix temptation is to start Total Quality Management right away (just as soon as the organization gets the urge), it should now be apparent that systemic barriers to success can—and will—severely hamper an organization's best intentions. Instead of constantly putting more and more pressure on employees to improve faster and faster (even if they can't), organizations can first develop an effective system of organization that enables all employees to improve processes by identifying and removing systemic barriers to success—as shown in Figure 5. The bottom line? Processes cannot be improved unless the systems allow it!

FIGURE 3

THE PROCESS CELL

INPUTS FROM SUPPLIERS — OUTPUTS TO CUSTOMERS

VALUE-ADDED PROCESSES

FIGURE 4

THE PROCESS CHAIN

Feedback to Supplier   Feedback from Customer

I P O   I P O   I P O

Mid-Course Correction   Mid-Course Correction   Mid-Course Correction

FIGURE 5

IMPROVING ALL SYSTEMS AND PROCESSES

SYSTEMS
Organizational Channels for Success

+

PROCESSES
Producing Value-Added Outputs

=

THE RESULTS
Customer Satisfaction and Delight