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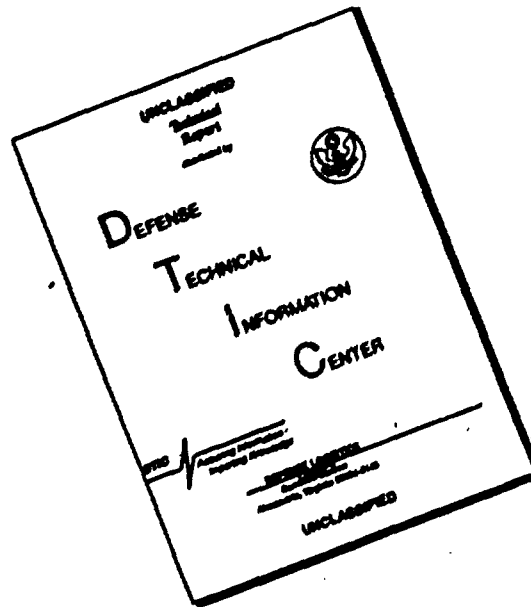


## MAKING CUSTOMERS COUNT

*Proceedings of  
the Second Annual Conference on  
Quality and Productivity Improvement  
May 31-June 2, 1989*

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## Preface

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**T**he President's Council on Management Improvement (PCMI) and the Office of Management and Budget (OMB) leadership are keenly aware of the demands placed on the Federal sector for timely delivery of high quality and cost effective products and services to the American public. Proper management of this requirement calls for enlightened approaches. To fuel the creativity required to meet this responsibility, the PCMI and OMB sponsored the Second Annual Conference on Quality and Productivity Improvement, May 31-June 2, 1989.

This annual event brought together Federal managers from across the country to focus on the theme of **ACHIEVING THE QUALITY DIFFERENCE: MAKING CUSTOMERS COUNT**. The Conference centered on implementation of Total Quality Management in both the public and private sectors, showing how a commitment to quality leads to better and more efficient services, more satisfied customers and improved productivity. Outstanding speakers from both the public and private sector were present to provide their insights concerning quality management. The common thread throughout was full employee participation to satisfy customer needs.

As envisioned, the Conference provided a unique opportunity to share implementation strategies and information about various ongoing quality and productivity strategies. It provided a means for resource networking among agency counterparts and between the public and private sectors. It emphasized the importance of improving government services and obtaining the commitment of Federal employees to this effort. It also served as a forum for recognition, a time to share the outstanding quality and productivity achievements of Federal employees and agencies, a time to recognize those responsible for this outstanding performance.

## Executive Summary

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**T**he Conference provided something for all present. The first day was particularly beneficial to those who were launching their own Total Quality Management (TQM) effort. The day's program focused on speakers experienced in the field of quality improvement, who addressed the audience in panel session format. Panel topics included "Introducing Quality Improvement in an Organization: First Steps" and "Growing Expectations of Customers in the 1990's."

For those further along in applying the principles of TQM, the second day provided a series of interactive workshops. These were preceded by informal Networking and Discussion Sessions, which provided a forum for information exchange. In addition to workshop leaders, drawn from both the private and public sectors, representatives from organizations designated as Quality Improvement Prototypes were on-site to provide first-hand knowledge on how an organization works through the process to achieve successes. This day was capped with the premier showing of Tom Peters' film, "Excellence in the Public Sector", which was aired on public television in August 1989.

Days one and two laid the groundwork for day three, a day of recognition for outstanding achievement in the area of quality and productivity. Six individuals and 16 Federal agencies were recognized at award ceremonies, the culmination of which was the presentation of the President's Award for Quality and Productivity Improvement by the Vice President of the United States, the Honorable J. Danforth Quayle. Admiral Joseph B. Wilkinson, Commander of the Naval Air Systems Command, accepted the award for the Naval Air Systems Command (NAVAIR).

Public and private sector experts gave generously of their time to come together and share their experiences and knowledge with conference participants. They were members of panel sessions, workshop leaders, heads of informal discussion sessions, and speakers at plenary and luncheon events. Nearly every Federal agency and many large corporations were represented.

Speakers from the following organizations addressed the conference attendees or moderated panel discussions:

- American Express Travel-Related Services
- Baxter Healthcare Group
- City of Phoenix, Arizona
- "Commitment Plus" Newsletter
- Corning Glass Works
- Delta Air Lines
- Department of Agriculture
- Department of Commerce
- Department of Defense
- Department of the Air Force
- Department of the Navy
- Department of Health and Human Services

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Department of Housing and Urban Development  
Department of the Interior  
Department of Labor  
Department of Transportation  
Department of the Treasury  
Department of Veterans Affairs  
Eastman Kodak  
Federal Express  
Federal Quality Institute  
General Electric Corporation  
General Services Administration  
Hallmark Cards  
Hospital Corporation of America  
Juran Institute  
Maryland Center for Quality and Productivity  
Metropolitan Life Insurance Company  
Motorola, Inc.  
National Aeronautics and Space Administration  
National Treasury Employees Union  
Office of Management and Budget  
Office of Personnel Management  
Port Authority of New York and New Jersey  
Small Business Administration  
Southwestern Bell Telephone Company  
3M Corporation  
The White House  
UAW-Ford National Quality Committee  
Westinghouse Corporation  
Xerox Corporation

**Remarks by President's Council on  
Management Improvement Host**  
Wednesday, May 31, 1989

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**Paul T. Weiss**  
Associate Administrator  
for Administration  
General Services Administration

"During this week's conference, public and private sector speakers will show how commitment to quality leads to better, more efficient service and more satisfied customers. But remember that commitment often requires some sacrifice."

Mr. Weiss welcomed everyone to the Second Annual Conference on Federal Quality and Productivity Improvement, and began by describing the President's Council on Management Improvement (PCMI), which co-sponsored the Conference. The PCMI provides support and leadership for major government-wide initiatives. It is comprised of key career and non-career executives at the Assistant Secretary level (or the equivalent) in 23 Federal departments and agencies, who are responsible for overseeing the management of those departments or agencies.

Mr. Weiss provided an overview of the conference agenda and urged attendees to visit the 46 exhibits on quality and productivity improvement located around the hotel. He stated that the activities planned for the Conference were dedicated to furthering Total Quality Management (TQM). Toward this end, he hoped that everyone would share information on TQM strategies and quality and productivity improvement initiatives; engage in the informal discussions and networking sessions to improve communication on TQM; participate in the "hands-on" experiences and "how-to" workshops on TQM; and, join in recognizing the outstanding achievements of Federal employees and agencies in quality and productivity improvement which would be receiving awards later in the Conference.

**Welcome to the Conference**  
Wednesday, May 31, 1989

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**Frank Hodson**  
Executive Associate  
Director  
Office of Management and  
Budget

"The challenges are great, but so are the creativity and dedication of Federal workers. With everyone's help, we can succeed."

"In the 1970's and early 1980's, productivity improvement efforts focused primarily on saving money and reducing the growing Federal deficit. The emphasis was on the short-term and the quick fix. Such efforts did produce some results, but they were usually short-lived and replaced by other short-term programs. In recent years, there has been a growing recognition of the limitations of discrete management initiatives without an integrating long-term strategy to bring about more permanent, sustained improvement."

Mr. Hodson quoted from President Bush's budget message to Congress, which pointed out that enhanced productivity is the key to long-term competitiveness and economic growth, and quality is the key to improved productivity. Mr. Hodson remarked companies are discovering that doing things right the first time not only results in more timely service and more satisfied customers, it saves rework costs and thereby increases productivity. This concept is especially important to the Federal government, because government quality and productivity is important to the economy as a whole, and to satisfying the needs of the American people.

The expectations and needs of the American people are changing, and the government (like private sector service providers) needs to respond to these changes. This is where strategic planning becomes so critical. Strategic planning provides more than goals for future performance; it provides systematic ways to achieve those goals. The "Total Quality" approach is the framework which will support this achievement.

Mr. Hodson stressed that many challenges lie ahead in the pursuit of Total Quality; many changes will have to be made. This point can be illustrated with an example from the Society of Manufacturing Engineers, which in 1986, examined the balance between current levels of technology and organizational development. They found that American industry often combines fifth generation technology with second generation organizations. Such organizations are plagued with unnecessary layers, authoritarian decision-making, isolated functions, and a narrow focus. Unfortunately, in many instances, the Federal government is similarly hindered.

Though some government agencies may be ahead technologically, their human resource practices remain mired in historical practices. Unnecessary regulatory barriers must be removed, and there must be more delegation, teamwork, flatter reporting structures, and employee involvement. Incentives must be created that encourage improvements and innovation.

A few agencies are beginning to experiment with ways to minimize internal rules and regulations. The intent is to free people to exercise their judgment, try new ideas, and work more with customers than with paper. The initial findings from these experiments indicate that freeing workers from over-regulation unleashes creativity and enthusiasm. Giving managers freedom to buy goods and services where they find the

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best value saves money, and rewarding organizations with a share of that money encourages them to be innovative. Reducing the administrative burden required by higher headquarters gives managers more time to manage. Delegating authority to the lowest organizational levels increases responsiveness to the public. These types of efforts should be expanded, and more agencies should take advantage of the flexibility that already exists within their organizations.

The use of cross-functional teams is also increasing in Federal agencies. Examples from a variety of agencies, including the Quality Improvement Prototypes, are proof of the efficacy of teamwork. Unfortunately, such teamwork is not typical across government. The Federal personnel system needs to be modified to promote quality improvement through the use of team efforts. Monetary and non-monetary group awards should be used to encourage teamwork.

OMB and agencies participating in the President's Council on Management Improvement have initiated actions over the last two years to promote quality awareness: the Federal Quality Institute, Quality Improvement Prototype case studies, special workshops, and these annual conferences. The "Total Quality" approach is a long-term improvement process, and educational efforts are logically the first step. Learning is important, but unless that translates into concrete action and results, nothing will be accomplished. Some agencies have already moved ahead and are beginning to experience the benefits that can result from a commitment to quality.

**Keynote Address**  
Wednesday, May 31, 1989

**The Honorable  
Samuel K. Skinner**  
Secretary  
U.S. Department of  
Transportation

"Most of you are from the government . . . You clearly aren't doing what you do for the compensation. You clearly aren't doing it for the fringe benefits. You are clearly not doing it for any reason other than it is meaningful work—serving the public—the highest tradition of this country. It is necessary to sit back, reflect, marshal one's resources and put them to work for a long-range plan, a global perspective."

Secretary Skinner emphasized that having a global perspective is particularly important since the United States is now a country that competes with the world. He believes that the government will play a significant role in this competition. In other countries, businesses work closely with government to be ready to compete in the 21st century. Secretary Skinner believes that United States businesses must have the same opportunity, but in order for this to happen there has to be a global plan.

The Secretary commented that, in his experience, there is some reluctance within a bureaucracy for people to make decisions and then move forward. He pointed out that it is easier and less controversial not to make decisions, or to let someone else make them. But ". . . in order to make a difference, you have to make change. In order to make change, you have to make decisions and then you have got to have the strength and fortitude to go forward on them."

Secretary Skinner went on to speak of the meaning of high quality service. He said that the American people *define it in terms of courteous treatment, prompt response, value, and service that is trouble-free*. People expect those providing high quality service to be well-informed and empathetic. Quality is also related to the timeliness with which service is provided, and must be properly integrated with modern technology. "Quality isn't only people; it's a combination of people and technology harnessed together." He reflected that this seems pretty straight forward, but few companies or governments live up to these standards on a regular basis.

According to Secretary Skinner, managers have to set the tone for quality at the top of an organization. If it is not found at the top, it will not be found at all. "If you are perceived as hardworking, industrious, fair, courteous, and caring for the people you serve and the people that work for you—they will have the same attitude."

Though an organization's employees will take their cue from those at the top, Secretary Skinner stressed that there is much to be learned from those actually doing the job. The solutions to the problems faced by the organization are with these people, and it is important to involve them. His experience has also shown that by making oneself accessible to others, much can be learned.

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Secretary Skinner said this is an exciting time to be in government, because there are many challenges. The United States is being challenged throughout the global marketplace to deliver quality products and services. He believes that the government will play an important role in determining the quality of the products and services which American businesses will provide. He asked everyone to remember that our customers are the American people, and it is a privilege to serve them. With this privilege, however, comes responsibility, trust, and an obligation to deliver a quality product in an efficient and improved way.

**Luncheon Speaker**  
Wednesday, May 31, 1989

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**George M.C. Fisher**  
Chief Executive Officer  
Motorola, Inc. (Winner of  
the 1988 Malcolm Baldrige  
Award)

"Our success is built on enduring beliefs in the dignity of the individual and uncompromising integrity. The quality culture is pervasive. The principles extend to everything we do. They affect the way we approach our jobs, the way we feel about ourselves, and the way we treat our suppliers and customers."

In his opening remarks before the Second Annual Federal Quality Conference, George Fisher, Chief Executive Officer of Motorola, Inc., referred to the recent quality "revolution" at Motorola as a "renewal." He explained that [at Motorola] renewal means that they build on some fundamental, unchanging beliefs and apply them creatively to revolutionary changes in electronic technology. It is this formula, according to Mr. Fisher, that enabled them to win the Malcolm Baldrige National Quality Award—the only major American corporation to win on a company-wide basis.

Before addressing the quality program at Motorola, Mr. Fisher pointed out that while at first glance Motorola and the public sector did not appear to have much in common, panel topics being offered during the course of the Quality Conference were some of the essential elements of Motorola's Six Sigma quality program. Mr. Fisher cited "eliminating layers of supervision," "involving employees in decision-making," "changing the culture of an organization," "teamwork," and "quality training" as examples of some of the key goals being pursued by Motorola. Mr. Fisher has concluded that the Motorola method of managing the quality process might, therefore, have some relevance in the public sector.

Mr. Fisher stated that the common element—the core and focal point of any quality effort—is people. While the term "six sigma" in Motorola's quality program may cause people to envision the jargon of statistical process control applied to manufacturing, their program is really centered around people—their customers, their employees and their suppliers—and, it relies on communication, participation and cooperation.

The application for the Malcolm Baldrige Award covered the Motorola quality system in such categories as corporate leadership, strategic quality planning, human resources and customer satisfaction. Mr. Fisher noted that, in broad form, the six basic steps [of Motorola's quality program] are equally appropriate for Federal service.

Motorola's quality improvement program was driven by a changing marketplace and changing customer expectations, i.e., higher levels of product and service quality. In 1981, Motorola sharpened their focus on the customer and set a goal that appeared to be impossible—a ten-fold improvement in quality in five years.

In the changed culture within the corporation, the quality program became the first order of business, not the last. Regular quality system reviews of all operations, training courses to teach quality at every level of the company, and a formal program of customer visits became part of their quality culture and resulted in a reformulation of their basic goals and objectives.

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Motorola discovered, however, that the initial goal had not been ambitious enough. In January 1987, Motorola stated their new quality goal in a message to all employees:

*"We will improve product and services quality ten times by 1989, and at least one hundredfold by 1991. Achieve Six Sigma capability by 1991. With a deep sense of urgency, spread dedication to quality to every facet of the corporation, and achieve a culture of continual improvement to assure total customer satisfaction. There is only one ultimate goal: zero defects—in everything we do."*

With total customer satisfaction as their fundamental objective, Motorola launched key initiatives which included:

Six Sigma Quality - which translates into a defect rate of 3.4 parts per million for each and every process step or procedure, or 99.9997 percent perfect.

Training - More than \$45 million is spent by Motorola each year to provide one million hours of employee training in courses ranging from basic reading and math skills to highly technical seminars. Mr. Fisher stated their belief that half of the expertise of their engineers becomes obsolete every five years, which demands they spend lots of time on continuing education.

*Mr. Fisher pointed to a basic training course designed for all employees. The course goes through six steps that provide a common-sense approach to how individuals and businesses do their jobs and addresses the techniques employed in the quality improvement process. The six steps, Mr. Fisher indicated, were similar to many of the Federal Quality Conference workshop topics:*

1. Define the mission - identify the product you create or the service you provide.
2. Identify the customers for your product or service and determine what they consider important.
3. Identify what you need to provide a product or service that satisfies the customer.
4. Define the process for doing your work, i.e., break down operations into steps and tasks, and identify detailed inputs and outputs for each.
5. Design the process so it is mistake-proof and eliminates wasted effort, e.g., simplify tasks, increase training or change methodologies. If a task adds no value, you throw it out!
6. Ensure continuous improvement by measuring, analyzing and controlling the process.

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Mr. Fisher stated that at Motorola, the six-point program applies to everything they do. It means a total dedication to quality in every facet and discipline of their business. Mr. Fisher noted that all three winners of the Baldrige were manufacturing companies. Nobody won in the service category. The next big challenge, he stated, would be to apply the lessons of manufacturing quality to service industries, both in the public and private sectors. He noted that the experience of Motorola was that people complain far more about breakdowns in service than about product quality.

George Fisher closed his remarks by stating that improving quality and reducing cycle time are essential for global leadership. As a nation, he noted, we have a long way to go, but we are off to a good start. The potential rewards for all of us are enormous. A culture that is dedicated to quality will result in more profitable companies, more effective public services, a stronger nation and a better world.

**Panel 1**

**THE FLAT ORGANIZATION: ELIMINATING LAYERS OF  
SUPERVISION AND MANAGEMENT**

**MODERATOR**

Donald J. Keuch, Jr.  
Deputy Assistant Secretary for Administration  
U.S. Department of Housing and Urban Development

**PANELISTS**

John D. Hamilton  
Manager, Lighting Relations Operation  
General Electric Company

Lawrence J. Ross  
Deputy Director, Lewis Research Center  
National Aeronautics and Space Administration

**OVERVIEW**

This panel illustrated the benefits of flatter organizations, and demonstrated how it is possible to eliminate layers of supervision and management.

**John D. Hamilton**

*"As a manager, your job is to flower the seed. Your job is not to count something eight times if someone above you is counting and someone below you is counting it eight times."*

Mr. Hamilton addressed the ways in which General Electric (GE) has resized and restructured its organization to become more competitive in today's environment. Faced with global competition, a growing interest in customer service, continued pressure to hold down costs, and the need to quickly turn out new products, GE undertook major changes to improve productivity by eliminating layers of management and restructuring its organization.

GE has improved productivity substantially since the early 1980's, by approximately four to five percent annually. This was accomplished by eliminating several layers of management and consolidating many activities to eliminate redundancy, streamline work, and improve communications. Until the mid 1980's, GE had seven layers of management between the worker and the division vice president. By the end of 1989, GE will have reduced the management layers to five, and plans to reduce them even further by 1991. In conjunction with this effort, GE is expanding the managerial span of control throughout the organization. GE has increased the average span of control by 14 percent since 1987. GE has also undertaken a major restructuring of its organization, consolidating its 26 nationwide Order Entry Centers into one National Order

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Entry Center in Richmond, Virginia. It has also consolidated 34 warehouses around the country at the local, regional and factory levels to nine full-time warehouses. Mr. Hamilton believes that this consolidation and restructuring has improved customer service, reduced costs through economies of scale, decreased investments in inventory, and improved flexibility.

**Lawrence J. Ross**

"We have billions of dollars in assets around the plant. . . , but all are useless in the absence of a highly motivated workforce."

Mr. Ross described how the NASA Lewis Research Center has improved productivity by eliminating layers of management. The Center had remained virtually unchanged from the time it was founded in 1940 until the mid 1980's, when an initiative was begun to alter basic management precepts. Although the Center was strong technically, there was very little employee participation.

To achieve the motivation needed, employees at the Center embarked upon an effort to change its style of management to a more participative one. Participative management required two things: good communications, and delegation of authority and accountability. After looking at the organization, the Center's managers decided there were too many organizational levels to allow for good communication and delegation. Too much micromanagement, with one layer in particular, was impeding effective communications. The lowest level of management—section heads—was eliminated to facilitate participative management.

The ground rule established in this restructuring effort was that no employee would lose their job. A dual career ladder was created, so that employees who would have advanced to the first level of management (which had been eliminated) would not be affected by a diminution of advancement opportunities. The Center now provides its senior technical leaders with the opportunity to advance into pay grades that had formerly been reserved for supervisors.

Mr. Ross stated that everyone was involved in the restructuring process; all the managers were brought in and consensus was reached. Each line organization was also allowed to devise its approach to making the changes, and set its own schedule for completion. Thus, participative management was being implemented during the restructuring process. Mr. Ross's assessment of the elimination of the first layer of management was that improvement has been made in communication, delegation, and accountability, and that micromanagement in the laboratory has been reduced substantially.

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**Panel 2**

**INTRODUCING QUALITY IMPROVEMENT IN AN ORGANIZATION:  
FIRST STEPS**

**MODERATORS**

S. Anthony McCann  
Assistant Secretary for Finance and Planning  
U.S. Department of Veterans Affairs

John Franke  
Assistant Secretary for Administration  
U.S. Department of Agriculture

**PANELISTS**

Robert W. Carey  
Director, Veterans Affairs Regional Office  
and Insurance Center  
U.S. Department of Veterans Affairs

Ken Payton  
Personnel Manager, Liberty Distribution Center  
Hallmark Cards

**OVERVIEW**

The first steps in introducing quality improvement in an organization involve convincing managers and employees of its need, and training them in quality improvement skills.

**Robert W. Carey**

"Total quality management is a journey, not a destination. . . There will always be changes that the organization must make to provide the best quality service to their customers."

Mr. Carey spoke of how quality improvement efforts began at the VA Philadelphia Regional Office and Insurance Center. One of his subordinates returned from a training class with some ideas for implementing innovative management techniques and, at about the same time, his boss asked Mr. Carey to work on a committee which would study the implementation of quality improvement initiatives in the public and private sectors. These two events helped him to see that many things could be done to improve the quality of service to veterans and also the quality of work life at the Regional Office.

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The first step was to convince the managers and supervisors that a total quality management course of action was appropriate for the operation. Toward this end, teams of managers and supervisors were sent to classes conducted by Florida Power and Light on the benefits and implementation of total quality management. Consultants from the Juran Institute were also brought in to make recommendations and to help get the program started.

One important lesson Mr. Carey and his staff learned was that every job and every employee has a customer. Through customer surveys and focus groups, the organization puts more emphasis on the importance of the customer while still realizing organization needs. Mr. Carey does not believe that cost benefit analyses are useful tools for justifying quality improvements. Instead, quality improvements require patience and long-term commitment by top level management to achieve desired quality services and products at potentially reduced costs.

#### **Ken Payton**

"These are not problems, they are opportunities for improvement."

Mr. Payton described the quality improvement efforts at the Liberty Distribution Center for Hallmark Cards in Kansas City, which employs 1,200 people and is responsible for warehousing, order filling, and shipping Hallmark products.

About two years ago, the Liberty Center conducted an employee survey; they were not surprised by the results. Negative feelings among the employees existed regarding work processes and the working environment. The Center was also beginning to receive customer complaints. It was decided that the Cumberland Group from Middletown, Ohio should be brought in to put together a participative involvement program. Training was provided to all employees on problem-solving techniques, listening strategies, teamwork, trust, rewards, and satisfaction. All employees were given the opportunity to participate on steering committees, critical process teams, corrective action teams and department work groups.

The participative involvement process has been in existence for just over a year now. Mr. Payton said that the employees are starting to realize the commitment that management has made to the process. All employees are now actively involved in looking at ways to improve work processes and the working environment. While customer satisfaction has improved and employee morale is better, Liberty remains committed to a long-term participative involvement process. To be successful, Liberty recognizes that participative involvement must become the standard way of doing business.

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**Panel 3**

**INVOLVING EMPLOYEES IN IMPROVEMENT EFFORTS AND  
DECISION-MAKING**

**MODERATOR**

Thomas S. McFee  
Assistant Secretary for Personnel Administration  
U.S. Department of Health and Human Services

**PANELISTS**

Harold J. Tragash, Ph.D.  
Director, Human Resources Development and Systems  
Xerox Corporation

Alvin H. Kolak  
Assistant to the Commissioner (Quality)  
Internal Revenue Service  
U.S. Department of the Treasury

**OVERVIEW**

The Moderator, Mr. McFee, began by saying, "How do we ensure their (employees) role as the glue that holds the organization together and makes it a quality and productive organization? We tell our employees that we need them and want to involve them, and then we manage like we mean it." This session deals with the concept that our employees are our most important resource. The panelists discussed how involving employees in improvement efforts and decision-making is approached in their organizations.

**Harold J. Tragash, Ph.D.**

"As things become more complex, as the processes of work become more complex, no single person has all the answers anymore to controlling the work process: consequently, groups of people have to function together to make the work process work."

In 1979, because of the interest of its Chairman, Xerox began to address the issues of employee involvement in its organization. The company's early understanding of this term was that it meant unleashing the creativity and talent of the workforce to solve the problems employees faced at work. By 1981, the company had married employee involvement with "competitive benchmarking" (understanding the gaps between how Xerox did business and the way that the best in the world for that function did business).

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The second meaning which the term "employee involvement" began to have for Xerox was that employee involvement was the foundation of Total Quality Control (TQC). While discussing this observation, Dr. Tragash stated, "In fact, in Japan, if you talk to the guru's there, they will tell you that all quality begins and ends with respect for the dignity of people (they mean not only the people in the organization, they also mean the customers), and all quality begins and ends with training."

A return to competitiveness was the business need Xerox had in the 1970's. The form of employee involvement at that time was more typical of the quality of work life movement, i.e., problem-solving teams making small improvements in many areas. By the mid-1980's, Xerox had returned to competitive parity and moved to additional forms of participative work practices: semi-autonomous work teams and self-managing work groups which are much more business-oriented and much more in charge of things that would normally have been considered part of someone else's domain. Now it is looking to the 1990's and beyond. Its focus is the creation of the high performing organization which entails the merging of social and technical systems to marry people and computers in high performing work systems. In this approach, people are in charge of creating their own mission and destiny.

Xerox continues to explore all the arenas for involvement. These include joint problem-solving, self-managing work teams (semi-autonomous teams), and business area teams or strategic business units (employee-owned and operated units). The company has found that people want more involvement; they want to play with the "meaty" issues. They can get there quickly if one key element, the willingness of management to implement the suggestions that employees make, is in place. Dr. Tragash indicated that looking at statistics in Japan, roughly 80/100 suggestions are implemented, with the average worker making 100 suggestions per year. In the United States, roughly 1/1,000 suggestions are implemented, with the average worker making one suggestion per year. This means that we are not getting many suggestions, and we are not implementing many. Xerox has determined that the measure of success for its organization should be how many ideas, suggestions or decisions are actually implemented.

At Xerox, they no longer talk about "span of control" but rather "span of support." They are changing the role of the supervisor, moving it from commander to facilitator. They have found that the easiest way to do this is to change the span of control. The manager becomes the area coordinator; the teams manage themselves. The supervisor becomes what he/she should be, a resource person who helps to remove barriers.

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**Alvin H. Kolak**

"Slogans, sayings, hype to the employees will not generally raise the level of quality in a significant kind of way. It will heighten consciousness, but if you don't deal with the overall frustrations in the system, you don't improve quality in the long-term."

Although the Internal Revenue Service (IRS) has always been interested in quality, it has been involved in it in a formalized way for only about three years. IRS is concerned about quality, because it touches more people across this country than any other agency, processing about 189 million tax returns per year.

Why is the IRS interested in quality? According to Al Kolak, "We're in it for a payoff. We are in it so that we can improve the quality of our products and services. We want to definitely increase our productivity, and we want to eliminate waste and rework in the system. The way that we want to do this is by involving our employees in a partnership with us in improvement efforts and decision-making within the Internal Revenue Service."

The organization hopes to get a big payback from employee involvement in improved morale. It believes that people work better if they feel good about what they are doing and feel good about the agency for which they work. Mr. Kolak added that it is hard to feel good about your agency if you do not feel good about the quality of work that you or your agency is producing. To get people involved, he noted, you first have to do a lot of training. Base building, or building a strong foundation, is the most important element. Training is crucial.

In establishing its "Quality Journey", the IRS adapted the Juran approach to TQM and chose to begin with the principle of Quality Improvement. This was done because it gave the biggest opportunity to sensitize the organization to the need for improved quality and to get more people involved more quickly. Quality Improvement is a bottoms-up approach; but, it was not always this way at the IRS. In the early stages, the IRS quality effort was a management-driven/management-directed effort without employee involvement. On October 27, 1987, the organization signed an agreement with the National Treasury Employees Union. Joining hands in a joint quality improvement program, they agreed that decision-making would be by consensus. This was a significant development in the organization's Quality Journey.

The IRS now has a joint National Quality Council in place. They have approximately 100 councils; all are joint, having both management and union representation; all operate by consensus. Below the council level, there are 877 quality improvement teams with about 7,500 to 8,000 managers and employees working on these teams jointly throughout the organization; nine months ago, there were 500 teams. To date, these teams have closed out 131 projects. The IRS believes that a large part of the success which they have achieved is due to employee involvement and ownership of the process. This is an organization on the road to Total Quality Management that plans to embark on Quality Planning next.

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**Panel 4**

**IMPLICATIONS OF EMPLOYEE INVOLVEMENT: CHANGING THE  
ROLE OF SUPERVISORS AND MANAGERS, PERFORMANCE  
APPRAISAL, REWARD SYSTEMS**

**MODERATOR**

Mark J. Barnes  
Associate Director for Administration  
Office of Personnel Management

**PANELISTS**

Denver P. Burns  
Director, Northeastern Forest Experiment Station  
Forest Service  
U.S. Department of Agriculture

Richard A. Lidstad  
Vice President of Human Resources Operations  
3M Corporation

**OVERVIEW**

Employee involvement dramatically changes the culture of an organization. Many aspects of an organization—including the role of supervisors and managers, and the performance appraisal and reward systems—must also change to reflect the new culture.

**Denver P. Burns**

"Our experience has shown in almost four years of the program that employees seek most of all to be trusted and consulted by the organization, and thus have ownership in it."

Mr. Burns began his presentation with a brief description of the Forest Service, as it was when created in 1905, and in recent years. New environmental laws, an influx of female and minority employees, and dramatic down-sizing had changed the culture of the organization. Employees were frustrated by red tape and the fact that the organization was not "loose" enough to allow them to do their jobs; morale was low. This caused the Chief of the Forest Service to seek ways to change the organization.

Six pilot units were authorized as test sites for an experiment with employee empowerment. "The empowerment we talk about is for our employees to make suggestions that alter their work environment, alter the work they do, or... how the Forest Service as an agency or as a member of the Federal government can do its job better."

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There were several guiding principles for the legal bounds; lump sum budgets - managers manage for results from a "basket of money," rather than to zero-out accounts; no personnel ceilings - the number of employees is controlled primarily by the amount of money available; risk-taking is encouraged - managers and employees are encouraged to try new ideas, without fearing failure; failures are accepted as part of the program; and, a bottoms-up approach exists - all suggestions come from the employees, and everyone is an employee (even the station managers). The pilot units also participate in a gainsharing program, in which any savings generated by employee suggestions are retained at that unit.

Mr. Burns described the implementation at his Northeast Station as a "conscious effort to change a pattern of behavior." All employee suggestions are sent directly to the station director's office, and a judgment is made within two weeks. "Initially, it was a few courageous individuals who submitted proposals. As soon as everyone saw that serious attention was being paid to them, there was a massive influx of proposals."

The role of managers changed dramatically with the empowerment of employees. Mr. Burns said that managers found they had to change to a more collegial, collaborative style. They had to loosen up and accept that there would be lots of change. Managers had to trust the employees and realize they are professionals. When given the means to do so, they would do their jobs in the best way possible.

#### **Richard A. Lidstad**

"Through open communication, setting clear, measurable objectives, recognizing good performers and better team work, we are slowly changing the role of the supervisor - not with that intent - but by relying on our employees more; the change is inevitable."

Mr. Lidstad began his presentation with a short description of 3M's human resources principles. Heavy emphasis is placed on the dignity and worth of the individual worker; encouraging each employee to take risks and be innovative; providing equal opportunity for development and advancement for all employees; and, measuring performance against objective, job-related criteria.

Some companies have recently done away with the performance appraisal system, but, according to Mr. Lidstad, 3M believes that it is an important part of the development process and completely compatible with the above stated principles. Top management formed a task force to re-examine human resource culture and practices, and one of the more important recommendations was to place greater emphasis on the management of performance. It was also recommended that greater attention be given to distinctions between high and low performers, and that the performance appraisal system be improved. Another task force, comprised of line managers and division heads, was formed to design the new appraisal system. After a year of

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effort, the task force made eight recommendations for the new system, three of which Mr. Lidstad believes were particularly important: there should be stronger ties between performance ratings and contributions to the business; ongoing communication should be established between the manager and employee; and, employee involvement in the appraisal process should be increased. The new appraisal system has been implemented at 3M, based on these ideas, and Mr. Lidstad believes that it has improved the management of performance throughout the organization.

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**Panel 5**

**MEASURING AND IMPROVING CUSTOMER SERVICE**

**MODERATOR**

Jon H. Seymour  
Assistant Secretary for Administration  
U.S. Department of Transportation

**PANELISTS**

Mary Anne Rasmussen  
Vice President, Worldwide Quality Assurance  
American Express Travel-Related Services

Commander Patrick Cummings  
Executive Officer  
U.S. Naval Publications and Forms Center

**OVERVIEW**

This panel discussed the importance of quality measurement to the quality improvement process and presented methods of measuring quality improvement and customer satisfaction.

**Mary Anne Rasmussen:**

"When you talk about measurement, what gets measured gets done. At American Express, the more we measure the more improvement we see."

Ms. Rasmussen discussed the quality improvement process at American Express, with particular emphasis on measuring improvement in service to customers. From the beginning, American Express has viewed quality service as its number one strategic marketing weapon, but it has only been since 1978, when it launched its formal quality assurance process, that it has been able to quantify improvements and identify revenues resulting from those improvements.

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American Express' quality assurance process is based on two basic principles: defining service from the customer's perspective; and, measuring service delivery with the same rigor and objectivity as that brought to productivity, costs, and revenue.

Quality at American Express is measured service tracking reports, input analyses, cost of quality reports, and extensive and quantitative market research to determine how customers feel, not just in general, but about each type of transaction with American Express. The service tracking reports, which measure and monitor performance on an ongoing basis, were cited in Fortune magazine as "the best feedback on service quality" the writers had seen.

American Express currently uses over 100 measures to track every aspect of service delivery. It has found that the more measures it uses, the more improvements are realized in customer satisfaction, revenues, and cost reduction. Measurement standards, based on key factors such as customer expectations, completion, economic conditions, etc., have been established on both a world-wide and a country-by-country basis. When setting standards, American Express uses as the goal not just service that is competitive in the market place, but service that is superior to the competition and above customer expectations.

The quality process at American Express has resulted not only in increased customer loyalty but in greater productivity and revenues. As a direct result of its quality process, American Express has improved service delivery by 78 percent and reduced expenses for transactions by 21 percent in the first three years of the program. In the last 10 years, it has reduced the time for processing new applications by 50 percent, which represents \$70 million in revenue.

#### **Commander Patrick W. Cummings**

"One of the things that we talk often about at the Naval Publication and Forms Center is management by fact, and the only way you are going to manage by fact (instead of gut feeling) is if you establish quantitative measures."

Commander Cummings described how the Naval Publications and Forms Center initiated a total quality environment through measuring and improving customer service. The Center was recognized for its outstanding achievements by being selected as a Quality Improvement Prototype and receiving the Philadelphia Area Federal Executive Board award.

The Center began its total quality environment effort about a year and a half ago and obtained almost immediate positive results. Initially, the Center concentrated on educating its internal customers or employees in quality improvement principles. External customers were involved as needed to establish customer requirements and ways of meeting those requirements. The steps used in this effort included identifying internal and external customers, with a customer being defined as any person involved in an operation; flowcharting all the steps of the operation; prioritizing

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products to ensure that each received appropriate emphasis and only those that the Center had control over were included in the improvement process; establishing customer requirements while making sure that those requirements were reasonable, measurable, and understandable; establishing quality indicators and achievable targets; and, setting limits on what was acceptable.

Key elements in the Center's approach to quality improvement included the use of teams to carry out the required tasks, periodic conferences, the development and use of instructional materials for customers, and the establishment of liaisons with customers.

As a result of the total quality improvement efforts, the Center was able to increase the accuracy of filling customer requests from 90 percent to between 98 and 99 percent.

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**Panel 6**

**COMMITMENT TO CONTINUOUS IMPROVEMENT**

**MODERATOR**

Kevin E. Moley  
Assistant Secretary for Management and Budget  
U.S. Department of Health and Human Services

**PANELISTS**

David D. Auld  
Vice President, Quality Leadership Process  
Baxter Healthcare Corporation

Rear Admiral Marshall E. Gilbert  
Resource Director/Comptroller  
U.S. Coast Guard

**OVERVIEW**

Each member of the organization is a vital member in that there are things which we can all do to improve the way in which we do business.

**Rear Admiral Marshall E. Gilbert**

"We need our people to have a different attitude about their jobs, and we need to involve top management or that won't happen." Rear Admiral Gilbert began his panel presentation with his definition of productivity - "doing the job good enough or

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well enough at the lowest possible cost." He indicated that doing the job "well enough" in many cases is quite exacting, and the public has a right to expect excellence both from the Coast Guard and from public service, in general.

Rear Admiral Gilbert identified three keys to productivity: the Coast Guard's traditional frugality; the Coast Guard's creative use of technology and a commitment to continuous improvement; and, top management commitment. He indicated that for the Coast Guard to meet the demands of the competitive 21st century, it must link innovation with continuous improvement. To accomplish this task, it must effect cultural change and obtain a commitment from top management. Some of the elements involved in the cultural aspects of continuous improvement by the Coast Guard are: small unit size - each person must be and feel responsible for his or her part of the organization and its goals; a frugal, can-do attitude; and, a strong mission orientation - focus on final results.

The Coast Guard has also initiated a new suggestion system which involves management and rewards the evaluator; a productivity improvement fund which has paid out more than \$2 million a year, to date; a model unit program which allows unit commanding officers to run the unit their own way — "...giving the people we hire the responsibility and authority to do what they get paid for"; and, an aggressive education program to "spread the word" especially through internal, informal publication.

#### **David D. Auld**

"How does an organization begin a quality process? By letting its workers know that it is their ideas that make quality happen."

Many companies have recognized the financial advantages that are available to the quality leaders in their markets. Attention to quality means being able to deliver efficiently on the organization's objectives — doing things right the first time, instead of paying to do things over and over again.

Quality leadership, however, goes beyond just financial rewards and extends to competitive benefits as well. It means having a workforce that has been educated and enabled to take responsibility for building quality into the performance of every aspect of the work process. One of the toughest challenges in the quality leadership process is to generate results consistently across a wide spectrum of organizations.

Baxter Healthcare Corporation, according to Mr. Auld, is meeting the challenge in the design of its quality process. Baxter, a \$6.8 billion manufacturing, service, and distribution company, is composed of over 60 different business units, with operations in 30 countries. The purpose of Baxter's Quality Leadership Process (QLP) is to support the corporation in its goal of maintaining or gaining the position of quality leader in each of the markets it serves.

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The key to Baxter's quality management approach is to enable quality participation and improvement at all levels of operations — with a specific focus on customer requirements. At the individual level, Baxter's QLP provides every employee with the training and management support necessary to achieve quality in their work. At the departmental level, the process provides a framework for quality management whose hallmark is flexibility.

Frequently, focusing on requirements means looking beyond the boundaries of a department or work group and working with other groups to assure consistent quality output. This cross-functional approach provides methods for assuring that improvements are pursued on the basis of their relevance to the customer's requirements, rather than personal agendas and pet projects.

All of these methods contribute to and feed into an organization-wide capability to achieve quality improvement results.

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**Panel 7**

**CHANGING THE CULTURE OF AN ORGANIZATION : A CREATIVE  
ENVIRONMENT THAT REWARDS TAKING RISKS**

**MODERATOR**

Claire Freeman  
Assistant Secretary for Administration  
U.S. Department of Housing and Urban Development

**PANELISTS**

Ralph J. Rosati  
Director of Quality  
Eastman Kodak Corporation

Valerie Ruimy  
Productivity Coordinator  
Port Authority of New York and New Jersey

**OVERVIEW**

The key to changing an organization's culture to one that rewards creative risk-taking is management leadership and commitment. Management must look to customers to define quality, and then implement strategies, systems and incentives that will encourage employee risk-taking in meeting customer needs and expectations.

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**Ralph J. Rosati**

"The quality process is never-ending and is driven by active leadership based on vision, ideas, and a work ethic that has as its core, the goal of anticipating, meeting, and, yes, even exceeding the needs of customers. The end result should be that . . . customers are not only satisfied but are generally delighted with your product."

Today, American business operates in a fiercely competitive global environment where a company's quality performance is quite literally a matter of survival. Through implementation of Total Quality Management (TQM), which began in 1983, Kodak is attempting to meet this challenge. TQM requires a fundamental change of culture which must begin at the top of the organization. First and foremost, implementation of TQM requires leaders with courage and the knowledge of what has to be done. The focus must be on the customer, whether that customer is within the organization or external, because customers define quality. Or, to state it another way, quality is the degree to which you meet or exceed your customer's expectations. To do this, you must know who your customers are, understand what their expectations are, and know where you stand on meeting or exceeding those expectations.

To translate management commitment to TQM into personal responsibility and accountability, Kodak requires everyone reporting to the Chief Executive Officer to work on a personal quality project. Each project is important and critical to organizational success, focuses on significant business-related objectives, includes measurable quality improvement objectives, and demonstrates management's personal commitment to, and accountability for, real quality improvement. For example, one group vice president's project involved: improving the way in which customers are listened to; finding better ways to quantify and measure customer satisfaction; and, improving the way linkage among customer requirements, product development, productivity and product quality is quantified. Another manager's project focused on cutting product development time in half over two years and fostering a process for technology planning congruent with corporate business strategies.

Empowerment, openness, trust, positive reinforcement, praise and celebrations characterize an environment that fosters quality contribution from everyone. This requires replacing pay policies that stress and reward only individual performance with ones that tie at least part of the individual's compensation to unit performance, changing short-term thinking that may adversely affect long-term company performance, replacing long-lived organizations that are not responsive to the new customer-oriented culture, and substituting the traditional boss-worker relationship with a team concept.

Kodak believes in doing what is right for the customer, and this "quality ethic" shows in its bottom-line: sales and earnings for 1987-1988 were at record levels, and productivity was up 11 percent, nearly four times the national average. Kodak recognizes that, in order to continue breaking earnings and performance records, quality improvement must be never-ending because customer needs and expectations are constantly changing.

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**Valerie Ruimy**

"Risk-taking: making informed, responsible decisions even when all elements of clear and routine decision-making are not available."

For the Port Authority of New York and New Jersey, the key to quality improvement is changing the organizational culture and encouraging risk-taking. The Port Authority is taking a top-down approach in inculcating a risk-taking attitude in the organization. An advisory group, called "TAG," consisting of representatives from 18 departments, serves as a sounding board for reviewing existing policies and procedures. TAG has initiated its own improvement idea: functional networking, implemented through groups of managers with the same working title who discuss and propose solutions to common management problems. Results are already evident; morale has improved and positions reportedly are being managed better. Another mechanism for ensuring management commitment and involvement is the Productivity Improvement Steering Committee, composed of six managers at the Department or higher level. This committee is sponsoring currently three efforts: marketing the meaning of quality to employees; creating a centralized data bank on quality; and, piloting multi-disciplinary quality improvement techniques and projects.

Recognizing that a leaner, more fluid organization encourages and supports taking risks, the Port Authority has hired a consultant to conduct an organizational assessment study. A key feature of the study is that each director is a customer of the consultant. Efforts are underway to communicate clearly what the study is all about and what changes to expect. When the study is done, its results will be institutionalized in the performance appraisal system.

To implement a winning quality improvement effort, the Port Authority recommends: starting with a few converts or quality champions and building on their successes, involving unions early in the planning and implementation, getting expert advice, and training in the quality principles and practices. Above all, you need to recognize that quality is the responsibility of management, not just the staff. Top management involvement is essential to successful quality improvement implementation.

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**Panel 8**

**PROMOTING QUALITY THROUGH INCENTIVES AND INVOLVEMENT**

**MODERATOR**

John F. Moffitt  
Associate Deputy Administrator for Management and  
Administration  
Small Business Administration

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## PANELISTS

David B. Luther  
Senior Vice President and Corporate Director of Quality  
Corning Glass Works

Ardel E. Nelson  
Pacershare Project Management Officer  
McClellan Air Force Base

## OVERVIEW

Within both the private and Federal sectors, new and innovative techniques are being used to motivate employees and to increase employee participation in quality improvement. Representatives from Corning Glass Works and McClellan Air Force Base presented what their organizations are doing to give employees a stake in quality.

### David B. Luther

"I think someday management will be defined as knowing when to get out of the way."

Corning, a Fortune 200 Company with 26,000 employees world-wide, began implementing quality management in 1984, following the realization that its market dominance had been undermined by its new competitors, requiring the re-thinking of organizational strategies. Recognizing that resistance to quality management is frequently strongest among middle management, Corning staffed its company-wide quality effort with a permanent director and several middle managers who serve for two years on rotation.

Corning's quality management effort is primarily training-driven, and began with the Chairman and his six assistants being trained in quality management principles and techniques. Since then, Corning has trained all of its employees. Corning believes that training is the key to influencing employee behavior, and requires that five percent of each employee's work year be reserved for training. Quality management training at Corning focuses on delighting customers, rather than just satisfying them; eliminating errors; and, empowering employees to make decisions.

Corning also promotes the team concept; 40 percent of Corning employees are involved in teams to research and solve problems. In 1988, Corning counted over 2,000 quality management teams which submitted 16,000 corrective actions. In 1983, before the introduction of quality management, only 800 such actions were received.

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Corning has found that group and individual non-monetary recognition is a greater motivator than money for its employees. Finding a way to make an employee a hero to his or her family is one of the most powerful motivators, as is peer recognition. Corning also requires every unit manager to host an annual dinner to honor and thank his or her employees for their hard work and dedication.

**Ardel E. Nelson**

"If you have a standard organizational structure under the old Civil Service rules, the conventional hierarchy of the bureaucracy, you've got a win-lose situation. . . and the biggest thing you have to be aware of is fear. . . Most of our organizations are motivated by fear. . . As long as that is true, it won't work."

Pacershare, a demonstration project initiated under the auspices of the Civil Service Reform Act, is the Air Force's attempt at eliminating perceived organizational and pay structure disincentives to employee involvement and commitment to quality. "Pacershare" is a term composed of two parts: "Pacer," the name for all projects initiated by the Air Force Logistics Command; and "share," which refers to the process by which employees share responsibility, accountability and reward for accomplishment of the basic mission.

Under Pacershare, McClellan Air Force Base abolished innumerable job series; compressed 15 grade levels into four pay bands; revised how supervisory positions are determined; delegated pay authority to management; established an equitable gainsharing system; and, abolished the annual appraisal. Pacershare applies to both white and blue collar workers. The employees at McClellan Air Force Base have embraced Pacershare enthusiastically, turning the Distribution Center, for example, into a model of efficiency through their focus on quality.

No single approach applies to all organizations, since every organization has its own unique problems and character. For quality management to succeed, it must be recognized that the organization is a system and every person, both internal and external, is a customer. A win-win relationship for employees, management and the customer must be the goal.

What characterizes a win-win relationship in implementing a quality focus? A partnership must be forged between management and the unions; management alone cannot succeed in implementing a change to quality. Respect for your people, an element of leadership, is essential. Focus on process, not output; quality, not quantity. A fluid, flat structure is critical to facilitating responsiveness to customers. Quality change must be rooted in commitment, not conformance, and must be viewed as a never-ending process. Finally, management must protect and champion its agents of change who are willing to spearhead the drive to greater quality.

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**Panel 9**

**TEAMWORK: INVOLVING EMPLOYEES, SUPERVISORS, UNIONS AND  
MANAGERS IN CONTINUOUS IMPROVEMENT**

**MODERATOR**

Thomas C. Komarek  
Assistant Secretary for Administration and Management  
U.S. Department of Labor

**PANELISTS**

Dennis J. Cirbes  
Ford Co-Chairman of the UAW-Ford Quality Improvement  
Implementation Committee  
Ford Motor Company

Joseph G. Reilly  
UAW Co-Chairman of the UAW-Ford Quality Improvement  
Implementation Committee  
Ford Motor Company

Joe D. Hall  
Deputy Commissioner  
Bureau of Reclamation  
U.S. Department of the Interior

**OVERVIEW**

Two large, traditional organizations, one in the private sector and the other in the Federal sector, faced with the need to change fundamentally to survive and continue to thrive, discuss using a team approach to meet this challenge.

**Dennis J. Cirbes and Joseph G. Reilly**

"Without question, our success is a direct result of teamwork—the commitment and involvement of our employees, our supervisors, the UAW and management to providing our customers "Best-in-Class" quality."

In the late 1970's, Ford found itself overshadowed by foreign competitors. This was especially true with the Japanese who had found ways to improve the total effectiveness and efficiency of both their engineering and manufacturing organizations, giving them impressive competitive strength.

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By 1980, Ford was poised for radical change. Under the mentorship of Dr. W. Edwards Deming, Ford reintroduced statistical quality control, focused on gaining broad management and employee support for improvement action, and established cross-functional teams to solve problems. As a result, Ford's product quality, as reported by its customers, has jumped more than 65 percent and Ford has been awarded Motor Trend's "Car of the Year" Award for three out of the last four years. A major factor in Ford's success was the change in its relationship with the UAW.

Seeds of change were first planted with the settlement of a new collective bargaining agreement in 1982. Innovative joint union-management programs and increased UAW and employee participation were recognized as key to preserving and creating jobs. Educational opportunities for UAW-represented employees were increased. Positive results from this agreement led to a new agreement in 1984 that expanded key joint programs and added employee job security provisions which helped eliminate worker fear of job loss due to operating changes from the quality emphasis. Ford also articulated its Mission, Values and Guiding Principles, and analyzed its operating systems to ensure it was practicing what it was preaching. A new, broad definition of quality, with a firm customer focus, was developed and became the linchpin for Ford Total Quality Excellence, the company's strategy for integrating and implementing its Missions, Values and Guiding Principles.

Total Quality Excellence continues to evolve with heavy union and employee participation. In 1987, several UAW-Ford Committees were created to deal with new ways to implement the company's strategy and improve quality. Recently, a network of Local UAW Quality Liaisons in each Ford facility was established to involve fully the plant floor employees in quality improvement.

#### **Joe D. Hall**

"I believe that Federal agencies, like American businesses, . . . are overmanaged and underled. Leadership is lacking. . . where is our organization going and how are we going to get it there, and not just the stuff of how we're going to get it done."

Similar to Ford, the Bureau of Reclamation found itself in the mid-1980's producing a product that, by and large, was no longer wanted or needed: dams. Recognizing that all of the major reclamation projects were nearly complete and its mission largely accomplished, the bureau was faced with the dismal prospect of severe staff cuts if it clung to its traditional role of construction. Instead, the bureau resolved to change its direction and revitalize its sense of purpose.

Through a comprehensive assessment study, conducted entirely by bureau employees, it was determined that the bureau could play an important role in improving the management and utilization of resources and in meeting the Nation's demand for high quality water. The bureau carefully examined water and power efficiency

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opportunities, determining which the bureau should perform and which could be done best in partnership with non-Federal entities. The change in mission dictated a change in organization: bureau headquarters were transferred from Washington, D.C., to Denver; a regional office was abolished; a manageable staff reduction was undertaken; policy and technical staffs were consolidated into a Policy-Technical Service Center; and, administrative service centers to serve bureau and multi-agency needs were created. The reorganization, estimated to cost \$9.6 million, cost only \$6.8 million, and will save \$7.5 million annually.

The bureau's keys to success in this massive reorganization effort were teamwork, communication and leadership. Through involving employees in the hard work of sorting out what direction the bureau should take and how it should get there, the organization's sense of purpose was renewed and morale improved. Employees, Congress, constituents and the public were kept well informed on how the assessment study and the resulting reorganization were proceeding. Sharing of vision with employees, a function of leadership, has produced a cohesive, united and motivated organization, ready to meet the challenges of the 1990's, and beyond.

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**Panel 10**

**THE QUALITY - PRODUCTIVITY CONNECTION**

**MODERATOR**

Thomas J. Collamore  
Assistant Secretary for Administration  
U.S. Department of Commerce

**PANELISTS**

John H. Fooks  
Vice President, Corporate Productivity and Quality  
Westinghouse Electric Corporation

Ronald A. Nervitt  
Assistant Commissioner for Information Systems Financial  
Management Service  
U.S. Department of the Treasury

**OVERVIEW**

Productivity has evolved into total quality, which is not the fad of the month, but is continuous improvement. Total quality has some initial costs but it becomes self-funding. Total quality increases productivity and makes the system flexible enough to meet the continuing challenge of a rapidly changing environment.

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**John H. Fooks**

"Westinghouse's journey to a world class leader through the use of the corporate productivity and quality center, began when Westinghouse decided that the old F. W. Taylor productivity model was not the way to go. It needed a global solution—it needed total quality."

Total quality involves everything you do in business; involves everyone in the business; and, is a journey of continuous improvement—a marathon, not a sprint. For Westinghouse, "Total Quality is Performance Leadership in Meeting Customer Requirements by Doing the Right Things Right the First Time."

Westinghouse's requirements were defined by: customer satisfaction; stockholder (investor) value; employee satisfaction; and, public approval.

In a total quality environment, everything keys off process. It is important to design products and processes jointly as a total system and to integrate process flow, people structures, and information systems. The process defines "customer needs" as inputs (information and material); the "work activity" as value added over time which includes people, procedures, and technology and is measurable; and, "outputs" as customer satisfaction.

**Ronald A. Nervitt**

Treasury's Financial Management Service (FMS) was reorganized five years ago to improve the Federal government payment and collection of its funds—it balances the Federal checkbook. It is the largest payment system in the world. Mr. Nervitt discussed how FMS uses total quality to meet the challenge of providing better services during a period when a 25 percent staff reduction and a 150 percent increase in workload characterize the organization.

Mr. Nervitt stated that, "Quality and productivity are mingled. Quality is the end and productivity is the means by which quality is achieved. Quality measures are both tangible and intangible and are determined by the customer." Productivity measures are tangible and are determined by the service provider. It is perception that determines the quality of the product. "The good jockeys get the good horses, or is it that jockeys are good because they have the best horses."

FMS went from a "bean counting organization" to an organization where total quality is ingrained in the fabric of the organization. The Commissioner is a zealot for quality. "Good enough for government work" is the anathema of the organization. It has a private sector orientation. All levels of the organization are oriented to quality and productivity and all have a strategic plan and a tactical plan which describe how FMS meets its customers' needs.

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Quality and productivity are enhanced by technology. Technology is the glue that binds people's performance—the quality factor that leads to improved productivity. Technology is vital to the government. As human resources are reduced and the workload increases, technology is the only way government will be flexible enough to meet its customers' expectations.

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**Panel 11**

**GROWING EXPECTATIONS OF CUSTOMERS IN THE 1990's**

**MODERATOR**

Dr. Linda H. Combs  
Assistant Secretary for Management  
U.S. Department of the Treasury

**PANELISTS**

David Gallemore  
Managing Director for Strategic Marketing  
Southwestern Bell Corporation

Charles N. Ehler  
Director, Office of Ocean and Marine Assessments  
National Oceanic and Atmosphere Administration  
U.S. Department of Commerce

**OVERVIEW**

As services and technology become more diverse and complex, customer needs also become much more sophisticated. Customers expect and need ever-improving service from their vendors. Here are two examples of organizations which are working to meet these customer expectations in the fast paced field of information services.

**David Gallemore**

"We believe the emerging market of information age services holds the key to meeting customer expectations in the 1990's."

Southwestern Bell Corporation services 10 million customers, the majority of which are customers of their telephone operations. However, Southwestern Bell also has operations in other areas of communications, including cellular telephones, paging, telecommunications products, publishing, and printing. Their growth strategy is to

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build on their core strengths and to provide information and communication services beyond telephone communication. This means providing total communication packages to their customers.

Mr. Gallemore stated Southwestern Bell uses both internal quality and performance standards, as well as standards for customer expectations, measured primarily by surveys. In the last year, they have focused their surveying more on specific aspects of the service process most important to different sets of customers. The new survey measures customer expectations for reliability and communication, among other "drivers" of service. Reliability measures include performing the work right the first time and asking the customers about the level of performance they received.

Southwestern Bell focuses on long-term issues in the telecommunications industry by asking three questions: How are customer expectations evolving and changing? How do we best employ technology to meet those changing and evolving customer expectations? To what extent are our hands tied by regulatory constraints when it comes to addressing those customer expectations? Mr. Gallemore went on to describe examples of markets and areas where Southwestern Bell would like to expand its services to meet customer needs, but is constrained from doing so by outdated regulations.

Emphasizing the techniques and skills Southwestern Bell has used traditionally to measure quality and customer attitudes will be invaluable in assisting them to reach new customers and markets in the future.

#### **Charles N. Ehler**

"The way we make environmental decisions in this country. . . is exactly the same way that we made them a hundred years ago. The facts are that the world has changed. . ."

Mr. Ehler described his agency, largely a scientific one, as being in the information service. The Office of Ocean and Marine Assessments provides scientific and technical information to a number of different customers, including state and local environmental agencies, oil spill technicians, and fire departments. Much of this information can be accessed through a personal computer database at extremely low costs to their customers. The customers are then provided affordable and immediate information on which to base their decisions.

He stated, "It is critical to view what the customer expectations are." The National Oceanic and Atmospheric Administration (NOAA) goes a step further than just using a simple measurement technique; they determine what different types of customers are expecting in terms of quality.

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The kinds of services or specific scientific information available relate to hazardous materials, oil spills, trends and how to get ahead of the problems or the impact of pollution on the environment.

NOAA takes pride in the quality of products they produce. It is the best scientific information available that is current and state of the art. Their customers expect accessible and timely information. Methods employed by NOAA include the use of interactive data bases that are user friendly and inexpensive.

The attitude of the organization is very important. At NOAA, employees operate as partners and help customers succeed with the scientific information provided. They have done this for the past 15 years.

It is very difficult to measure or evaluate the organization's success in the information business. NOAA does this by observing what the professionals in this area write about NOAA's services or products, i.e., effectiveness is measured through professional testimonials.

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**Panel 12**

**PROVIDING TRAINING ON QUALITY**

**MODERATOR**

Lou Gallegos  
Assistant Secretary for Policy, Budget and Administration  
U.S. Department of the Interior

**PANELISTS**

Gabriel A. Pall  
Vice President  
Juran Institute

C. Curtis Jones  
State Director  
Eastern States Office  
Bureau of Land Management  
U.S. Department of the Interior

**OVERVIEW**

This panel focused on the need to have individuals in leadership positions who provide employees with training on quality and productivity.

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### **Gabriel A. Pall**

Mr. Pall stated there are two aspects of providing training to effect quality efforts:

- **Conceptual Education** to change ways of thinking—changing the culture of the organization.
- **Skills Training** to enhance skills and change specific job behaviors.

There is no good answer as to which should come first, because both are needed. The Soviet system is an example of education to change culture without training to change job performance.

Basic premises for training on quality include: the need for change in culture related to behavior and customer orientation; the pervasive need of all organizations to train for quality; and, a coherent body of knowledge about ways to train to improve quality.

Critical management decisions that must be made include: whether to provide training throughout the organization—the effort is likely to fail if you do not; determination of needs and objectives; subject matter—best not decided by director of the training; who should be trained—consider levels, functions, previous training; mandatory or voluntary—best if culture mandatory and skills voluntary; and, sequence—best if top management first, then internal experts.

If upper management is involved as the audience for training, care must be taken in selecting the instructors. Upper managers generally do not like to listen to subordinates, but will listen to outside experts. Upper managers can be very effective as instructors.

In designing a course, the level of management involved is a major consideration. Upper management needs the course materials stated in business terms. Middle management, where the inertia usually is, needs to hear about commitment, changing measures of performance and role definitions. Another factor in course design is whether the training will be team training or professional training.

Reasons quality training fails include lack of prior line management participation, limiting training to a narrow approach (e.g. quality circles only), failure to affect behavior patterns and misunderstandings of the role of upper management.

### **C. Curtis Jones**

Mr. Jones explained that productivity and quality are not the same, but they go hand in hand.

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The Federal government has lost sight of its customer. The focus for improving the Federal government's productivity should be the rediscovery of the customer. A customer-driven education effort is needed.

A major assumption of training is that people are the greatest asset of the organization. Consequently, it does not make sense to reduce training budgets when resources shrink.

The focus of the training efforts in the Bureau of Land Management (BLM) is service to the public. The result of this focus is better quality work, improved office image, and better customer relations.

The objective of training is to develop a team. Middle management is the key to team development.

BLM found that off-the-shelf training was not available for a team approach. They used a modified presentation of "Toward Excellence," developed in cooperation with the Office of Personnel Management. Five fundamentals on which the course was based were: innovative action; getting back in touch; existing for the customer; fostering individual commitment; and, instilling unique values.

**Luncheon Speaker**  
**Thursday, June 1, 1989**

**Dr. Thomas F. Frist, Jr.**  
Chairman, President and  
Chief Executive Officer  
Hospital Corporation of  
America

"Any organization that is focused on its customers knows that quality must be the byword that we live by. . . quality is a never-ending task. . . we believe we must continuously strive to be better."

"Quality begins with a clear and common statement of purpose," according to Dr. Thomas F. Frist, Jr., Chairman, President and Chief Executive Officer (CEO) of Hospital Corporation of America (HCA). In 1986, when HCA committed the organization's 350 worldwide hospitals to a quality improvement program, the statement of beliefs—the "mission statement"—was already on record - HCA had made a commitment to quality health care. The founding principles had not, however, penetrated all the processes of the corporation.

The first step in HCA's quality improvement program was the identification of its customers - patients and their families, physicians, payers, employees and communities. Dr. Frist indicated that when an organization is focused on its customers, quality must be the byword which upon it lives.

Dr. Frist addressed specifically just one of HCA's customers—the patient. He indicated that HCA first identified the concerns of the patients by developing a survey instrument and administering the survey to the patients who use HCA hospitals.

The most important outcome of the survey was finding that the way HCA thought about a hospital and the way patients experienced a hospital were often different. Working together, HCA and patients helped identify the key quality characteristics of the hospital from the perspective of the patients.

To ensure continuous improvement, HCA repeats the patient survey every six months and measures the performance of the major hospital processes over time. Data is analyzed and displayed in "easy to use" ways for the review of hospital leaders. Under the present HCA commitment to quality, Dr. Frist reported ". . . it is no longer acceptable to be good. We must continuously strive for excellence."

Dr. Frist cautioned that data, while carefully developed and analyzed, does not implement the necessary changes. At HCA, leaders are taught to use the information strategically. Data is collected in one of three categories: feedback for the CEO directly from the customers; information for the hospital quality improvement council; and/or feedback from the patient for department heads so they can encourage their workers to make improvements. Patient feedback has resulted in the development of charter quality improvement teams, changes in the culture, employee training, improved performance and improved service to the patient.

Dr. Frist summarized the basic improvement process at HCA as the "PDCA method of managing systematically." The first step is to find a process to improve and

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organize a team that knows the process. Next, clarify the process, understand the variations and select the improvement. Then, PDCA—Plan - Do - Check - Act—in order to hold the gain that you have achieved. The best way to use the process, however, is to use the talents of the people. Dr. Frist noted this is just common sense, but stressed that it is powerful to pull people together who work in the environment.

In conclusion, Dr. Frist reiterated four points: quality begins with a clear and constant statement of purpose; take your customer seriously; look at the organization from the customer's perspective; and, the improvement effort never ends.

**Workshop 1**

**HOW TO ELIMINATE BARRIERS TO PRODUCTIVITY AND QUALITY**

**WORKSHOP LEADER**

Gerald B. Kauver, Ph.D.  
Director, Graduate Programs  
U.S. Department of Defense

Within the Department of Defense (DoD), the three million field personnel working at 5,000 field installations in over 500,000 buildings were being hindered by regulations and the budget inflexibility imposed upon them. DoD has made significant strides in eliminating these barriers to productivity and quality.

"The Model Installation Program had already proved that letting commanders run bases their way rather than Washington's way led to increases in defense capability. Now it was time to let them manage their budgets in the best way they could to see whether that freedom would also lead to improved mission performance."

DoD began their experiment in deregulation with the Model Installation Program (MIP). The MIP permitted field commanders at selected (Model) Installations to run their bases in the most efficient manner possible. The Program was designed to increase defense capability, not to be a cost saving program. *The Model Installations* were challenged to strive for excellence; try new methods; take risks; accept the possibility of failure; use any savings to improve the installation; and, handle visitors examining the Model. Headquarters' role in this experiment was to help field commanders get any authority they needed quickly; not second-guess the field commanders; protect the planned budget, without pouring money in or skimming savings away; and, publicize what was happening at the Model Installations.

Civilian employees and military personnel at the Model Installations were encouraged to suggest regulations which should be waived because they hinder efficient operations. During the five years that the MIP has been in effect, over 60,000 waivers to such regulations have been granted. The success of the program has shown that: freeing people from unnecessary regulation stimulates creativity, which in turn leads to increases in defense capability; freeing customers from sole source requirements gets more value for dollars spent, and makes government organizations more interested in providing better service.

The DoD Inspector General, skeptical that the process would work, recently completed an 18 month audit. The results of the audit show that money was saved, morale improved, and that military readiness and efficiency increased. In fact, the MIP experiment was so successful that it has been expanded to include all installations and is now known as the Graduate Program.

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The second major barrier that Dr. Kauver addressed was the budget process. Money cannot be moved between accounts within DoD. While these accounting controls provide a good measure of inputs (and therefore predictions for the next budget cycle), they are bad measures of output, i.e., defense capability. DoD discovered that most of the budget problem was generated not by Congress, but by internal DoD controls placed on the money. To overcome this inflexibility, DoD established the Unified Budget Test three years ago. Six base commanders would have "uncolored" (non-restricted) money to spend as they saw fit.

The General Accounting Office recently conducted an audit of the Unified Budget Test at one base, and concluded the following: the field commander has the flexibility needed to deal with the unexpected; problems are solved in a more timely manner; financial managers become better planners and estimators and work together as a team; the field commander can do more with resources; and, only about five percent of the money was spent on a function not originally predicted. The Unified Budget Test is being expanded in each military department, and a program is being developed for Congress.

Dr. Kauver concluded that the success of the Model Installation Program, the Graduate Program, and the Unified Budget Program in eliminating barriers to productivity and quality could be enhanced with the following changes: every existing regulation should be re-approved or cancelled within one year; all new regulations should have a "sunset" date; and, for every new regulation written, two should be revoked.

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## Workshop 2

## HOW TO GET STARTED IN TOTAL QUALITY MANAGEMENT

### WORKSHOP LEADERS

Paul Sweetland  
Acting Director, Federal Quality Institute

Tina Sung  
Quality Executive, Federal Quality Institute

Captain Ron Walker  
Quality Executive, Federal Quality Institute

Sue Ellen Hambey  
Quality Executive, Federal Quality Institute

Steve Harrison  
Quality Executive, Federal Quality Institute

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The Quality Executives from the Federal Quality Institute advised that the very first step toward starting Total Quality Management is education.

"Total Quality Management is a long-term journey. The journey is continuous, incremental, and improvement occurs over time. Quality is simple, it's just not easy."

A couple of years ago, a group of top business representatives advised the Office of Management and Budget that in order to improve government productivity, the first step should be to emphasize quality. The second step should be to raise the quality awareness level of Federal workers. This advice led to the establishment of the Federal Quality Institute (FQI).

The FQI's mission is to raise the awareness level of Federal workers regarding quality and to promote Total Quality Management (TQM). Why is it important to embark on a TQM journey? Because declining budgets are forcing Federal managers to make choices in spending limited resources, and TQM can help stretch those limited resources. Additionally, the workforce is rapidly changing, with fewer new employees entering the labor market. TQM can expand the potential of valuable human resources.

TQM is defined as a strategic, integrated management system for achieving customer satisfaction, which involves all managers and employees and uses quantitative methods to improve continuously an organization's processes. The basic tenets of TQM are as follows. Management must set the vision and provide a structure for using problem-solving tools. Participative management utilizes an organization's most valuable and expensive resources - its employees. What value is added in each process or step of a process must be determined, and those that add no value must be eliminated. Organizations must be flexible enough to adapt to customers' needs as they change. Employees must be empowered to do things in the organization's behalf. Cross-functional teams should be utilized to make processes "lean and mean." TQM is a team effort that taps the employee's talents. To accomplish this, all employees must be trained. Top management support and commitment is essential.

There are four basic steps to establishing TQM: inspiration (through education), information, implementation, and institutionalization. The Quality Executives stressed the importance of education before beginning: "research the experts - steal shamelessly." After a thorough education, begin to gather information by assessing the organizational culture and management styles. Some important questions to ask are: What is the product? What does the organization value? Does it manage innovation? Is the focus short-term or long-term? The education process continues with identification of the natural barriers to change. Most barriers are imposed internally and can be eliminated. It is very helpful to flowchart the organization's processes to understand the complexity of the operation and to identify what is unnecessary. It is also important to look at how the organization measures customer satisfaction. Do the measures reflect internal comfort or the satisfaction of customers' needs? Finally, assess the strengths of the organization.

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Training is the first step of implementation. It must be done at all levels within the organization, because everyone needs to be aware of the concepts. It is best to train functional teams, making sure not to overlook the mid-level manager. Four topics should be included in the training: basic awareness of TQM principles, teamwork skills, problem-solving skills, and statistical (measurement) tools.

After training, measurement must begin, because it is the only way to know if the organization is truly improving its quality. It is a hard thing to do, but it is necessary. There are three important categories of measures: baseline measures, entitlement measures, and benchmark measures.

An essential part of TQM is reward and recognition. Quality should be addressed in the organization's performance appraisal system. Recognition of quality performance need not be costly, but it must be timely. Suggestion programs can become an excellent source of recognition and can be used to make work easier and more efficient.

Finally, what kind of results can be expected, and when will they be seen? Both tangible and intangible benefits are part of a successful TQM program. The tangible benefits can be in the form of reduced costs, better quality products, more satisfied customers, reduced cycle time, etc. Intangible benefits can be a better educated workforce, improved morale, feelings of commitment, empowerment, ownership, etc. Early success is important, because success breeds success. Pick problems that need to be solved, but that can be solved in a reasonable timeframe.

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### Workshop 3

### HOW TO DEVELOP QUALITY MEASURES TO IMPROVE A SERVICE ORGANIZATION

#### WORKSHOP LEADER

Mary LoSardo  
Assistant Vice President, Quality and Planning  
Metropolitan Life Insurance

In 1985, Metropolitan Life Insurance established an Office of Quality and Planning to develop an overall philosophy that would be meaningful in all areas of the company. Their Quality Improvement Process (QIP) begins with one basic fundamental: a strong customer orientation allied with universal employee participation provides a discrete and distinct business advantage. Their operational definition of quality involves meeting customer requirements, measurement, doing things right the first time, and is everyone's responsibility.

"How many of us have had wonderful effectiveness measures that have been set by industry standards or been set internally, but still see our customers being very

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dissatisfied? Probably a lot of us. Chances are we never bothered to ask if we're measuring the things that are important to customers."

Much of the early work at Metropolitan Life was focused on developing a network of employee teams. Each team was encouraged to get to know its customers, to engage in dialogue whenever possible, and to use customer input in setting and meeting goals. Three major goals were set: improving customer satisfaction, setting and achieving higher performance standards, and eliminating extra processing.

After some time, two weak areas in the QIP approach became apparent. The first was in the area of customer dialogue. A survey of customers was needed in a way that would provide meaningful data for employee improvement projects. The second weakness was in the area of developing quality measurements for those functions that handle non-repetitive transactions and projects. Addressing these weaknesses required an understanding of quality in the service sector, and then transforming the understanding into action plans.

Efforts to improve the quality process led to the hiring of consultants from Texas A&M University who examined the nature of services performed and how customers evaluate them. The key issue was recognizing the important role that individual employees play in providing quality service to customers. The action of service employees also has a strong impact on how customers judge service quality. In evaluating a service, customers begin with a set of preconceived expectations. They then judge the service in terms of whether these expectations have been met. Their judgment is influenced not only by the outcome of the service encountered, but by the process they undergo and how they are treated.

The consultants developed a survey that enabled Metropolitan Life to measure customer satisfaction with service quality. The survey measures the difference between expected and perceived delivery. It focuses on the major dimensions that can be applied to any service - responsiveness, reliability, empathy shown by company employees, and also the more tangible aspects of the service. Ms. LoSardo said that the survey provided management with a way of identifying gaps in their internal operations that contributed to customer dissatisfaction. These internal gaps fell into four major categories: management did not understand customer expectations; management understood customer expectations, but did not set service standards which reflected them; management understood customer expectations and set standards which reflected them, but service delivery did not meet the standards; or, management communicated poorly with the customer, either raising expectations which could not be met or failed to inform customers of actions which would improve customer perceptions of service.

Understanding these gaps has provided management and employees at Metropolitan Life with a customer-centered way of analyzing opportunities for quality improvement; it has also become a powerful tool in the overall management process.

## Workshop 4

## INNOVATIVE IMPROVEMENT STRATEGIES

### WORKSHOP LEADER

R. Wayne Young D.P.A.  
Deputy Director, Administration  
Lyndon B. Johnson Space Center  
National Aeronautics and Space Administration

The key to any improvement strategy is its implementation. During this session, Dr. Young talked about improvement in the context of tactics that can be used to make a strategic objective a reality.

Back in the early 1980's, top management at the National Aeronautics and Space Administration (NASA) inquired about how NASA could pursue productivity initiatives internally and with its contractors. Management was also looking at how, in the process of meeting NASA's own objectives, it could serve as a model for the rest of government.

In these early years, something in the realm of productivity was not working at the Johnson Space Center. The problem was that people already believed they were extremely productive; accordingly, when they were given a game plan that was supposed to make them more productive, roadblocks occurred; communication barriers developed. Members of teams looked at this phenomenon and determined that what NASA was really talking about was establishing excellence and that at the Johnson Space Center it is done as a team. Hence, the term "Team excellence" was coined. Team excellence has been coupled with strategic planning to develop a focus on a common objective.

Dr. Young said that they have encountered problems in implementing plans and strategies. It is not so difficult to get verbal commitment; implementation is difficult. The implementation encompasses different kinds of concerns. Learning the tactics, the "how to do it", has been tough. What they are after is reaching individuals who are key to the process, the management.

Management commitment is the bottom line. Dr. Young defined "commitment" as "a willingness or readiness to give active support to a policy, plan, person, or in many instances, a combination of these." How do you get management committed; how do you manage them? Key elements in determining the level of commitment include: understanding what the problem is and agreeing on the urgency and priorities for solving the problem; determining a reasonable course to solve the problem; and, having credible supporters. The Johnson Space Center has captured this in a concept called a "commitment wheel" which reflects the Center's interest in maintaining organizational momentum.

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Dutch Holland, who has been a key player in the process, joined Wayne Young and described the tactics he helped design which are used by Johnson Space Center to implement their programs. Among the tactics in their "Tool Box" are planning "fronts" in the organization, failure analysis, using upward leadership, forming inner circles, creating and using small successes, using familiar terms/structure, and communicating processes not events. These tactics, along with others, have been selected because they are effective in a complex environment, can be used alone or with other tactics, and are simple and easy to use. In addition, they are applicable to planning for implementation, mobilizing human resources, and keeping the implementation process energized.

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## Workshop 5

### HOW TO IMPROVE INFORMATION-SHARING AND COMMUNICATION: DOWN AND UP AND ACROSS AN ORGANIZATION

#### WORKSHOP LEADER

Al H. Kolakowski  
Vice President - Sales  
Delta Air Lines

The workshop focused on the techniques and tools used by Delta Airlines to achieve information-sharing and communication down, up and across the organization.

Al H. Kolakowski, Vice President, Sales, for Delta Air Lines noted that service has always been at the forefront at Delta and was not just a new fad. He described Delta as the carrier with the fewest complaints and having the best maintenance aviation reliability record in the industry. For Delta, a trip is not an "event" - all trips are expected to be uneventful.

At Delta, communication begins with hiring. The company receives some 2,500 applications per day for various positions within the company. Within the first 30 days of employment, every Delta employee is brought to Headquarters in Atlanta, Georgia for a two-day orientation. During this time, the new employees are exposed to the benefits, policies, traditions, operations and share in the pride of the "Delta Family".

Several techniques and tools are used by Delta to achieve two-way communications. The daily briefing, for example, conducted for approximately 15 minutes and attended by all types of employees, including the Chief Executive Officer (CEO), is used to inform employees of the weather, problems, delays and other data for that day. The time is also used for networking among department heads and other employees.

The annual performance evaluation is another vehicle by which management communicates with employees. In addition to discussing attitude, aptitude, knowledge, and performance, it is also a time for management to counsel and talk to employees about the impact of their contributions on the company. Management is encouraged to

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conduct these kinds of information-sharing sessions, not just at performance evaluation time but throughout the year. Informal coffee breaks are often used as a means to encourage management to be visible and accessible.

Communication from employees to management is achieved through several different means. The company conducts personnel meetings every 18 months in every city served by Delta. These meetings last from three days up to two weeks. There is a 95 percent attendance rate by the employees in those cities, and the meeting is led by a senior official of Delta. The topics covered include benefits, salaries, and company plans. At one point in the meeting, the local management is dismissed and the local employees have an opportunity to relay any concerns to senior company management. Minutes of these meetings are prepared and distributed, and teams are then formed to make recommendations on corrective actions.

A unique feature at Delta is the fact that all employees answer their own telephone calls. Telephone numbers are published, and employees are encouraged to call management concerning problems, even bypassing the normal chain of command.

A number of publications enhance communication at Delta. These include a monthly newsletter produced by each department, which includes some humor, cartoons and information on what's going on in that department. Headquarters publishes a monthly magazine called the "Delta Digest". This document covers such topics as new products, special recognition, service anniversaries and city profiles and answers questions submitted by employees.

The Alpha Group, or pilots, are recognized by Delta in special ways. Managers often visit the pilots during "road shows" and present them the latest information on company activities. Every newly-promoted captain is invited to Atlanta for three days of information-sharing.

Delta does not have a suggestion box system, but maintains an open door policy. Employees are encouraged to write down suggestions and immediately come forward with them. Suggestions are returned quickly to the employee with a cover letter and margin notes on any action to be taken - a procedure that also minimizes paperwork. The company also maintains an 800 telephone number for employees to call for business leads.

In addition to various employee committees that tackle company problems, there are other activities within the Delta company that have an impact on communications, e.g., cross-functional utilization activities (i.e., clerks loading bags), job bid systems, enrichment, affirmative action and equal employment opportunity programs, and recognition systems. During service anniversaries, the employees receive pins and a letter from the CEO, division and department heads.

Mr. Kolakowski concluded that the Delta two-way communication system seems to have succeeded during his 25 years with the company, even though there are far more employees.

## HOW TO DEVELOP QUALITY MEASURES TO IMPROVE A SERVICE ORGANIZATION

### WORKSHOP LEADER

Thomas C. Tuttle, Ph.D.  
Director  
Maryland Center for Quality and Productivity  
College of Business and Management  
University of Maryland

This workshop deals with developing quality measures and emphasizes the importance of starting with those things over which you have control.

"Begin with those things over which you have influence, e.g., a section or a branch, and then grow from there. Don't be frustrated if you can't go out and change the world tomorrow - very few of us can."

Dr. Thomas Tuttle, Director of the Maryland Center for Quality and Productivity, began his presentation by noting that while the workshop would cover measurement application and techniques, measurement (measures of quality rather than quality measures) has to be considered within the context of Total Quality and imbedded in an organization's total quality effort. Dr. Tuttle emphasized that the total quality approach must be the strategy, even if you are unable to change your organization.

Workshop participants were asked to identify the forces for change which would have an impact on their work environment. Some of the examples cited were the economy; declining budgets; workforce 2000 issues - the ability to recruit a workforce with the needed skills and abilities; and, workforce retention. The participants agreed that the trend through 1993 would be rising outputs with declining or same-level resources.

Dr. Tuttle suggested that one solution to this situation would be better management, and one management approach is Total Quality (TQ). TQ is a new approach with new ideas - a strategic shift in the way we think of the organization. One "piece" of TQ is measurement. Dr. Tuttle emphasized that quality must be a number one priority in an organization by actions, not just talk. This meant that quality would be the priority in staff meetings, memoranda, planning, etc.

What kind of an organization are we building for the future? According to Dr. Tuttle, the organization will have a mission statement which reflects the guiding principles, beliefs and values of the organization. He expressed the view that values carry more power with employees than vision, because values are seen every day in the actions of the organization; whereas, vision may only be on paper. The organization will

have a customer focus, data-driven management, continuous improvement, and a cross-functional focus - a critical component. (Dr. Tuttle referred to this as "bureaucracy busting"). He emphasized the processes that impact customers are not just within the bounds of typical organizational structure. If anybody "drops the ball", the customer does not get what he/she expects. We have to break down the boundaries of the organization.

Dr. Tuttle compared some of the characteristics of the TQ organization to those of the traditional environment. "Mistakes" in the traditional setting beg the question of "Who did it?" In the TQ organization, "mistakes" provide an opportunity to identify root causes, i.e., "What happened?" The TQ approach uses front-end planning which results in less rework. Performance is judged through the eyes of the internal or external customers. The focus with vendors shifts from price to "price and quality". Quality is built into purchasing decisions. Change is the constant in the TQ environment, and the organization must "keep up." Dr. Tuttle noted that the TQ organization must have access and input to data bases - information cannot be viewed as power and "hoarded," as often happens in the traditional organization.

Dr. Tuttle cautioned the participants to be aware that none of this [elements of TQ] is an answer; rather, TQ provides a conceptual framework for organizations to understand the rationale, to explain how and why improved quality will benefit their environment.

With respect to measurement, Dr. Tuttle noted that the traditional view is to design measurement systems with the mind-set that measurement is for "somebody else". Measurement is frequently used as a "hammer" to make things get better. He emphasized that "resources tend to flow from unmeasured things to measured things," and people are smart enough to manipulate and defeat measurement systems if they so desire. The goal is to motivate people to develop measurement strategies for TQ. Measurement should become the way to help you decide if you are making progress toward the TQ vision.

Key questions must be answered with respect to measurement, according to Dr. Tuttle: Measurement of what? What is the unit of analysis? What are we trying to measure the quality of? Dr. Tuttle suggested one way to look at the task was the process approach, i.e., "conducting an inspection" and analyzing the work relative to a chain of events with a definable outcome. Several examples of "processes" were discussed, including developing a policy, payroll, and grants management.

Dr. Tuttle emphasized that you must get the right people involved in analyzing and defining the process. A team of people representing those who are involved in the process should be used. The hard part is the analysis of the process - thinking it through. "You can't measure what you can't define. Once defined, measurement is much less mysterious." The experience of the Maryland Center is that much of it is common sense.

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In his concluding remarks, Dr. Tuttle summarized the "Business Process Model," as developed by IBM, which takes the measurement of inputs (time, people, information units) through the "value-added" steps and then measures the outputs. "You must", stated Dr. Tuttle, "talk customers and suppliers to be in agreement with respect to what the customer requirements are."

Dr. Tuttle ended his presentation on a philosophical note. "Don't take the fact that it's impossible as anything like constraint. A healthy disrespect for the impossible is very important - because there's just no limit to what a 'turned on' group of people can do. They can achieve things far beyond anything you can envision if they have the chance. This [TQ] process gives them this chance."

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## **Workshop 8**

### **HOW TO IDENTIFY CUSTOMER REQUIREMENTS AND EXPECTATIONS: USING SURVEYS, USER PANELS, FOCUS GROUPS**

#### **WORKSHOP LEADERS**

Donald C. J. Gray  
Commissioner  
Federal Supply Service  
General Services Administration

Kenneth R. Rashid  
Director, Corporate Operations  
Huntmar Associates, Ltd.  
(Formerly, Assistant Commissioner of Public Buildings Service, General  
Services Administration)

Customer requirements and expectations are two sides of the same coin. Identifying requirements is relatively easy; expectations are much harder. An organization must be sensitive to the customer. This means knowing who the customer is, being willing and knowing how to listen, being clear on what you believe the customer can tell you, and being committed to using the information obtained.

#### **Donald Gray**

In the last five years, the Federal Supply Service (FSS) has become totally customer-oriented. Everyone in FSS has a customer, and everyone is expected to know who those customers are, what goods or services are provided to those customers, and at what cost. Then, everyone must find ways to improve the quality and timeliness and reduce the cost of the goods or service.

FSS relies heavily on user panels and surveys to determine what the customer really needs in a product or service. As a result, contracts now are awarded based on quality, service and price.

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In developing customer surveys, it is important to be clear on what it is you believe the customer can tell you. Equally important is showing customers that you are going to do something with their information. The worst thing to do is to build in the customer's mind expectations on which you are not able to deliver. In FSS, Customer Service Directors take the survey to the customer, spend time with them, and promptly follow-up.

FSS has discovered that being totally customer-oriented is to be governed by twin laws—the customer is always right, and the customer is never wrong. Before approaching a customer for information, FSS has learned you need to be certain that your organization is totally customer-oriented.

**Kenneth Rashid**

Customer expectations, unlike requirements, are difficult to identify, to understand, and, to do something about, since they are entwined with behavior, attitudes, biases and prejudices. When the Public Building Service (PBS) recognized it had a service problem, it mounted the Quality Workplace Environment Program, purportedly to make the Federal workplace a better place to work. It turned out to be PBS's solution to getting at customer expectations.

Identifying that a service problem existed and getting top management support to do something about it were only the first steps. PBS discovered that they had to constantly "bring people in" through education and sensitizing. Management must be made aware that a service problem exists. Employees also have to be educated and sensitized. Without this, they are not equipped to recognize and meet customer expectations.

An advisory group of 14 senior executives was formed to assist in information gathering, and a contract was issued for help in developing a Client Relations Program with a strong education and training orientation. Recognizing that customers are both internal and external, two focus groups were established: one composed of PBS regional and headquarters employees and the other made up of representatives from client agencies. PBS intentionally included chronic complainers in these groups. An assessment survey, which took 100 hours to develop, was conducted of PBS's 10,000 employees and 4,000 client agencies. After a successful pilot testing period, the Client Relations Program was launched through a full training schedule.

One of the lessons learned from PBS's effort is if you sensitize yourself and your organization to your internal customer service requirements and expectations, doing it for your external customers is going to be much easier.

WORKSHOP LEADER

William Ginnodo  
Editor and Publisher  
"Commitment Plus" Newsletter

The management triad of planning, controlling and directing is no longer effective in today's workplace. The key to high performance is employee commitment, which exists when employees and managers are emotionally and intellectually bound to the same course of action. A manager can build commitment through his or her behavior and through applying six proven techniques.

In the past, the manager's job was thought to be planning, controlling and directing. Managers made the decisions, and employees followed orders. Managers directed employees, controlling their actions through reward and punishment. This form of management squandered a valuable resource: the mental abilities of employees. With no say in how they accomplish the work or what needs to be done, many employees today find little meaning in their jobs and often do the minimum to get by, although they often apply themselves very diligently outside the workplace.

The key to obtaining high performance from today's workers is employee commitment, which results in self-motivation. Management's task is to establish conditions that encourage employees incrementally to become self-motivated. If employees are apathetic or opposed to change, management needs to engender employee willingness. If willingness already is present, management needs to encourage employee involvement. Once employees become involved, management needs to foster a spirit of dedication.

Various personal attributes and characteristics can aid a manager in this effort. A "good" manager should be a leader, have a sense of mission, be results-oriented, be proactive regarding issues and communicate results. To succeed at this task, a manager must also ask questions, solve problems, be approachable and open to new ideas, delegate responsibility and authority, trust others (which also means allowing them to make mistakes), provide resources, share information, be flexible but consistent, recognize good performance, show appreciation and promote teamwork. Lastly, it helps to have a sense of humor!

Six major factors help to build commitment. First, a focus on mission and values, with a strong customer orientation, provides energy, clear priorities and unified expectations. Second, continuous improvement is emphasized, underpinned by employee development and training. Third, employee involvement is encouraged and teamwork is promoted. Fourth, barriers, such as unclear expectations, inadequate tools and equipment, lack of training and opportunity to influence work and

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use intelligence, and poor working conditions, are eliminated. Fifth, results are measured and shared, not for the purpose of determining success or failure, but rather to encourage and stimulate improvement. Sixth, achievements, especially team efforts, are recognized, preferably before peers.

By employing these techniques and cultivating "go manager" characteristics, employee's discretionary effort - the difference between doing the minimum to get by and putting forth the maximum effort - can be tapped. Employees and managers then become bound intellectually and emotionally, or committed, to the same course of action.

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## Workshop 10

## HOW TO INVOLVE UNIONS IN THE QUALITY IMPROVEMENT PROCESS

### WORKSHOP LEADERS

Michael P. Dolan  
Assistant Commissioner for Human Resources  
Management and Support  
Internal Revenue Service  
U.S. Department of the Treasury

Richard Wintrode  
District Director, Chicago District  
Internal Revenue Service  
U.S. Department of the Treasury

Debra R. Kolodny  
Director of Cooperative Efforts  
National Treasury Employees Union

Michael L. Peacher  
National Vice President, Third District  
National Treasury Employees Union

Management and union representatives share lessons learned from the joint Internal Revenue Service (IRS)/National Treasury Employees Union (NTEU) effort to bring about quality change at the IRS. Consensus decision-making is deemed the key to their success.

In 1987, the IRS and the NTEU entered into a joint agreement to work as equal partners in quality improvement in the IRS. Although some earlier steps along the quality journey had already been taken (most notably, Dr. Juran had been hired to train managers in the philosophy and techniques of Total Quality Management), it was apparent that employees were not yet involved.

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As a result, joint management/union quality councils were established at each regional office and at IRS headquarters. Recommendations for quality improvement projects now are being made consensually, with both sides sharing responsibility.

Among the lessons learned were that unions need to be brought into the process early, and management and the union need to be clear about their respective roles. Managers believed that it was important to ensure consensual decision-making was reserved for the quality process and did not spill over into their decision-making authority for running the organization. The union wanted to define the mechanisms for employee involvement and needed to be reassured that they did not appear to be in "management's pocket." Another lesson was that all levels of management need to be trained and participate in quality improvement projects or councils. Mid-level managers often exempt themselves from management reform, arguing that they have to keep the day-to-day operations afloat. To achieve cultural change in an organization, the IRS found that top-to-bottom involvement is essential.

Finally, both management and the union found that using facilitators for the quality councils was very helpful. Initially, outside facilitators were used, but now the IRS has a cadre of in-house facilitators.

This high degree of labor-management cooperation has spilled over into other issues, with unanticipated benefits. *Some of the councils' decision-making techniques, as well as personal relationships forged between management and union members, have proven helpful in negotiations.*

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## Workshop 11

### HOW TO DEVELOP AN EFFECTIVE INCENTIVE SYSTEM

#### WORKSHOP LEADER:

Edward N. Schlar  
Administrator, Productivity and Recognition Section  
City of Phoenix  
Phoenix, Arizona

"The most important part of developing an effective incentive system is the fact that regardless of what type of program you are trying to initiate, the employees are the key to the whole process. To motivate employees is a critical component. The specifics of doing this are under control of the individual manager."

Mr. Schlar stated a recent newspaper article pointed out that on any given day approximately five percent of the workforce is absent, which is expensive. More time is lost to absenteeism than the total time lost to strikes and labor problems. This is a critical component of productivity and quality. We need to look at alternative ways to motivate workers to go to work. We need to make work "fun", since the average person dreads going to work.

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Many central questions need to be answered, such as: How do we make the work more satisfying? What has the greatest impact so that we can change it? Workers admitted in a survey that their attitude is the biggest deterrent to worker productivity and quality. Management attitudes were the second biggest problem to improving productivity and quality.

What percent of time do workers think of making changes in the organization? The time thinking about changes is between 40 to 60 percent. This is not always visible. If you ask people what is wrong, they will talk; and, if you listen, they will tell you what is wrong. If you ask further, they will tell you how to fix it.

Mr. Schlar cited the great management principle "that the things that get rewarded get done." A major mismatch exists between the behavior we need to get something done and the behavior we reward.

The present reward system is not appropriate to the work environment and provides many hidden, negative incentives. Many case studies have proven the need for a good incentive system—one that rewards appropriately. These rewards should not concentrate on short-term achievements.

Performance is a combination of skills, aptitude and motivation. Individual needs, situational factors and the formal and informal organization must be considered when developing an incentive system. Questions asked should include: "What is the overall process? What do we want to achieve?" We must choose a quality result, and make it challenging and compatible with the organization. The system used should be formalized.

According to recent surveys, only 28 percent of organizations had an incentive system, and only 14 percent of those organizations had a group or team incentive system.

A survey of industrial engineers was conducted in which the engineers were asked; "What is the most effective way to encourage ideas?" Recognition was the overwhelming response.

What comes through loud and clear is that incentives have a major role to play in improving quality and productivity.

**HOW TO DO IT RIGHT THE FIRST TIME: ZERO DEFECTS  
MEANS QUALITY**

**WORKSHOP LEADER**

Gene L. Mortensen  
Assistant Deputy Chief of Staff for Maintenance  
Air Force Logistics Command Headquarters  
Wright-Patterson Air Force Base, Ohio

The Air Force Logistics Command is responsible for the maintenance and repair of all Air Force equipment from the simplest machine to complex fighter planes and missiles. It has about 40,000 employees at six centers.

Innovation certainly existed, but duplication was rampant, and there was no process to exchange innovation. Mr. Mortensen stated that the Command realized there was a problem with equipment maintenance. Whether the poor quality of the product was only perceived or actual did not matter—the Command needed to improve its products.

The Command decided that by improving the quality of the product, the timeliness and the cost-effectiveness would also improve. Once it was decided that the organization needed to be changed, the Command's management sought out experts in the field of management.

The management of change occurred in three phases: first accountability; second, how to introduce new technology; and, third, statistical analysis.

Accountability had to be built-in, and inspections decreased because they diluted accountability. Of particular importance was how to build in accountability with the mechanics who produce the product. The Command sent individuals to Japan, Germany, and England to study the journey training programs for mechanics. Based on the German qualification certificate, the Command developed a Production Acceptance Program (PAP) to certify its mechanics. The mechanics were trained and then received a certificate indicating their competency to do the job. If they did not maintain their competency, they were de-certified.

The training helped them do a better job and held them accountable for their work. Following training, inspection of their work ceased.

After the program was in place for a few years, an accident occurred in one of the planes served by the Command's mechanics, and a pilot was killed. The accident was a result of incomplete maintenance of the plane. Because of the accident, the

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Command wanted to start inspections again—but if inspections were re-introduced, accountability would be reduced. Instead, the management fired both the mechanic and the supervisor who had certified that the plane was properly maintained. This decision further strengthened the built-in accountability of the system without falling back to an inspections process.

With focus on a quality product, an environment for productivity and information-sharing was created. This did not just involve one office, it involved everyone. Communication helped to eliminate duplication, provided an opportunity to grow, and produced a timely product which satisfied the customer.

Technology was introduced into the process by the sharing of ideas through a Productivity Steering Group and development groups. The representatives on the Steering Group were the civilian heads of each center who meet on a bi-monthly basis to exchange ideas and discuss problems. Development groups were formed to tackle problems. These groups involve both management and labor, but unlike quality circles, the group does not decide on the problems to tackle but are given specific problems to solve. All the centers and their employees are able to dial up on their computers to see how other centers are handling particular problems.

In the third phase, statistical analysis was introduced. The Command needed to measure its work. The classic Department of Labor measurement, outputs over inputs, did not work because quality could not be measured that way. Several universities and consultants were queried, but the measurements they came up with were too complicated. The measures needed to be easily understood by employees. Measurement should be a tool to quality work, not just record keeping. The Command began to use the University of Oregon matrix for measurement which provides a format and criteria which can indicate trends.

**Plenary Session**  
Friday, June 2, 1989

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**Allen F. Jacobson**  
Chairman of the Board  
and Chief Executive  
Officer  
3M Corporation

"The job of management is to establish the vision and that's the first priority — to show what kind of an organization you can be; and then, to really let your people, or empower your people, to make it happen."

About eight years ago, 3M began a formal quality process because it recognized that quality is a positive business strategy and one of its most powerful competitive strategies. 3M learned that 80 percent of its quality complaints were not about products, but about service. Customers wanted user-friendly invoices and more rapid billing adjustments.

3M learned some important lessons in its pursuit of quality. First, you cannot buy a ready-made quality process; you really need to look at different approaches and develop one that fits the character and values of the organization. Second, you need visible management support and participation. Nothing will happen until management makes it happen, and keeps on making it happen. Third, you need a clear definition of quality, a common understanding throughout the organization. Fourth, you need a process for identifying and preventing quality problems. Fifth, you need a way to measure results.

The most powerful part of the whole quality process is how quality is defined. At 3M, quality is defined by the customer because the company realized that the ultimate judge of quality is the recipient of the work. 3M also distinguishes between "customer requirements" and "customer expectations." You must listen to customer expectations in their language, then turn them into your requirements. The closer you get to your customers, the better your products and service will be.

Management must establish the vision, then get out of the way and let employees make it happen. Similarly, what government does and how it does it, because it touches more lives than any other entity, has a big impact on our vision of ourselves as a country. The government's growing attention to quality can only contribute to making our country more competitive and prosperous.

**President's Council on Management Improvement (PCMI)  
Awards for Management Excellence  
Friday, June 2, 1989**

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**Frank Hodsohl**  
Executive Associate  
Director  
Office of Management and  
Budget

Mr. Hodsohl opened the President's Council on Management Improvement (PCMI) Awards portion of the morning by first thanking Allen F. Jacobson, CEO of 3M Corporation, for his opening speech that day. He reminded the Conference attendees that total quality is putting together all the small things that add up to good management, which is exemplified at 3M.

Mr. Hodsohl described the PCMI as a partnership of Federal agencies which enables the agencies to work collectively to improve Federal management. The President's Council encourages Federal agencies to share good ideas and best practices and to improve government operations and service to the public.

In introducing the 1989 PCMI Award Recipients, Mr. Hodsohl noted that one of the keys to Total Quality Management (TQM) is recognizing those individuals and organizations who have demonstrated excellence in policy, program and service delivery. He concluded by commending the efforts of the award recipients for their management improvement accomplishments and Federal tax dollar savings.

Those receiving awards were:

**Ronald J. Rhodes**  
Food and Nutrition Service  
U.S. Department of Agriculture

Mr. Rhodes is recognized for his outstanding leadership and innovation in streamlining overhead, reducing administrative costs, improving timeliness of service, improving quality control, and reducing processing errors in the Food Stamp Program in the Dallas region, saving the Nation's taxpayers over \$60 million per year.

**Watervliet Arsenal**  
Army Munitions and Chemical Command  
U.S. Department of Defense

The Watervliet Arsenal, the sole producer of thick-walled cannons in the United States, has demonstrated dynamic leadership and management initiative in improving the quality and productivity of its workforce and their products. Their long-term efforts have shown continuous improvement in the areas of management-employee teamwork, on-time delivery of products, increased acceptance rates, reduction in process time and increased customer satisfaction. Savings as a result of these initiatives have totalled over \$13 million.

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**James J. Jura**  
Administrator  
Bonneville Power Administration  
U.S. Department of Energy

This award is presented to Mr. Jura in recognition of his demonstrated management, exceptional executive ability, and total commitment to the highest principles of public service. In addition to numerous cost savings initiatives, which have resulted in cost savings or avoidances of over \$2 billion, Mr. Jura began a Power Administration involvement effort in which customers and interested parties in the region were invited to join with the Administration in planning the agency's future and setting its priorities. This approach has been recognized nationally as an invaluable model for other public agencies in conducting the public's business.

**David P. Ryan**  
Comptroller  
Environmental Protection Agency

Under Mr. Ryan's leadership, the Environmental Protection Agency has enhanced financial operations by establishing a model integrated budget and accounting system and strengthening its audit management process. Recognizing that one of the most serious challenges to maintaining a high standard of environmental quality was the threat of a financial shortfall, Mr. Ryan has played a key role in launching an innovative Public/Private Partnerships initiative. This effort is increasing the private sector's role in providing essential environmental services to communities in three key areas: drinking water, waste water treatment and solid waste disposal.

**Office Supplies and Paper Products Commodity Center**  
Federal Supply Service  
Region 2  
General Services Administration

This award is presented for extraordinary contributions to the productivity of the Federal Supply Service programs, including enhancement of the supply system and general management improvements. Back orders in one area have been reduced by over 87 percent as a result of improved quality control and innovative procurement approaches, and unnecessary costs of over \$25 million using former practices have been avoided. In another area, the merger of inventory management functions has resulted in an annual savings of over \$5 million.

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**Centers for Disease Control**  
Public Health Service  
U.S. Department of Health and Human Services

This award is presented in recognition of the Centers' major contributions in improving the efficiency of collection, management, analysis and dissemination of public health information for the control and prevention of disease in the United States. Automated systems have been developed which offer almost instant access to information on a vast range of epidemiologic and ongoing health problems. Elements of these systems played a major role in the success of the most challenging public information initiative in history—the 1988 campaign to inform the public about AIDS and HIV infection. The Centers handled over 165,000 calls per month and responded to over two million inquiries, distributing over 38 million items of AIDS information in the first year.

**Eastern States Office**  
Bureau of Land Management  
U.S. Department of the Interior

This award is presented in recognition of the Eastern States Office's extensive program of improving service to the Bureau of Land Management's clients. Employees have been encouraged to suggest new and innovative ideas for improving services, which include: improved records management, customer education, customer planning efforts, an adoption program for wild horses and burros, and the use of interagency agreements to collect and transfer automated land data to reduce duplication of efforts among Federal agencies. Over \$14 million savings have been identified, and revenues to the Treasury have been increased by over \$375,000 as a result of these quality improvement initiatives.

**Robert K. Bratt**  
Civil Rights Division  
U.S. Department of Justice

In 1988, the Department of Justice was awarded responsibility for redress payments of \$20,000 each to approximately 60,000 living Japanese Americans who were interned during World War II. In addition to his normal duties, Bob Bratt was asked to develop and implement the Japanese American Redress Program, which involved managing a public outreach campaign that has generated contacts and current information on 95 percent of those potentially eligible for redress, in all 50 states and in 27 foreign countries. He has supervised the development of an automated system for the storage and processing of this information, and guided the design and implementation of a sophisticated verification and accounting operation that will ensure proper and accurate disbursement of redress payment funds.

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**Pamela B. White**  
Civil Division  
U.S. Department of Justice

Pamela White is recognized for her successful development and implementation of the Department of Justice Automated Management Information Civil Users System, otherwise known as AMICUS, and for her vision and persistence in bringing the benefits of automation to a government law office environment. AMICUS is a proven, effective system that has produced a net benefit of \$29.4 million for the period FY 1983-FY 1988. Ms. White's creative management skills have enabled her to coordinate the complex activities and relationships involved in the establishment and operation of these programs. She has also demonstrated vision in designing these systems so they can integrate future enhancements and projected technical advances. The enhanced productivity and the high quality of the management improvements that she has developed and overseen will benefit the Division and the Department for years to come.

**Productivity Enhancement Complex**  
George C. Marshall Space Flight Center  
National Aeronautics and Space Administration

The Productivity Enhancement Complex is recognized for the conception and implementation of a uniquely managed and highly effective processing R&D facility. NASA and industry engineers cooperate in developing new materials, processes, and assembly techniques to enhance NASA's space program. This Productivity Enhancement Facility, staffed by prime contractor personnel and NASA engineers, has developed and adapted automated process control to achieve not only significant cost reductions but also an elevated level of product reliability.

**Office of Program Analysis and Review**  
Small Business Administration

Between FY 1984 and FY 1988, the Computerized Internal Control Review (CICR) teams reviewed 293 district and branch offices of the Small Business Administration (SBA), checked and rated over 366,700 individual internal controls, and recommended approximately 8,962 corrective actions. This resulted in significant improvements in the quality, timeliness, and responsiveness of internal government programs and operations within SBA so that small business clients, customers, entrepreneurs and taxpayers might be better served.

**Thomas G. Moore**  
Office of International Aviation  
U.S. Department of Transportation

This award is presented to Thomas Moore in recognition of his outstanding leadership with regard to changing airline tariff posting requirements and eliminating paper tariffs for international pricing in favor of electronic filing with world-wide data base access. The electronic postings should save the international airline industry approximately \$30 million per year, and the computerized tariff filing procedures should save the industry about \$4 million per year. In addition, the approach devised to permit the government to tap existing industry data bases will reduce the government's development costs by approximately \$5 million initially and about \$2 million per year in data base maintenance costs.

**Financial Management Service**  
U.S. Department of the Treasury

The Financial Management Service has proven itself a "profit center", not a "cost center." During the 1980's, the Service has reduced the Federal deficit by \$21 billion through earnings and savings for the government. In 1988, cash and credit management savings and earnings amounted to \$2.8 billion. The Financial Management Service initiated Quality Service Programs to deliver efficient and effective service systems to the public. The Service's 99.994 percent correct and timely delivery of government payments is a noteworthy public service achievement; this reflects credit on the organization and a dedication to the American public it serves.

**Philadelphia Regional Office and Insurance Center**  
U.S. Department of Veterans Affairs

This award is presented to the Regional Office and Insurance Center at Philadelphia for excellence in the management and operation of the Government Life Insurance programs. Initiatives include installing national toll free service for insurance, cash management efforts designed to minimize the cost of operations and maximize investment earnings, innovative programs to provide benefits and housing to homeless veterans, developing new ADP applicants for use in the other 57 regional offices, and human resource initiatives to recruit and retain a skilled workforce. The development and implementation of these initiatives have improved the efficiency, timeliness, and quality of service to veterans and beneficiaries and contributed to the quality of the employee workplace.

### **Joint Planning Group**

U.S. Department of Veterans Affairs

U.S. Department of the Air Force

The Veterans Affairs/U.S. Air Force Joint Planning Group distinguished itself by coordinating the establishment of the first VA/DoD joint venture in health resources. This involved co-locating an Air Force hospital on a VA campus and developing unique, precedent setting arrangements for shared facilities. In particular, approximately \$10 million in construction costs have been saved and day-to-day operational costs have been lowered for an annual savings of \$264,000 as a result of these Federal agency sharing initiatives. These pioneering efforts to contain costs, improve services and use Federal assets more efficiently paved the way for similar ventures now being planned nationwide.

## **OMB Quality Improvement Prototype Awards**

Friday, June 2, 1989

**Richard G. Darman**  
Director  
Office of Management and  
Budget

Mr. Darman delivered the following message immediately before presenting the Office of Management and Budget (OMB) prototype awards. "At this time, we recognize those Federal agencies that the Office of Management and Budget designated as 1989 quality improvement prototypes. The purpose in making these designations is to honor the selected agencies and to provide real-life examples of the results that a government organization can achieve by improving the quality of its services. The ultimate goal for all Federal agencies is the timely delivery of high quality, error-free, cost-effective products and services to the American people.

The competitive selection process for the 1989 prototypes stimulated great interest among Federal agencies. OMB received 58 nominations this year. After measuring them against stringent criteria, 13 finalists were chosen for further detailed examination, including on-site visits. From these, six agencies were selected that clearly demonstrated significant achievements as a result of their quality improvement efforts.

These six agencies represent a broad array of Federal services: ship repair, hotel care, air and space research, document supply and storage, and tax return processing. Their successful application of total quality management principles to these diverse services underscores our belief that every Federal agency can improve its overall performance by improving the quality of its services to customers."

After the accomplishments of their agency were read, the award recipients came forward to receive their Quality Improvement award from Mr. Darman.

The 1989 Quality Improvement Prototypes are:

### **NAVAL PUBLICATIONS AND FORMS CENTER IN PHILADELPHIA OF THE NAVAL SUPPLY SYSTEMS COMMAND**

Faced with diminishing budget and staff resources and the need to improve customer satisfaction, the Naval Publications and Forms Center began applying quality improvement principles to the 200,000 customer requests it receives each month, and to the accounting and payroll services it provides to 8,000 employees and 30 activities. The Center established quality process improvement teams, provided them with extensive training in quality techniques, and offered rewards and recognition for team achievements. Through these efforts, the Naval Publications and Forms Center improved significantly the quality and efficiency of its inventory control, distribution systems, and financial processing operations. Quality process improvement teams operate throughout the Center. Some of the results of their work over the past two years include:

- an increase in the number of orders filled within seven days from 63 percent to 92 percent;

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- a reduction in the number of frustrated receipts (those unfillable due to error) from 29 percent to nine percent; and,
  - improvement in the accuracy of customer orders from 90.8 percent to 99.6 percent.

Receiving the award was Captain D. M. Santucci, Commanding Officer, Naval Publications and Forms Center.

#### **NORFOLK NAVAL SHIPYARD OF THE NAVAL SEA SYSTEMS COMMAND**

To meet the challenges of budget cuts and increased competition for ship maintenance work, the Norfolk Naval Shipyard decided to adapt total quality management principles to the many different processes of ship repair and overhaul. The entire workforce— senior civilian and military managers, first line supervisors, waterfront mechanics and administrative personnel—was challenged to become part of the team approach to finding and fixing problems. As a result, the Shipyard made many improvements in its processes, such as reducing the reject rate for repaired relief valves from 21 percent to zero percent, and decreasing the time for a complex carrier overhaul from 27,000 workdays to 14,000, a savings of \$4.2 million. The impact of many process improvements made by individual teams add up to big cost savings, improved customer relations, heightened morale and safer, more pleasant work areas. The Shipyard is now returning ships to the fleet faster, in better condition and at less cost than ever before.

Receiving the award was Captain E. S. McGinley II, Commander, Norfolk Naval Shipyard.

#### **LEWIS RESEARCH CENTER OF THE NATIONAL AERONAUTICS AND SPACE ADMINISTRATION**

In 1982, the Lewis Research Center set out to regain its former role as a major contributor to NASA's aerospace mission. Following the principles of total quality management, Lewis changed its management practices and organizational culture to focus on providing quality service to the customer and encouraging employee participation, creativity and teamwork. Some of the major actions Lewis took include: Center-wide training in participative management; strategic planning; a "flattening" of the organizational structure; establishment of a union/management committee; use of productivity improvement and quality enhancement teams; increased use of recognition and rewards; new contractor incentives; and, vigorous senior management support for quality improvements.

As a result of these efforts, by 1988, Lewis employees had increased the number of their technical publications by more than 30 percent annually and the number of their

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disclosures of invention by more than 50 percent. The quality of research also improved significantly on the basis of such measures as expert reviews, percentage of awards earned, and customer satisfaction surveys. In 1988, the Lewis Research Center won the highly regarded Collier Trophy for the year's greatest achievement in aeronautics. Lewis developed advanced turboprop propulsion technology that may save commercial airliners billions of gallons of fuel each year. Lewis Research Center now has a growing reputation for quality and has been assigned a key role in the development of NASA's space station.

Receiving the award was Lawrence J. Ross, Deputy Director, Lewis Research Center.

#### **THE INTERNAL REVENUE SERVICE CENTER AT FRESNO, CALIFORNIA**

The Fresno Service Center began applying total quality management principles in 1986 to the processing of over 32 million tax documents it handles annually. In cooperation with the National Treasury Employees Union, the Center established numerous employee quality improvement teams throughout the organization. Teams work on a project-by-project basis, following a structured eight-step problem-solving process to identify the root causes of problems. Special emphasis is placed on holding meetings between "customers and suppliers" to assure customer satisfaction. As a result of these efforts, taxpayer account problems that use to take 45 days to resolve are now resolved in two or three days. Shorter processing times have reduced interest payments by the government to taxpayers from \$830,000 in 1986 to \$172,000 in 1988, and resulted in 30 percent fewer taxpayers having to contact the Center for refunds. A telephone "hot-line" now provides answers to taxpayers' inquiries within four days instead of the several weeks which written responses formerly required. These and other improvements have produced over \$2.7 million in savings during the last three years. Employees now say with pride, "I can make a difference."

Receiving the award was Theron Polivka, Director, IRS Service Center at Fresno.

#### **THE INTERNAL REVENUE SERVICE CENTER AT OGDEN, UTAH**

During the past three years, the Ogden Service Center has taken the lead in preventing problems rather than solving them after-the-fact. The Center has trained all its employees in quality awareness and quality improvement techniques. Some of the results of their efforts are:

- Improved procedures of data entry, which reduced errors by 176,000;
- Improved referral process for taxpayer claims, which produced cost savings of \$618,000;

- Decreased volume of undelivered mail through better use of address files, which produced cost savings of \$120,000;
- Improvement in the processing of payments to taxpayers which resulted in a reduction in the number of misapplied payments by 37,000; and,
- Improved accuracy in bank deposits resulted in a new agreement with the Federal Reserve Bank which will save \$1.4 million annually.

These and other improvements have produced \$3.5 million in savings since 1987, and faster and more accurate services to taxpayers.

Receiving the award was Robert Wenzel, Director, IRS Service Center at Ogden, Utah.

#### **VETERANS AFFAIRS MEDICAL CENTER IN KANSAS CITY OF THE DEPARTMENT OF VETERANS AFFAIRS**

In 1985, the Veterans Affairs Medical Center in Kansas City undertook a comprehensive effort to improve the quality of care for its patients. Central to this initiative is a clinical quality management program which scrutinizes all in-patient care, identifies problems, analyzes trends, provides for peer review and ensures resolution of difficult professional issues. Examples of achievements of the quality management programs' approach are identifying and eliminating the cause of 29 cases of aspiration pneumonia, three cases of head lacerations during back surgery, and three cases of post operative complications. The Center also asks for continuous customer commentary on its services from veterans and their families, and involves staff in developing new ways of increasing patient health, comfort and satisfaction. Some of the resulting benefits to patients include reduction of waiting times in the outpatient pharmacy by 50 percent, improvements in overnight accommodations for families, and a satellite canteen for patients in the ambulatory care clinic. Since 1986, when this approach was initiated, the hospital's mortality rate has declined by 20 percent and the average length of stay in hospital decreased by 15 percent.

Receiving the award was Clark Doughty, Director, Veterans Affairs Medical Center at Kansas City.

**President's Award for Quality and Productivity Improvement**  
Friday, June 2, 1989

**The Honorable J.  
Danforth Quayle**  
Vice President  
The United States

"Quality and productivity are essential components to maintaining and promoting competitiveness. It is essential that our national defense be the best; that our public service commitment be the best; and, that our quality and productivity is second to none. Having that degree of excellence will certainly continue to serve the cause of our nation . . . , respect of our nation, respect for our public servants, and our respect for our Government. . . ."

In his address, the Vice President emphasized that as a nation, we need to focus more on quality and productivity. He pointed out that successful companies do this and government agencies do this; but, we all need to do more.

"The goals of productivity and quality may have a higher standard in the public sector than in the private sector because of the fundamental reason that we spend the dollars of our taxpaying American citizens. The American public has every right to expect and to demand a high degree of quality and productivity and that is what we should deliver.

Like private corporations, Federal agencies must meet changing needs through changing the ways they do business. The purpose is to deliver new and higher standards of service. Developing a new focus on higher quality at lower cost means making profound changes in the management and operations of an organization, whether in the private or public sector. These changes do not come quickly or easily. They require vision, planning, teamwork and relentless follow-through over years. They require the skilled leadership of executives and managers who can be tough on quality while developing the commitment of their employees to doing the job right the first time.

The room is full of government and private executives and managers who are showing how this can be done. You have spent three days at this conference learning about quality and productivity: why we need it in government, how you can begin the process for achieving it, and what you can learn from the experiences of others. You are the ones we now look to for leadership in improving the services your agencies provide to our customers, the American public."

Vice President Quayle, in presenting the first Presidential Award for Quality and Productivity Improvement to Admiral Wilkinson, Commander of the Naval Air Systems Command (NAVAIR), commended NAVAIR for its improved management, acquisition streamlining, cost savings of over \$3 billion between 1985 and 1988, the greater readiness capability of naval aircraft, and improved maintenance resulting from better planning, training and design.

In accepting the award, Admiral Wilkinson offered the following remarks to the audience. "I'm sure that all here today are aware that improvement in quality and productivity is a matter of national importance. The private sector must make these improvements to be competitive in world markets. The public sector must do so to

make the maximum use of our precious resources. Efforts to improve quality and productivity are certainly not new; however, in recent years at least two important factors have surfaced. First, . . . never in our history has the need been more urgent. Our continued status as a world class economy requires an all out commitment in both the private and public sectors. Second, . . . a set of proven management concepts has emerged that enables us to bring about needed improvements in quality and productivity. These concepts are known by various teams, but we call them Total Quality Management, or TQM.

People are the key, and human resource policies that promote teamwork and participation are vital to the total quality concept."

**Luncheon Speaker**  
Friday, June 2, 1989

**T. Allan McArtor**  
Senior Vice President for  
Air Operations  
Federal Express

"I am absolutely convinced that the key to employee morale, job satisfaction, and productivity is with training. Distribute authority to the very lowest level, train them to accept that authority. That's how you get high productivity."

Federal Express, a company founded in 1973 on the premise that businesses everywhere would require a totally reliable, high speed logistics network, recognizes that its survival depends upon meeting customer expectations for on-time delivery, "absolutely, positively overnight," every single day. Federal Express' daily challenge is to try to achieve 100 percent customer satisfaction by the customer's definition. In response to this challenge, Federal Express has developed its "Design for Excellence." The Design features three interdependent facets: the goal of "People First" in Federal Express' People/Service/Profit culture, the management paradigm of quality equals productivity, and 100 percent service to customers.

Federal Express puts "People First" because it recognizes that without employee effort there would be no productivity, no quality and no 100 percent service level. Senior management must activate the "People First" goal, and all of management must follow through, so that employees' daily work experience is a reflection of that goal. To make this a reality, Federal Express has a no lay-off policy, which it has never breached, and a leadership institute where its managers learn the rudiments of developing the abundant human potential of their work units. Semi-annual profit-sharing, a suggestion awards program which encourages and rewards ideas that contribute to corporate goals and save money, a career progression policy that guarantees the company will not go outside until an exhaustive internal search for qualified employees has been performed, and extensive training programs are several other ways Federal Express puts people first, while simultaneously serving quality, productivity and 100 percent service goals.

Communication is a two-way street at Federal Express. Recognizing that information is power, Federal Express strives to keep its employees well-informed and, concomitantly, to listen to them. The action phase of the annual employee attitude survey requires managers to meet with their staff within six weeks after survey results are distributed and to develop an action plan for dealing with problems surfaced by the survey. Federal Express also ensures that employees are given a fair hearing through its guaranteed fair treatment policy, which grants employees final grievance appeal to top management. Realizing the correlation between well-informed employees and the quality of communication from them, Federal Express has launched its own television network to keep employees up-to-the-minute about such matters as new products and policy and procedure changes. A feature of each television show is a live phone-in segment in which employee questions are answered by the company's chief strategists.

Federal Express has defined quality according to the customer's standard, which is 100 percent on-time, flawless and courteous performance. Even customer errors that affect Federal Express' performance and delays caused by inclement weather are

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counted as the company's error. To establish a benchmark for quality performance, Federal Express identified 12 things that could go wrong in delivering a package and set up weighted service quality indicators (SQI). SQI Action Teams, composed of employees from all levels, tag the problems and develop solutions to correct the errors. Every 90 days, all 12 SQI Teams meet with senior executives to review what is being done. In the first year of SQI, Federal Express dramatically improved the quality of its service, as measured by the weighted indicators, while enjoying a 17 percent volume increase. In the process, the company discovered the power behind the cumulative impact of hundreds of small, employee-generated innovations and improvements.

Of course, large-scale technological improvements also contribute greatly to Federal Express' on-time, high-quality service. From its 92 percent accurate weather forecasting system to its dispatching system radio-linking 15 regional call centers to a computer in each Federal Express van, to hand-held scanners that allow couriers to enter instantly every piece of information about a package into the van computer for availability within five minutes to any Federal Express agent around the world, Federal Express uses the best available technology to assist employees in delivering top-quality, 100 percent service.

Maintaining operating effectiveness demands that Federal Express attract and retain spirited, creative and motivated men and women. Federal Express, therefore, never loses sight of the fact that it's through people, first and foremost, that the shared vision of unparalleled quality is achieved.

## **Appendix A**

### **Conference Presenters**

|                                                                                                       |                                 |
|-------------------------------------------------------------------------------------------------------|---------------------------------|
| The Honorable J. Danforth Quayle<br>Vice President of the United States                               | Presidential Award<br>Presenter |
| David D. Auld<br>Baxter Healthcare Corporation                                                        | Panel 6                         |
| Joan Bauerlein<br>Federal Aviation Administration<br>U.S. Department of Transportation                | Informal Networking             |
| James Thomas Benn, III<br>U.S. Department of the Navy                                                 | Informal Networking             |
| Casimir Bonkowski<br>Urban Mass Transportation Administration<br>U.S. Department of Transportation    | Informal Networking             |
| Denver P. Burns<br>Forest Service<br>U.S. Department of Agriculture                                   | Panel 4                         |
| Robert W. Carey<br>U.S. Department of Veterans Affairs                                                | Panel 2                         |
| Dennis J. Cirbes<br>Ford Motor Company                                                                | Panel 9                         |
| Commander Patrick W. Cummings<br>U.S. Department of the Navy                                          | Panel 5                         |
| Richard G. Darman<br>Office of Management and Budget                                                  | Awards Presenter                |
| Kurt C. Doehnert<br>U.S. Department of the Navy                                                       | Informal Networking             |
| Michael P. Dolan<br>Internal Revenue Service<br>U.S. Department of the Treasury                       | Workshop 10                     |
| Clark R. Doughty<br>U.S. Department of Veterans Affairs                                               | Prototype                       |
| Charles N. Ehler<br>National Oceanic and Atmospheric<br>Administration<br>U.S. Department of Commerce | Panel 11                        |

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| George M. C. Fisher<br>Motorola, Inc.                                             | Luncheon Speaker          |
| John H. Fooks<br>Westinghouse Electric Corporation                                | Panel 10                  |
| Dr. Thomas F. Frist, Jr.<br>Hospital Corporation of America                       | Luncheon Speaker          |
| David Gallemore<br>Southwestern Bell Corporation                                  | Panel 11                  |
| Lawrence B. Gibbs<br>Johnson & Gibbs                                              | Prototype                 |
| Rear Admiral Marshall E. Gilbert<br>U.S. Coast Guard                              | Panel 6                   |
| William Ginnodo<br>"Commitment Plus" Newsletter                                   | Workshop 9                |
| Donald C.J. Gray<br>Federal Supply Service<br>General Services Administration     | Workshop 8                |
| Joe D. Hall<br>U.S. Department of the Interior                                    | Panel 9                   |
| Sue Ellen Hambey<br>Federal Quality Institute                                     | Workshop 2                |
| John D. Hamilton<br>General Electric Company                                      | Panel 1                   |
| Steve Harrison<br>Federal Quality Institute                                       | Workshop 2                |
| James D. Helm, Jr.<br>Internal Revenue Service<br>U.S. Department of the Treasury | Informal Networking       |
| Frank Hodsohl<br>Office of Management and Budget                                  | Welcome; Awards Presenter |
| Allen F. Jacobson<br>3M Corporation                                               | Plenary Session           |

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| G. Curtis Jones<br>U.S. Department of the Interior                            | Panel 12         |
| Gerald B. Kauvar, Ph.D.<br>U.S. Department of Defense                         | Workshop 1       |
| Alvin H. Kolak<br>Internal Revenue Service<br>U.S. Department of the Treasury | Panel 3          |
| Al H. Kolakowski<br>Delta Airlines, Inc.                                      | Workshop 5       |
| Debra R. Kotodny<br>National Treasury Employees Union                         | Workshop 10      |
| Richard A. Lidstad<br>3M Corporation                                          | Panel 4          |
| Mary LoSardo<br>Metropolitan Life Insurance                                   | Workshop 3       |
| David B. Luther<br>Corning Glass Works                                        | Panel 8          |
| T. Allan McArtor<br>Federal Express                                           | Luncheon Speaker |
| Captain Edward S. McGinley, III<br>U.S. Department of the Navy                | Prototype        |
| Eugene Mortensen<br>U.S. Department of the Air Force                          | Workshop 12      |
| Ardel E. Nelson<br>U.S. Department of the Air Force                           | Panel 8          |
| Ronald A. Nervitt<br>U.S. Department of the Treasury                          | Panel 10         |
| Gabriel A. Pall<br>Juran Institute                                            | Panel 12         |
| Ken Payton<br>Hallmark Cards                                                  | Panel 2          |

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| Michael L. Peacher<br>National Treasury Employees Union                          | Workshop 10         |
| Roberta K. Peters<br>U.S. Department of Defense                                  | Informal Networking |
| Theron C. Polivka<br>Internal Revenue Service<br>U.S. Department of the Treasury | Prototype           |
| Kenneth R. Rashid<br>Huntmar Associates                                          | Workshop 8          |
| Mary Anne Rasmussen<br>American Express Travel-Related Services                  | Panel 5             |
| Joseph G. Reilly<br>UAW National Ford Department                                 | Panel 9             |
| Ralph J. Rosati<br>Eastman Kodak Company                                         | Panel 7             |
| Lawrence J. Ross<br>National Aeronautics and Space Administration                | Panel 1             |
| Valerie Ruimy<br>Port Authority of NY & NJ                                       | Panel 7             |
| Captain David M. Santucci<br>U.S. Department of the Navy                         | Prototype           |
| Edward N. Schlar<br>City of Phoenix                                              | Workshop 11         |
| The Honorable Samuel K. Skinner<br>U.S. Department of Transportation             | Keynote Address     |
| Tina Sung<br>Federal Quality Institute                                           | Workshop 2          |
| Paul Sweetland<br>Federal Quality Institute                                      | Workshop 2          |
| Harold J. Tragash, Ph.D.<br>Xerox Corporation                                    | Panel 3             |

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| Thomas C. Tuttle, Ph.D.<br>Maryland Center for Quality and Productivity              | Workshop 6  |
| Captain Ron Walker<br>Federal Quality Institute                                      | Workshop 2  |
| Paul T. Weiss<br>General Services Administration                                     | PCMI Host   |
| Robert E. Wenzel<br>Internal Revenue Service<br>U.S. Department of the Treasury      | Prototype   |
| Richard Wintrode, Jr.<br>Internal Revenue Service<br>U.S. Department of the Treasury | Workshop 10 |
| R. Wayne Young, D.P.A.<br>National Aeronautics and Space Administration              | Workshop 4  |

## **Appendix B**

### **Conference Planning Committee Members**

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\* Bill Cramer, Chair, Conference Planning Committee  
Office of Management and Budget

\* Marie Panger  
USDA Graduate School  
U.S. Department of Agriculture

Brian Gray  
USDA Graduate School  
U.S. Department of Agriculture

Isabelle Howes  
USDA Graduate School  
U.S. Department of Agriculture

Julius Jimeno  
U.S. Department of Agriculture

\* Mary M. Mozingo  
U.S. Department of Commerce

\* Jack Denslow  
U.S. Department of Defense

Hazel Fiers  
U.S. Department of Education

Edwin F. Inge, Jr.  
U.S. Department of Energy

Donna Ventriss  
Environmental Protection Agency

Barbara Reeder  
General Services Administration

Brenda Parsons  
General Services Administration

\* Helen Maikisch  
U.S. Department of Health and Human Services

Ellen Wagner  
U.S. Department of Health and Human Services

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\* Katherine Simmonds  
U.S. Department of Housing and Urban Development

\* Oscar W. Mueller, Jr.  
U.S. Department of the Interior

Carol Sheridan  
U.S. Department of Justice

Nancy Nicklas  
U.S. Department of Labor

Dr. Lynwood Randolph  
National Aeronautics and Space Administration

Owen Jones  
National Endowment for the Arts

Carolyn Burstein  
Office of Management and Budget

John Olsen  
Office of Personnel Management

Charles Thomas  
Small Business Administration

Karen King  
U.S. Department of State

\* Shannon Roberts  
U.S. Department of Transportation

Gene Miller  
U.S. Department of the Treasury

Mickey Thursam  
U.S. Department of Veterans Affairs

\* Walt Besecker  
U.S. Department of Veterans Affairs

\* Executive Committee Member