

# FORMATION PAGE

Form Approved  
OMB No. 0704-0188

## AD-A212 960

to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering the collection of information. Send comments regarding this burden estimate or any other aspect of this form, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Avenue, Washington, DC 20540.

DATE

July 1989

3. REPORT TYPE AND DATES COVERED

4. TITLE AND SUBTITLE

Total Quality Management, DLA Finance Center

5. FUNDING NUMBERS

6. AUTHOR(S)

7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES)

Defense Finance Center (DFC)  
Columbus, OH

8. PERFORMING ORGANIZATION  
REPORT NUMBER

9. SPONSORING / MONITORING AGENCY NAME(S) AND ADDRESS(ES)

10. SPONSORING / MONITORING  
AGENCY REPORT NUMBER

11. SUPPLEMENTARY NOTES

12a. DISTRIBUTION / AVAILABILITY STATEMENT

Approved for Public Release; Distribution is Unlimited.

12b. DISTRIBUTION CODE

13. ABSTRACT (Maximum 200 words)

This document discusses implementation of TQM by DFC. It includes the Finance Center TQM philosophy, roles and responsibilities, tools and strategies, goals and milestones. Two critical components of the DFC TQM philosophy are that employees and customers are the most important links in the chain to success.

OTIC  
ELECTE  
SEP 29 1989

E

D

14. SUBJECT TERMS

TQM (Total Quality Management), Continuous Process Improvement, Management

15. NUMBER OF PAGES

16. PRICE CODE

17. SECURITY CLASSIFICATION  
OF REPORT

UNCLASSIFIED

18. SECURITY CLASSIFICATION  
OF THIS PAGE

UNCLASSIFIED

19. SECURITY CLASSIFICATION  
OF ABSTRACT

UNCLASSIFIED

20. LIMITATION OF ABSTRACT

UL

# TOTAL QUALITY MANAGEMENT



DLA FINANCE CENTER

JULY 1989

|                    |                                     |
|--------------------|-------------------------------------|
| Issued For         |                                     |
| Quantity           | <input checked="" type="checkbox"/> |
| Location           | <input type="checkbox"/>            |
| Distribution/      |                                     |
| Availability Codes |                                     |
| Dist               | Avail and/or Special                |
| A-1                |                                     |



89 9 29 025

ENC 1

# DFC TQM PLAN

## CONCEPTS

### TQM BASICS

- DEFINITION
- OBJECTIVES
- KEY ELEMENTS

### DFC TQM PHILOSOPHY

- DEVELOPING OUR CULTURE
- EMPLOYEE INVOLVEMENT
- CUSTOMER ORIENTATION
- EMPLOYEE CONCERN
- INTANGIBLE ASPECTS OF MANAGEMENT
- BELIEF SYSTEMS
- TEAM BUILDING
- BENEFITS OF TQM
- POTENTIAL BARRIERS

## METHODS

### ROLES AND RESPONSIBILITIES

- WHO WILL BE INVOLVED
- THE EXTENT TO WHICH EACH PERSON/TEAM WILL BE INVOLVED
- MANAGEMENT INVOLVEMENT AND VISIBILITY

### TOOLS AND STRATEGIES

- GROUP PROCESS FACILITATION
- PROCESS FLOW
- STATISTICAL PROCESS CONTROL

## GOALS

- CREATE AWARENESS AND UNDERSTANDING AMONG THE WORKFORCE
- DEVELOP A TRAINED WORKFORCE
- INTEGRATE PLFA PROCEDURES WITH DFC PROCEDURES TO PROVIDE THE BEST SERVICE TO OUR CUSTOMERS AT THE LEAST COST
- INTEGRATE EXISTING INITIATIVES
- DEMONSTRATE UNCOMPROMISING COMMITMENT TO QUALITY
- DEVELOP FUNCTIONING FEEDBACK AND COMMUNICATIONS SYSTEMS AMONG DFC PERSONNEL
- INSTITUTIONALIZE TQM AT DFC

## EXECUTION

## APPENDICES

---

## CONCEPTS

---

### TQM BASICS

Total Quality Management (TQM) is a concept which is based on the work of a variety of people in a variety of fields. It includes concern for the processes that are used to accomplish an objective, the methods that are used to identify and solve problems, the management styles and philosophies present in an organization and the way in which employees are involved in determining the best way to accomplish their jobs.

#### TQM IS:

A systematic process for improving products and services;

A structured approach to identifying and solving problems;

An organization culture which encourages employee participation and channels creativity toward productive change;

A long term commitment by management;

A philosophy which embraces a variety of tools, including statistical process control, organizational modeling and group process facilitation;

A way of organizational life which involves every employee at every organizational level.

#### TQM IS NOT:

A program or a fad;

Crisis management;

Conveyed by slogans;

Short term;

Driven by any one tool, such as Statistical Process Control;

Delegated to subordinates.

#### DEFINITION

---

## CONCEPTS

---

The hallmark of TQM is Continuous Improvement. This is realized by focusing on the processes that produce a product or service and creating an environment that encourages employees to contribute ideas and make changes that will lead to improvement. It is critical that those who are performing a job have the ability to identify problems and change processes. These process changes must be directed toward continuous improvement and customer satisfaction. Our objective is that everyone understand and accept the idea that we are in business to continually improve the service we provide our customers, whether they are internal or external to DFC.

OBJECTIVE  
OF TQM  
AT DFC

Certain key elements must be present for TQM to become an integral part of our culture at DFC. They are:

A commitment by top management;

An open environment that encourages continuous improvement;

A commitment to customer satisfaction;

A focus on teamwork and involvement of every individual;

A culture which values and rewards people.

KEY  
ELEMENTS

## DFC TQM PHILOSOPHY

Total Quality Management (TQM) is a concept intended to assist organizations in finding ways to implement methods and cultural changes which will result in an atmosphere of continual improvement. It is an idea which is fully embraced by the Department of Defense and DLA. At DFC we are developing an implementation plan which proposes actions to develop a culture which will be very different from the culture to which most employees are accustomed. Like any new idea, the chances of success are dependent on a great many factors within the organization. The impact of

DEVELOPING  
OUR  
CULTURE

---

## CONCEPTS

---

the implementation could range from becoming just another program to which we pay "lip service" to becoming a part of our organization culture which truly improves the way we do business at DFC.

We have a unique opportunity at DFC to build our culture. We are bringing people into the organization from a variety of backgrounds and experiences. Thus, there is no prevailing culture; management can and must set the tone for this organization through leadership and example. It is extremely important to us that our employees recognize the role they play in the success of DFC. Since we are starting from ground zero we are able to learn from the experience of all other DLA activities, select the best practices from each and develop a DFC approach to business. We also have the advantage of having many employees who are new to the government, thus bringing a fresh outlook to our work. One of our prime concerns is to communicate to all employees the value of examining their work with a critical eye toward improvement. No process is ever perfect; DFC was founded to improve on the existing way of doing business and we must always work toward greater improvements. While we will use structured teams to accomplish some of our TQM initiatives, we will also strive to instill in each employee a pride of performance and a curiosity which leads to new ideas and approaches.

EMPLOYEE  
INVOLVEMENT

Two critical components of our TQM philosophy are that our employees and our customers are the most important links in our chain to success. While we will be looking to our employees to improve our processes and convey a sense of pride, we will look to our customers for feedback on our performance. It is important to recognize that our customers are both internal and external. For each step in a process, someone is waiting for the results, whether it is to perform the next part of the process or to receive payment for services or products. All of the formal training that is being presented to new employees is directed toward developing an understanding of how each job fits into our overall mission. Team building sessions and participation in cross-functional process action teams will further people's understanding of the important relationships within DFC. Tours to contractor plants will bring our external customers into focus for our employees; contractors will become

CUSTOMER  
ORIENTATION

---

## CONCEPTS

---

more than just a name on an invoice; they will become real people who deserve the best service we can provide.

Any major systems change, regardless of the title or intent, throws an organization into trauma. People are threatened because they are being required to do things differently, the implication being that they have not performed as well as they should have and no one knows how the results of this new system may affect them: Will jobs be cut; will performance ratings, and thus pay and rewards be affected? Before initiating any systems change, top management must prepare themselves and the work force for the upheaval and learning to come.

EMPLOYEE  
CONCERN

By definition (as provided by DoD), TQM must employ structured approaches. However, the major forces that will bring about change are not those involved with structured methods, but those which touch the intangible aspects of management: How managers and supervisors relate to employees; whether the verbal messages passed on by management are consistent with the behavior displayed; what kinds of behavior are rewarded; whether an environment of trust exists in the DFC; and many more.

INTANGIBLE  
ASPECTS OF  
MANAGEMENT

A structured approach will be used to implement TQM within the DFC, but many of the steps must be directed at raising peoples' levels of awareness about the attitudes, beliefs and practices that are driving our organization and why and how those must change. Telling people they must change the way they think and act will not bring about the desired change. Helping people explore the consequences of current approaches on future needs, providing alternatives and rewarding changed behavior WILL bring about desired changes. See Appendix II for a sample of changes that will be required in attitudes, beliefs and practices.

BELIEF  
SYSTEMS

A cornerstone in effecting changes in an organization is dealing first with the basic issues of how employees communicate with one another and work together on an interpersonal level. An organization that has done this has a much better chance of successfully making changes and increasing productivity than one that is rife with interpersonal tensions, lack of trust and poor communication. Generally, it is the

TEAM  
BUILDING

---

## CONCEPTS

---

interpersonal and communications problems that become roadblocks to carrying out even the simplest systems changes. Thus, an important step in any systems change is to conduct team building sessions for groups throughout the organization, beginning with top management and working through the organization. We must analyze the benefits we hope to gain from implementing a TQM approach to management. Some of them should be:

- \* Encourage commitment rather than compliance;
- \* Encourage innovation balanced by reality;
- \* Empower every employee to manage their own work through delegation of responsibility and the necessary authority;
- \* Encourage negotiation and mutual agreement; and,
- \* Encourage teamwork and inter-group communication.

### BENEFITS OF TQM

Any systems change has its detractors and nay-sayers. When implementing a systems change, it is important to be aware of the roadblocks and build the implementation scheme to deal effectively with them. Some of the barriers which are likely to arise in this effort are:

- \* Poorly defined objectives;
- \* Lack of time for implementation;
- \* Length of time for implementation;
- \* Ability of system to provide adequate rewards;
- \* Turf guarding;
- \* Politics;
- \* Geographic differences and differences in type of work; and
- \* Existing laws and procedures.

### POTENTIAL BARRIERS

## ROLES AND RESPONSIBILITIES

Total Quality Management at DFC is not a program, it is a way of doing business. Therefore, we will not develop elaborate structures to support TQM efforts. This would be counterproductive because it would send the message that TQM is special, not part of our everyday life. Everyone in the organization has a role in TQM.

**The Administrator:** Chairs the TQM Executive Steering Committee. Provides leadership by example.

LEADS BY  
EXAMPLE

**Executive Steering Committee:** Composed of the Administrator, his Deputy and the Directors. Their responsibilities are to establish broad DFC goals and objectives, provide oversight of accomplishment and share Directorate accomplishments and ideas with other members of the Executive Steering Committee.

INVOLVED  
AND  
RESPONSIVE

The Executive Steering Committee will evaluate recommendations of the Process Action Teams (explained below) and make their decision to adopt or modify the recommendations. They will provide the Process Action Teams feedback concerning their decision.

**All Managers:** Must be constantly aware of areas in which improvements can be made, be open to employee suggestions and encourage employee creativity. It is critical that managers recognize and reward employee efforts. Verbally supporting improvement efforts is not enough; managers must demonstrate through their actions that they are committed to meeting our objectives of continual improvement and customer satisfaction.

OPEN  
MINDED

**Process Action Teams:** Developed throughout the organization to work on specific projects, identified by the Executive Steering Committee or employees, that are too large to be resolved within the context of the day-to-day processes.

Each Process Action Team will receive training appropriate to their project, which will include team building exercises and problem solving techniques. These teams will spend intensive time working on their project, will develop a formal

CREATIVE  
AND  
FOCUSED

---

## METHODOLOGY

---

report and will present their findings to the Executive Steering Committee. Their report will include projected benefits and criteria for measuring success.

**All Employees:** Most improvements will be the result of employees identifying processes in their own work which can be improved to save time or resources or provide better service to our customers. Employees will notify their supervisors of their ideas, define the time they think it would take to work on their idea, and, upon approval, pursue the project. These projects may involve only one employee or a team. It is incumbent on each supervisor to encourage employees to seek ways to improve, to provide time to pursue their ideas and to track progress and effectiveness. TQM Facilitators will always be available to work with supervisors and employees to determine how formal any project should be.

FOUNDATION  
FOR  
PROGRESS

**TQM Coordinator:** The person who serves as the focal point for all organization development efforts, which includes all activities directed toward making TQM a normal part of the way we do business at DFC.

FOCAL  
POINT

**TQM Facilitators:** Will be available to help supervisors and employees define the scope of a project, facilitate problem solving sessions, facilitate Process Action Team sessions or any other related actions that will enable employees and supervisors to pursue continuous improvement and customer satisfaction.

CHANGE  
AGENTS

## TOOLS AND STRATEGIES

No one process or skill will enable us to successfully pursue our goals. Our TQM Facilitators will be trained in a variety of tools which they will use in working with groups. Depending on the tasks of each group, the TQM Facilitator will train the group in appropriate areas. Among the tools that will be used are Statistical Process Control, Force Field Analysis, Pareto Analysis, Process Flow Analysis, Flow Charting, and Group Process Facilitation. Group Process Facilitation is particularly important to all our efforts because all progress will depend on people's abilities to work together and maintain open

VARIETY  
OF  
APPROACHES

---

## METHODOLOGY

---

communications. Group Process Facilitation will enhance people's efforts and enable them to deal more effectively with one another. As people become accustomed to giving and receiving feedback, attending to the effect of individual roles within a group and adapting group problem solving techniques to meet a situation, they become more effective in all their interactions, whether there is a facilitator present or not.

Because of the in-depth analysis that was done of many of our processes to develop our formal training courses, a great deal of our process analysis has been completed. We will borrow liberally from this work and that done in some of the DCASRs to identify specific studies.

Again, our efforts will not always be formalized, because we feel strongly that TQM is part of our normal way of doing business at DFC. We recognize that this presents a challenge in terms of tracking and verifying results. However, with supervisors constantly thinking about better ways to do business, they will devise practical ways to track our efforts.

---

## GOALS

---

The DFC goals for developing a culture in which TQM is part of our normal way of doing business are somewhat difficult to define. They are ongoing and will require an attitude among managers that communicates to employees our concern with continual improvement and service to the customer. These goals are:

### **CREATE AWARENESS AND UNDERSTANDING AMONG THE WORKFORCE**

People go through a variety of stages as they become aware of any new idea or approach. One of the stages that enhances the level of awareness is "data gathering." We plan to capitalize on this normal stage by providing information about the DFC TQM philosophy through information sessions which use video tapes, briefings, success stories, etc. We will try to instill in everyone a sense of urgency to continually improve what they are doing. As they hear terms and projects discussed, people will want to know more about this thing we are calling TQM, how it will effect them and whether they really want to have any part of it. It will be important that we are ready to answer questions and have managers prepared to demonstrate, through their actions, that TQM is a philosophy they fully embrace which, simply put, is an expectation that people always search for ways of doing things better. It does not mean we think people have not been doing a good job. It does mean that management thinks there is always room for improvement and readily admits that the systems they have created may be the reason a job or process is not as efficient or effective as it might be. We will involve employees as we conduct surveys to establish baseline data, identify specific study projects and form teams. As more employees participate and activities are discussed informally, people will reach the ultimate level of awareness, which is "Empowerment." This is the stage in which people recognize that they control their own destiny and are eager to be involved and contribute. When this happens, we will have achieved our goal: TQM will be a part of the way we do business at DFC.

---

## GOALS

---

### **DEVELOP A TRAINED WORKFORCE**

We are concerned with training on several levels. Because TQM at DFC will be part of our daily routine, this training does not necessarily mean training in TQM approaches. It means insuring that our people are thoroughly trained in the processes required to do their jobs so they can critically evaluate those processes and identify better ways of doing business.

We are also concerned with training which will enable people to work more productively as a team and which will provide them with specific problem solving skills. These are discussed in other parts of this plan.

### **INTEGRATE PLFA PROCEDURES WITH DFC PROCEDURES TO PROVIDE THE BEST SERVICE TO OUR CUSTOMERS AT THE LEAST COST**

We have the unique opportunity at DFC to learn from the experience of all other PLFAs and to select the most effective methods from each. Our biggest challenge will be overcoming the normal human need to do things the way we know best, the way that is most comfortable. We must provide encouragement and rewards to people at all levels for recognizing the value of change and integration. This will come about through involvement of people in developing procedures and through participation in process action teams and problem solving groups.

### **INTEGRATE EXISTING INITIATIVES**

Within DLA right now there are a variety of improvement initiatives which include TQM, E+ and Futures I and II. Each of these efforts contains recommendations which will contribute to our goal of continuous process improvement and improving service to our customers. One initiative we intend to pursue immediately is to volunteer as a test site for an alternative performance appraisal system which would provide for a Pass/Fail rating. Our Executive Steering Committee will review other initiatives and determine which should be implemented immediately through management action and which require study and expansion by Process Action Teams.

---

## GOALS

---

Teams will be formed to study the latter and the Executive Steering Committee will be committed to act on those items which will, in fact, enhance our effectiveness at DFC.

### **DEMONSTRATE UNCOMPROMISING COMMITMENT TO QUALITY**

It is critical that managers and employees expect the best of everyone and every system. Managers must be willing to allow employees to take risks, to try new behaviors that they feel will contribute to the quality of our mission accomplishment. Supervisors and managers must lead by example. If they expect their employees to maintain high standards of quality, they must demonstrate their own ability to set and adhere to high standards. Supervisors must be vigilant in rewarding those who seek to improve performance and processes. This does not mean giving out formal awards for everything that happens. Rather, we are talking about thanking people for their efforts, giving public credit to someone for a good idea and taking time to talk with employees and find out how they feel about a particular program or process, what they think could be done differently, etc.

### **DEVELOP FUNCTIONING FEEDBACK AND COMMUNICATIONS SYSTEMS**

It is easy to say you have a good feedback system in an organization because you publish an employee newsletter or hold periodic family meetings. However, a functioning feedback and communications system is one in which employees are comfortable discussing proposed changes with supervisors, do not hesitate to call problems to their supervisor's attention and are fully aware of how their work fits into the overall mission of the organization. It is also a system in which employees always know where they stand; whether their performance is acceptable, whether they are meeting management's expectations in terms of production and what they need to do to prepare themselves for more responsible positions. It is a system in which no boss is ever surprised by an

---

## GOALS

---

unhappy customer; managers and employees keep one another fully informed in those areas that affect their work. In additions to team building activities and interpersonal skills development sessions, we will be training supervisors to use performance appraisals as a counseling tool rather than treating them as a chore that must be done on a periodic basis. We will use a variety of feedback tools with employees and managers to measure our managerial health. Among the tools we will use is the Organization Culture Survey which we will administer to top management and a random sample of employees. This will provide some of the baseline data we will track.

We are also concerned with communications between DFC and our external customers. We will periodically survey contractors about the service they are receiving. Based on their feedback, we will design and distribute handbooks containing helpful hints about ways to expedite the payment process, what omission can result in a delay, etc.

### **INSTITUTIONALIZE TQM AT DFC**

We have an advantage at DFC in that we are building our culture. Therefore, we will be able to instill in our employees, through awareness sessions, formal training and by example the values which embody the TQM philosophy: the belief that everyone is responsible for their particular part of the workload, that every process and product can be improved and that we are in business to provide good service to our customers. This will require constant reinforcement by management of the value of creative approaches to old problems. As stated earlier, once we have reached the point when employees feel a sense of empowerment, we will have achieved our objective: TQM will be a part of our normal way of doing business.

---

## EXECUTION

---

### 1. EXECUTIVE STEERING COMMITTEE

The Administrator, his Deputy and the Directors will form the executive steering committee which will make decisions about the actual model that will be used and set DFC objectives, i.e., identify opportunities for improvement.

AUGUST  
1989

### 2. EXECUTIVE STEERING COMMITTEE ATTENDS TQM TRAINING AND FINALIZES DFC TQM MODEL

The Executive Steering Committee members will attend a training session conducted by the DFC TQM Coordinator. The content will depend on the level of knowledge and expertise the committee members have about TQM. After the training session, the committee will make final decisions about DFC's approach to TQM and develop the Center's objectives. The TQM Coordinator will serve as the facilitator during this decision making process.

AUGUST  
1989

### 3. TRAIN FACILITATORS

Before implementation begins throughout the organization, a cadre of facilitators will be trained in both TQM and process facilitation. This training will be conducted by the TQM Coordinator and qualified contractors.

SEPTEMBER  
1989

### 4. IMPLEMENTATION TRAINING FOR TOP MANAGEMENT

This session will include the Administrator, his Deputy, all Directors and Division Chiefs. It will include some elements of team building, such as clarification of the roles each person plays in the Center in general, and in relation to TQM specifically. It will also include some cognitive training on TQM (again, geared to the knowledge level of the participants). The entire group will then review the system developed by the Executive Steering Committee and specific implementation procedures will be discussed. The TQM Coordinator and another skilled facilitator will conduct this session.

OCTOBER  
1989

### 5. SYSTEMS REVISIONS

Based on the discussions in the Top Management training session, the Executive Steering Committee will make any revisions to the system they deem necessary. These will be immediately communicated to top management, so implementation may begin. The TQM Coordinator will facilitate this process.

OCTOBER  
1989

---

## EXECUTION

---

### 6. IMPLEMENTATION TRAINING

a. Each organizational level in the DFC will receive training similar to that given to top management. However, at each succeeding level, the participants' involvement in the TQM process will be greater. Therefore, the training itself will be more intense, both in terms of team building and TQM philosophies and processes. At each level this session will include an introduction by the next level supervisor and his/her commitment to the process and an explanation of his/her understanding of the objectives defined to date. Each group will refine those objectives and identify their specific 'piece of the pie' during this session, which will last three to four days. It is essential to the success of the program that these sessions are presented by the cadre of facilitators. These meetings will be completed at all levels as quickly as possible, based on workload and resources. The Executive Steering Committee will develop this time table.

NOVEMBER  
1989 and  
CONTINUOUS

b. Process Action Teams will go through a team building session and will receive the level of TQM training required to accomplish their goals. If participants have already had the training mentioned in 6a, additional training will be limited to learning specific processes, such as SPC, Pareto Analysis or Value Engineering, that are appropriate to the specific area of study.

### 7. IMPLEMENTATION, FOLLOW-UP AND REVISIONS

Based on the schedule developed by the Executive Steering Committee, periodic reviews will take place to ensure projects are on track, to identify new areas of opportunity, etc. The TQM Coordinator and Facilitators will maintain constant communications with every work unit to identify problem areas, recommend additional training or process interventions needed to get a unit back on track or resolve problems. The TQM Coordinator will make periodic reports to the Executive Steering Committee on progress, problems, requirements for systems revisions, need for support from the committee, etc.

ONGOING

GLOSSARY OF TERMS

Flow Chart - A visual representation of a process.

Force Field Analysis - A method to identify the forces which will facilitate or hinder efforts to achieve an objective.

Group Process Facilitator - One who works with a group to identify and eliminate communication barriers; provide observations about the effectiveness of the group and suggest improvements; provide techniques the group can use to reach their goal.

Organization Development - A continuous process of data collection, diagnosis, action planning, interventions and evaluation aimed at improving organizational effectiveness and efficiency.

Pareto Analysis - A method of identifying the frequency or magnitude of causes which contribute to a specific situation.

Process - A systematic approach to accomplishing a specific task.

Process Flow Analysis - A method to determine the steps involved in completing a specific process.

Statistical Process Control - A measurement method used to assess the performance of a process.

Total Quality Management - A philosophy that continual improvement and concern for customer satisfaction is an integral part of daily operations.

ATTITUDES , BELIEFS and PRACTICES

*TRADITIONAL  
ORGANIZATIONS*

*QUALITY-DRIVEN  
ORGANIZATIONS*

Individual  
Authoritarian  
Compliance  
Management  
Quantity  
Product  
Innovation  
Technology  
Opinion  
Internal Focus

Team  
Participation  
Commitment  
Leadership  
Quality  
Process  
Continuous Improvement  
People  
Data  
Customer Focus