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A Short History of Total Quality Management (TQM)

Business in the United States struggled during the late 1970's and mid 1980's. Companies were trying hard to survive recessions, deregulation, trade deficits, low productivity, downsizing and increasing consumer expectations. For instance, Ford Motor Company incurred a loss of about \$3.3 billion from 1980-82, while Xerox, the leading paper copier, saw its market share drop from 93% in 1971 to 40% in 1981.

Many companies realized that their poor predicament was a result of their own shortcomings – especially in the area of quality. The global economy was getting to be a bigger business factor, and American products were increasingly seen as having inferior quality when compared to European and especially Japanese products. Paying attention to quality was the key to success and Total Quality Management (TQM) was seen as a method for filling this need. Though TQM concepts originated from the works of an American statistician, American companies did not immediately pay attention because they were unchallenged in the global market and therefore they only had similar US companies as competitors, and they were all following similar shaky quality processes.

Japanese companies, on the other hand, were suffering from a reputation for poor quality in the 1950's and 1960's, so they began implementing TQM concepts much earlier. TQM set a new trend in Japan by shifting management focus from profits to quality and offering a scientific approach to controlling and improving work processes. Adopting TQM concepts helped Japanese companies increase demand for their products throughout the world. These results occurred much earlier than experts predicted.

TQM eliminates the drawbacks of the traditional management by objective (MBO), where the organization's goals are expressed in numerical terms. In the MBO model, each manager has a certain work set of results or quota to meet on a timely basis. The managers and supervisors were becoming more motivated on delivering their numbers than on the quality of the work. Consequently, the actual purpose of the work was forgotten amidst the drive for numbers.

TQM completely transforms the roles of workers and managers. Emphasis is placed on the quality of the output rather than quantity of output. Managers and workers are not bound to work quotas. Instead, they work to foresee and eliminate the problems that come their way and to produce quality products that satisfy the customer requirements.

Culture shift in U.S businesses:

Within a few years of implementing TQM concepts, Japanese companies gained market share in many areas. Their success and the resulting business crisis in the U.S. led to a quality movement in America, where there was a major shift in business cultures and operations.

The traditional business culture in the U.S was characterized by the idea of individual participation and responsibility. People were considered to be the source of, and the



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solution to, all business problems. Each individual was held accountable for product quality. Therefore, companies believed that the right kind of employee training would help to increase a company's chance of survival.

In the new quality control culture, effective organizational systems are considered essential for the survival of the company. The 85/15 Rule in quality management states that about 85% of organizational problems are caused by process or system failures. In other words, the rule suggests that individual employees are responsible for only a few organizational problems. The rest of the problems are the result of faulty processes in general.

Another difference between the traditional culture and the TQM culture is that the traditional culture follows the management-by-objectives (MBO) method for controlling business operations. In general, the MBO culture is one that is internally focused. The quality culture, on the other hand, shifts the focus from internal results to customer expectations and quality of output.