

Case Application and Practice (1)

The CEO of a small manufacturing firm of about 250 employees had learned over the years the value of education and training. Every company was investing in education and training.

It was understood by everyone in top management that to remain competitive they would have to change. Change would mean that some rather dramatic changes would have to occur in the way the company had been managed and the skills that current employees possessed.

This company had been providing company- and supplier-sponsored seminars and training sessions for years. Management representatives commonly attended trade shows and attended popular workshops on quality, marketing, sales, technology, and certification.

A local university was contacted and asked to deliver a series of on-site courses, to about thirty workers at a time. All training costs would be provided by the company for anyone who wanted to enroll.

1. What steps do you think may be missing from this approach to training? Why?
2. Do you think this company has a culture of TQM? Why?
3. What alternatives would you suggest that may maximize the company training investment?
4. Do you think the CEO had a customer focus? What evidence do you have?
5. Cite any evidence that would lead you to believe that this company had a strategic implementation plan.

1. Working in teams, provide an example of how a training program will:

- Increase productivity in a service industry
- Reduce accidents in a bakery
- Reduce supervision in a chemical plant
- Improve methods or processes in sales
- Improve job satisfaction
- Improve communications
- Improve profit
- Reduce scrap in a cafeteria
- Improve morale
- Improve quality in an insurance office
- Reduce rejects and rework in making candy
- Decrease absenteeism
- Reduce learning time
- Reduce supervision

Case Application and Practice (1)

By 1980, a familiar American name in motorcycles, Harley-Davidson, was in trouble. Like the automobile industry, Harley-Davidson lost market share to Japanese motorcycles that were of high

quality, lower in cost, and reliable. Harley-Davidson became a minor player in an industry that it once dominated.

If Harley-Davidson was to survive, it would have to change and implement a philosophy of TQM. By 1986, Harley-Davidson was looking at an improving economic situation. They had studied how Honda motorcycles were manufactured, and they adopted the best practices. Management invested in people and new technologies. They developed a philosophy of empowerment of all employees and focused on value-added activities. Labor unions worked closely in the development of all activities. Many formerly subcontracted jobs were done in the plant to reassure workers that they would not be displaced as they improved processes or eliminated unnecessary ones.

Because close-tolerance machining of metal parts was Harley-Davidson's stock in trade, the company invested in new equipment and a preventive maintenance program to maintain tolerances and minimize any down time.

Management began to reduce inventory and improve the way they managed parts throughout the manufacturing process. Productivity increased, along with quality.

As a result, Harley-Davidson has become a highly competitive, world-renowned manufacturer.

1. Why do you think Harley-Davidson was in trouble in the early 1980s?
2. Can you think of some reasons that their TQM program was a success?
3. What leads you to believe that Harley-Davidson may have had a strategic implementation plan? Was there an assessment, planning, or implementation phase?
4. Why did the company not hear the voice of the domestic biker and respond? Why was a preventive maintenance program, along with a new inventory management system and employee involvement, credited for much of its improvement?

Case Application and Practice (2)

Midcom is considered to be number one in the world in the production of telecommunications transformers. The CEO recognized in the 1980s that the highly competitive nature of producing electronic components would require his company to operate differently from previous years. The backbone of the Midcom operation is their extensive investment in automation and customers (internal and external).

Midcom management came to understand that the firm would have to offer more than superficial solutions to complex problems or implementation of hackneyed ideas recommended by quality consultants. They also felt strongly that small plants (different sites) are more efficient, they offer better communication among departments, and workers in small plants tend to have a better view or understanding of the organization as a whole.

Midcom set priorities based on factors most critical to the company's continued success. They also communicated these priorities to the workforce. They established a mission to thoroughly satisfy the needs of their customers with the highest quality design, production, and service. They adopted a zero-defect philosophy and a greater than 99 percent success rate in satisfying customer delivery dates.

Today, the company utilizes TQM concepts based on teamwork and cell manufacturing in more than three different sites. Ideas are freely expressed, and employees feel empowerment. Management communicates a culture of TQM. Employees are cross-trained in several operations in work cells.

Training is a high priority. As a result, productivity, quality, and profits are excellent.

1. How do you account for the philosophy that smaller plants are more efficient?
2. Why would the CEO say that they were not going to implement the hackneyed ideas of consultants?
3. Why would this company organize production around cell manufacturing and cross-trained employees in cells?
4. Why has TQM worked for Midcom and not other organizations? Do you think this company has defined quality in customer terms? Why?

For each of the following reasons given for why TQM support may fade over time, provide a prevention plan: (1) Managers may wrongly assume that a process has been well established to the point that it no longer needs attention. (2) The economic crisis has passed, so we do not have to place as much emphasis on TQM. (3) Easy problems were solved, and there was considerable celebration, now only the difficult, expensive ones remain. (4) Our organization has failed to realize any desired results from TQM. We don't seem to be any further ahead than we were three years ago.