LEADING AN INDUSTRY BY "QUALITY WITH A WARM HEART"

from "Total Quality Control", Vol. 43, No. 8 (Aug. 1992)

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We want our business to expand so as to better support the nation's data system, which should be the source of economic improvement and a driving force behind so very many forms of industry.

We've been putting priority on activating local communities, and we intend to conduct our business in a way that it will support establishing a stronger social system, which in turn will back up local industries.

In order to conduct business following such a format, the main issue is how to reinforce our own corporate structure. A vital element in our scenario is our TQC activity, which of course we're doing for that very reason. Since customer satisfaction is a goal we must pursue no matter what, especially at present, it is important to develop our system in such a way that it will completely satisfy the needs of our clientele.

When we first started TQC our employees emphatically objected. At the time our customers' requests greatly varied so there seemed to be no unified system. "TQC will only make things worse," they argued. But I persuaded them. I said we should work on TQC because there was no uniform system.

Many other companies are trying to eliminate defects and purge all the bugs in order to make their customers happy. So what's important is to add that "attractive" quality to our merchandise. In this respect I feel that TQC is indispensable.

I call this "quality with a warm heart," and this term clearly contains a humane element. In any trade it's vital to create a system that will satisfy one's clientele and not provide substandard merchandise or services. For this reason we plan to enforce our own unique TQC activities even more.

And...we intend to apply for the Deming Application Prize. I've endowed that statement with more than its face value, too. First of all our employees represent a high level of intelligence, so there's no excuse for doing anything within corporate bounds in a slovenly way; our work must be completed efficiently and in a short span of time. Secondly, not one firm from the information service industry has ever won the Deming Application Prize. Obviously taking the lead in this will lend greater meaning to our effort.

Actually it's a short cut to publicize ourselves to our clientele as a reliable company, and prove that we can provide a better system that guarantees quality. Most certainly it should stimulate other firms within the industry to do better. From a different aspect, I think we can even contribute to the development of new directions for TQC.

As a sub-title for our business policy for 1992 and its action plan, we wrote, "Let's challenge company reform through TQC." TQC... it's a wonderful thing, and we want to move forward under its banner.   ★

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POLICY MANAGEMENT AND DIAGNOSIS BY TOP EXECUTIVE

from "Total Quality Control", Vol. 43, No. 8 (Aug. 1992)

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TQC POLICY MANAGEMENT AND DIAGNOSIS BY TOP EXECUTIVE

In the process of TQC activities, comments such as "We must also undertake policy management" are often raised, generally by top management or related personnel.

TQC activities get under way with QC circle and jobsite improvement practices. We can find arguments for and against starting from QC circle activities. Because there are many cases wherein the concept of "from QC circle activities" remains "QC circle activities only," we cannot judge whether it is always right or wrong to use QC circle activities as an introductory step in conducting TQC.

On the other hand, "policy management" represents one of the basic elements in TQC; at the same time top executives and management play the central role in TQC. Thus management cannot simply ignore QC circle operations as something for the working class while they relax in cushy offices on their swivel thrones. Policy management is highly effective in reforming the consciousness of top executives since, after all, posing the driving force behind QC activities, they too must work hard.

However, there is no other system like policy management that can easily create a gap between standard practice and the actual state of a condition.

Even if management may not be in a position to solve problems, the necessary ingredients with which to build successful TQC, such as a policy plan, a matrix of both plan and goal, a blueprint for action, and a list of management items, can be prepared quite easily by following other examples. In the worst cases management can direct their subordinates to somehow prepare what is required. At any rate, it will get done.

Unfortunately it sometimes happens that documents related to TQC, prepared with great pains and containing many statistical figures, get buried in drawers for extended periods and never see practical use. Then, at the close of the fiscal year, somebody "discovers" the policy plan document at the bottom of a pile. The whole thing comes to light, and management is shocked to find that most of the firm's goals were not attained. What happens? Managemant begins to rail at policy management as a system that is not practical.

Frequently, in the case of diagnosis by top executives, the essence of TQC is forgotten and only its formalities are pursued.

Diagnosis by top executives should not be allowed to degenerate to a sales report meeting. In it, the following points must be fully understood:

1 They must know the achievement status of the goal. Evaluation must not be made based on sales <u>results</u>, rather it should focus on the status of enforcement of the <u>process</u>.
2 There must be close communication between top management and department manager.
3 There must be a search for and an understanding of what top management can do to support each department.

Conducting top-level diagnosis without an understanding of the foregoing three points can only lead to unfavorable consequences.

Departments have a bad habit of coloring data, hiding negatives, and writing reports that stress only positive results. After going through all the work of preparing for the diagnosis, as soon as it ends much of what has passed is forgotten, as if an unpleasant memory. To have top management complete their diagnosis quickly and smoothly ranks at or near the top of the priority list of ordinary workers, and since reports intended to support that priority, hence containing few if any negatives, deny top executives access to information on the actual state of affairs, they labor under the illusion that all is going well... until the end of the fiscal year when the truth becomes known and the bosses suddenly start wondering what dire thing happened.

What's worng with this situation? Why do such situations occur? The worst that could happen to both policy management and top-level diagnosis is that the individuals concerned would end up treating the whole thing as a mere formality. And to make the trap even easier to fall into, the two systems are said to be the most susceptible to becoming a mere formality. Moreover, people far too easily allow themselves to believe that a plan is being properly enforced when in reality only the formalities are being observed.

* * *

At all events, whether "quality" or "pollicy," TQC activities can truly begin only when the two factors are completely

under the condition of control. In fact there can be no progress unless the persons concerned understand the basics of "management" (meaning revolving the PDCA cycle) and are trained to conduct it properly.

Even though certain people object to the term TQC and actually hate the idea of quality control, "management" will always be necessary so long as you're in business. If you dislike the QC standard phrase of "management equals PDCA," then try to approach management from a different angle. Nobody's forcing you to stick like glue to the PDCA concept. Management ... what exactly is it?

According to Iwanami Shoten's Japanese dictionary...
Management: To be aware of maintaining in good condition, and to execute using necessary measures.
According to "TQC Terminology" edited by N. Kano, as set forth by the Japanese Standards Association...
Management: All necessary measures to effectively and continually achieve a goal.

So what's in a word? If a goal is achieved anyway, what's the sense of getting all worked up about the pros and cons of TQC or policy management?

A funny thing is, though, that we tend to make others conduct TQC activities, because we feel that its various techniques are well thought out thanks to the contributions of our predecessors. Paramount to consider is the attitude that by lamenting "There will be no progress," we automatically give up TQC.

The policy management system is an extremely effective way to achieve business goals, and at the same time a very good technique for understanding the philosophy of TQC management and for its enforcement and training. Whether daily management or activity aimed at improvement, TQC practices are designed to upgrade both business efficiency and product or service quality, and at the same time they provide opportunities for top executives to train themselves for better understanding of their own management philosophy and the improvement of their problem solving ability.

Cited below are several typical questions raised as regards the policy management system. There are no clear-cut answers to questions of structuring or enforcing whatever the policy management system. So I will try to respond with concepts, rather than answers. Hopefully you will understand the concepts so that the questions will not be wrenched into criticism.

Five Questions Regarding Policy Management

1 If policy management is enforced, top-executive policy will dominate the entire organization, resulting in the management activities among each class, or level, of employees being affected by the policy of top level executives. This being the case, would not more important matters in the operational department tend to be ignored?

Suggestion

Is there some problem concerning each class of employees honoring top management policy? On the contrary, to have it honored is the aim of policy management.

Although each business office or department can (and frequently does) implement a self-supporting accounting system and set independent goals each differs in its realm of duty and responsibility range. Rarely do any two departments set exactly the same goals, but at the same time they are never completely independent from headquarters. Do they have matters more important to carry out, matters so at variance with their own president's policy that they become incompatible. This should never be.

Whatever, the policy of the operations department manager is not a rubber stamp of that set by the firm's president. The policy of the operations department should be decided after clarifying the function of the division with respect to achieving the goal set forth by the president, and determining what must be done to most effectively and expeditiously accomplish the goal. Here, priority counts.

In the event there is anything the operations department wants to include in its policy that is not found in the president's policy, then a proper amount of discussion will be required at the policy meeting. Sectional or departmental policy becomes more comprehensive the higher it gets in the company. There should be no problem for the operations department when conducting activities within the scope of the comprehensive policy. But the ultimate condition should remain that any and all policies shall be compatible with and contribute toward attaining the goal set forth by the president.

Conducting operations within the range of the president's policy will not discourage creativity or a sense of independence within the operations department.

If greater priority and importance are placed on the operations department's policies than on those of the president, the department will no longer rank as a department but as a separate enterprise.

2 As long as budget management is firmly carried out, policy management isn't necessary, is it?

Suggestion

Management plans have two aspects: the substantive (operational) plan and the value (fiscal) plan. For instance, to produce a thousand automobiles and sell 980 of them is a substantive plan, while to evaluate gross sales amounting to two billion yen which brings a profit of 500 million yen is a value plan. Value assessment is required (in actual practice there is no other way) to comprehensively grasp divers company functions. Thus it becomes likely that budget management, which falls within the category of value assessment, can

be regarded as an absolute measure within the realm of management.

Budget constitutes a vital goal for any company, and it can drastically affect the annual settlement of accounts if there is a substantial gap between the projected budget and actual results. However, budget management is not enough to manage the individual activities contained therein and to attain the projected business goal. Management policy is intended to accomplish in a positive way the challenging goal of the priority subjects that contribute most to the achievement of the business goal.

3   We don't know how to set a goal at our headquarters staff department. The policy of the company and of the department are the same.

Suggestion

It often happens that the policies of the head quarters staff department and of the company itself do become the same. Even though the terms stated in the respective policies may be similar, the content of actual practice usually differs. In other words, the president's policy and that of the head of the department might seem similar, but they are not identical.

For example, the quality assurance department at headquarters will set a goal regarding the firm's standard of quality assurance, establish and improve the system for attaining the desired quality, and enforce the measures introduced. At this point the policies of the company and of the department may naturally become identical. But the quality assurance department will not actualize the entire plan. The development and production departments are the ones that in fact conduct improvement activities designed to upgrade the standard of product quality. The quality assurance department has the role of adjusting and checking the activities of both departments.

Thus, even if the policies might be identical, at the level of materializing the goal each department is given a certain set of goals that agrees with the main operational management policy. Basically, though, the headquarters staff usually aim for a comprehensive, or company-wide, goal.

The problem remains, which department should be awarded for the achievement of improved business results (for instance, the upgrading of quality standards, or, from the other side of the coin, fewer customer claims)? For the most part it is reasonable to fete the production line for improved business results, since the staff group usually ranks as a service department. The staff group tends to impose difficult tasks on the production line by exercising its authority; for this reason the production line workers ought to be compensated for their achievement.

4   We can't tell the difference between policy management and daily management. Doesn't the explanation differ according to instructor?

Suggestion

Yes, there is a difference, though a slight one, depending on the instructor. So long as the outline is understood, it can be used flexibly in accordance with the nature of the enterprise. The instructors tend to give clear definitions from the standpoint of a scholar. But, inasmuch as QC originally was intended for the study of actual company operation, I believe the methods can be used freely so long as they don't stray from the essence. However, the definition should be clearly established within the firm, and care should be taken so that arguments do not contradict one another. Otherwise the whole thing can end up consuming valuable time in worthless debate.

Essentially, the difference between policy management and daily management is this: Policy forms a part of the corporate management plan and should be conducted to resolve the priority issue under the concept of the chief executive. By contrast, daily management basically is pursued to maintain whaterver the current status. It may be better to distinguish the difference between policy management and daily management by reviewing the following points:

(a) Whether the present operational level is relatively acceptable;

(b) Whether the work is proceeding according to the prescribed routine and standard (action regarding incidental defects and efforts to standardize production belongs to daily management); and

(c) Whether the points of management as established are identical for both policy and daily management (it would be preferable to transfer authority to the lowest ranking personnel with respect to daily management).

5   Since the QC circle is part of TQC, wouldn't it be reasonable to include it in the policy management system?

Suggestion

Regrettably, many companies still confuse QC with TQC. This probably stems from the impact of articles penned by ignorant journalists, combined with a lack of aggressive promotional activities by QC specialists, who seclude themselves within their own little cliques.

Another cause is that certain QC circle advocates deliberately ignore salient problems, current trends and the minds of the younger generation. Taking into account that QC circles have been called "quality confusion" circles, we must never forget to review, on a continuing basis, whether the enforcement plan is intelligently designed.

Moreover, misunderstanding of the purpose of the QC circle in its role to help improve activities also delivers a negative effect to the foregoing situation.

It would become an excellent policy if the priority theme were to foster QC circles in policy management, for example, to develop more than fifty self-propelling circles.

But to allot themes of sectional policy to each circle and, in the worst cases, to impose goals, must be avoided. Maximum independence among QC circles must be honored. Still, although independence is important, QC circles will not improve if they are not under control. Therefore, QC circles must be spurred by using various measures designed to help them become self-propelled circles. But, again, to deliberately impose goals will only result in deactivation of the QC circle.

As QC circles become well versed with the system, they may, at times, take part in materializing their section's policy of their own accord. In this context, though, we should not allow ourselves to become overly expectant of their contribution.

Summary

Actually, I had expected more severe criticism of TQC, but to my surprise it was fairly easy to take. But of course it may have been hard to express their thoughts in detail under such formal circumstances, even though my critics remained anonymous.

Rather than straight criticism of policy management, there were many cases of confusion as to how to structure and conduct management. As a result, this treatise ended up in the style of a question and answer session. When there were questions that contained overtones of criticism, I tried to respond with suggestions, rather than straight answere.

In quite a few companies comments expressing dissatisfaction with top executives were raised, for instance, "Somehow the president's policy is not carried out at the level of rank-and-file workers," or, "Even though everyone appears to be working hard, the disorganized direction of corporate policy results in business inefficiency." In cases where the system of policy management is proved successful, with similar examples of presidential policy being well coordinated within other companies, implementation of policy management tends to be decided with undue haste.

As mentioned earlier, the preconditions for introducing the above system are:
1   Personnel must be trained to revolve the PDCA cycle of management, and
2   Top management must be capable of resolving whatever the problems.

Lacking either or both of these prerequisites, the target will remain unachieved and enforcement activities themselves will end up wasted effort.

In the end, views toward policy management ebb to mere criticism that the whole thing is a useless waste of time and effort. I strongly advise that policy management that looks nice on paper but never gets beyond the document stage be avoided.   ★

TOP SEMINAR FOR
INDIA TOP MANAGEMENT

JUSE welcomed representatives of TOP Management from India, and TQC TOP MANAGEMENT Seminar was held at Tokyo Hilton Hotel from August 31 through September 4. It marked the fourth in the series of seminars this year since 1988 at the request of CII (Confederation of Indian Industry).

Following the five-day lecture, participants visited four companies in Nagoya and Osaka area, where they learnt QC practices in Japan. At the farewell party on the last day of the seminar.

NUMBER OF PARTICIPANTS OF
JUSE TRAINING COURSES

Design of
Experiment
1,719 (4.3%)

Others
1,939 (4.8%)

Reliability
5,597
(13.9%)

TQC

20,014

40,212

1991

(49.8%)

QC Circle

10,943

(27.2%)

NUMBER OF PARTICIPANTS
BY SUBJECTS

(Except: in-Company Seminar)

No. of. Classes

No. of Courses
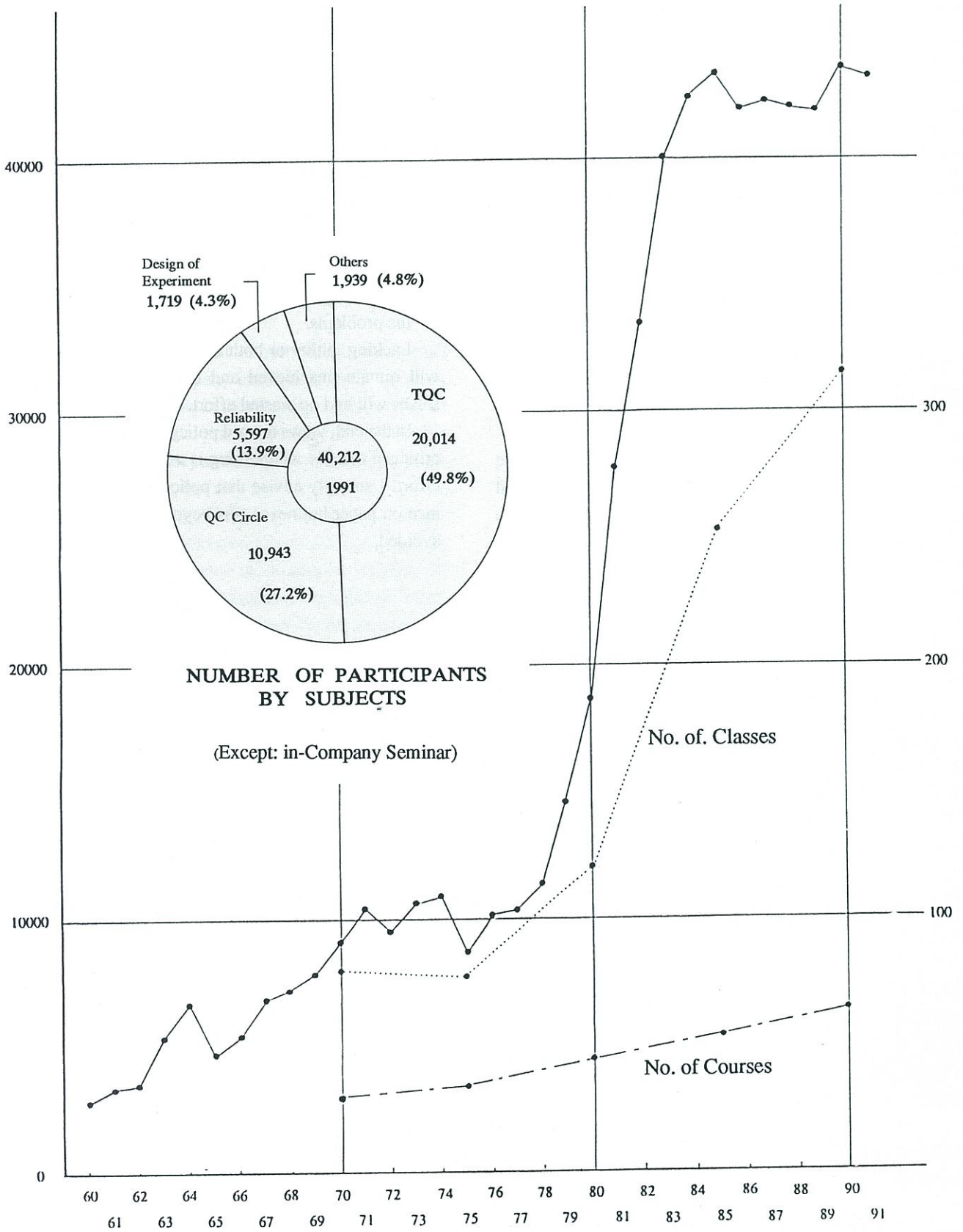
REGIONAL CHAPTERS AND SECTIONS FOR THE PROMOTION OF THE QC CIRCLE ACTIVITIES

REGISTERED TOTAL NUMBER

: 351,161

Figures are number of registered QC Circles at every Chapter as of the end of September, 1992

●—● No. of QC Circles Registered

○—○ No. of QC Circle Members

QC CIRCLE HOKKAIDO CHAP.
(7,692)

QC CIRCLE TOHOKU CHAP. (14,815)

AOMORI-IWATE Sec.
AKITA-YAMAGATA Sec.
MIYAGI-FUKUSHIMA Sec.
IWATE Sec.
YAMAGATA Sec.
FUKUSHIMA Sec.

NIIGATA Sec.
TOYAMA Sec.
ISHIKAWA Sec.
FUKUI Sec.

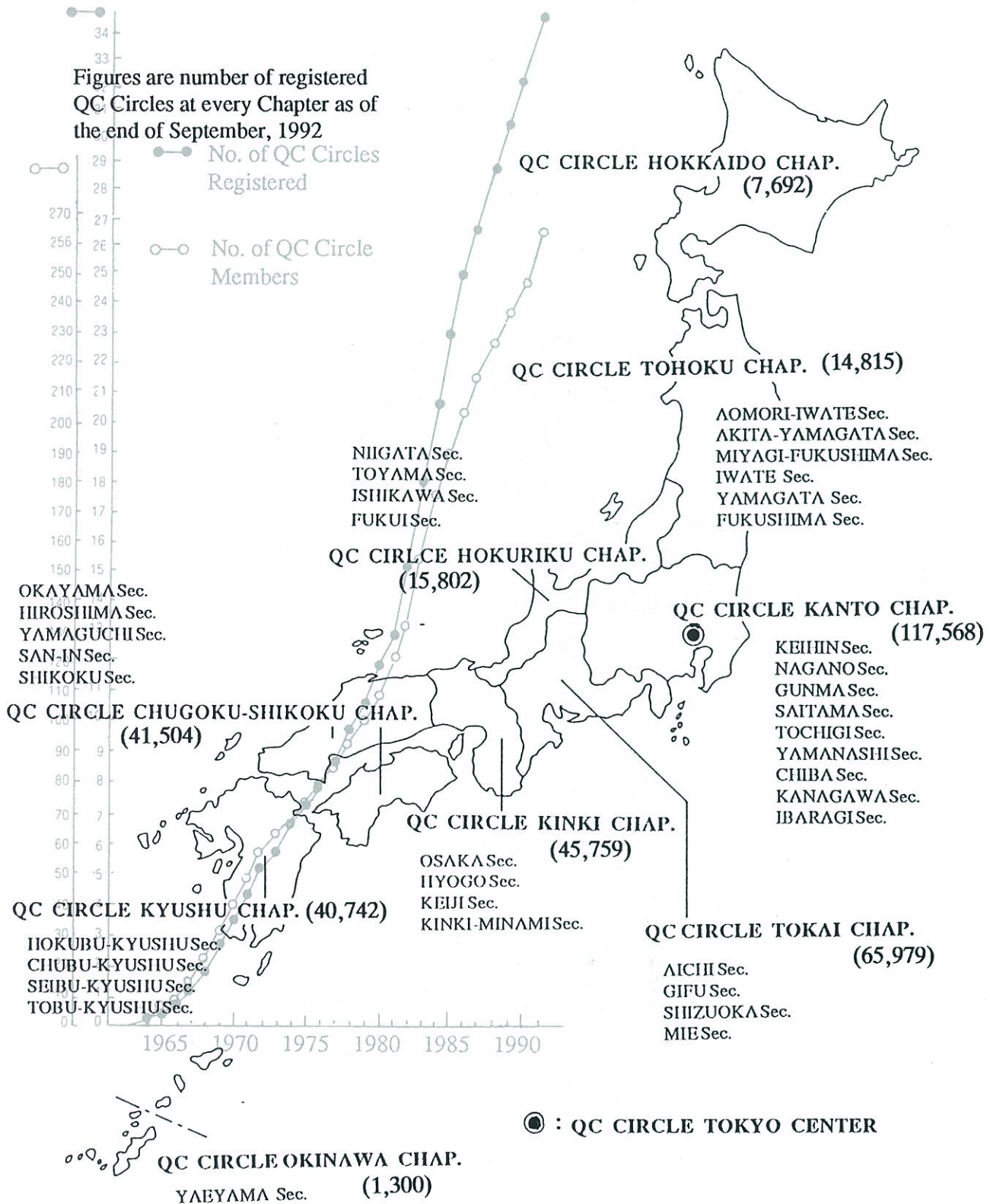QC CIRLCE HOKURIKU CHAP.
(15,802)

QC CIRCLE KANTO CHAP.
(117,568)

KEIHIN Sec.
NAGANO Sec.
GUNMA Sec.
SAITAMA Sec.
TOCHIGI Sec.
YAMANASHI Sec.
CHIBA Sec.
KANAGAWA Sec.
IBARAGI Sec.

OKAYAMA Sec.
HIROSHIMA Sec.
YAMAGUCHI Sec.
SAN-IN Sec.
SHIKOKU Sec.

QC CIRCLE CHUGOKU-SHIKOKU CHAP.
(41,504)

QC CIRCLE KINKI CHAP.
(45,759)

OSAKA Sec.
HYOGO Sec.
KEIJI Sec.
KINKI-MINAMI Sec.

QC CIRCLE KYUSHU CHAP. (40,742)

HOKUBU-KYUSHU Sec.
CHUBU-KYUSHU Sec.
SEIBU-KYUSHU Sec.
TOBU-KYUSHU Sec.

QC CIRCLE TOKAI CHAP.
(65,979)

AICHI Sec.
GIFU Sec.
SHIZUOKA Sec.
MIE Sec.

1965 1970 1975 1980 1985 1990

◉ : QC CIRCLE TOKYO CENTER

QC CIRCLE OKINAWA CHAP.
YAEYAMA Sec.   (1,300)

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JUSE
INTERNATIONAL SEMINAR ON TQC
FOR SENIOR MANAGEMENT

— SPANISH / PORTUGUESE COURSE —
WITH INDUSTRIAL VISITS

Date: April 12~16 (Seminar), 19~22 (Plant Visits), 1993
Venue: Tokyo Hilton Hotel (Seminar)

JUSE is planning the above seminar in April next year. All the details as participation fee and program etc. will be announced later on.

Organized by Union of Japanese Scientists and Engineers (JUSE)
Sendagaya 5-10-11, Shibuya-ku, Tokoy 151, Japan
Tel: 03-5379-1227   Fax: 03-3225-1813

1992 QUALITY MONTH, November
IN JAPAN

Themes for Quality Month

"QC – the key to a better living"
"Superior work through QC"

Events held during Quality Month

Oct.	30	Quality Control Conference for Consumer (Tokyo)
Nov.	5	Quality Control Conference for Consumer (Osaka)
	5, 6	Quality Control Conference for Service Industries
	10	All Japan QC Circle Convention
	11 to 13	Quality Control Conference for Foreman
	16	Quality Control Conference for Top Management
	16	1992 Deming Prize Awarding Ceremony
	17 to 20	Quality Control Conference for Manager & Staff

*Lecture Meetings are held in 16 local cities.