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A STUDY OF THE QUALITY CULTURE FOR SERVICE INDUSTRIES

MIKE PUPITUS

A thesis submitted in partial fulfilment of the requirements of Sheffield Hallam University for the degree of Master of Philosophy

August 1996
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A STUDY OF THE QUALITY CULTURE FOR SERVICE INDUSTRIES

ABSTRACT

Many organisations in UK and Europe underwent significant change during the 1980s. The UK Government focus was on value for money and nationalised industries and public utilities began to be privatised.

Total Quality Management represented a new opportunity to improve organisational effectiveness by focusing on the customer and continuous improvement. Methodologies developed in Japan by Americans such as Deming and Juran were adapted and implemented in US organisations and later in UK organisations.

From a study of service industries a pattern has emerged of the adoption of Total Quality Management as a means of improving organisational effectiveness. With this came the adoption of the European Quality Award model as a basis for self-assessment and for measuring how far an organisation has progressed on the journey to Total Quality. Similar problems and challenges faced by service industries were identified within Royal Mail (part of the British Post Office) and this thesis looks in depth at the implementation of Total Quality Management and the use of the European Quality Award model as a model for self-assessment in that organisation.

The thesis examines the origins of Total Quality Management, the issue of the quality culture in organisations and the impact of self-assessment in the context of culture change. It looks at the transformation process in terms of comparing current state and desired future state during a period 1988 to 1996. It draws learning opportunities in terms of successes and pitfalls in the implementation of Total Quality Management. In looking at the issues of controlling processes and gaining commitment of people, the thesis considers the importance of leadership in achieving a balanced approach.
ACKNOWLEDGEMENTS

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Mike Pupius
August 1996
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CHAPTER 1

INTRODUCTION

BACKGROUND

The 1980s have been characterised as a period where the values of individuals and organisations were focused strongly on value for money. The Government reinforced this with a policy of privatisation of public sector utilities (gas, electricity and water) and service organisations (eg telecommunications, bus and rail transport) in the apparent belief that privatisation would enhance service and value for money. In some cases the privatised organisations remained monopolistic; in others such as telecommunications, alternatives such as Mercury were enabled. Bus services were impacted on by de-regulation in cities such as Sheffield to encourage greater competition in a free market. Within the Civil Service, organisations such as the Benefits Agency implemented a policy of market testing. Operations such as cleaning or mailrooms were put to tender and the existing department encouraged to tender against outside bids.

Public sector organisations were often affected by industrial relations issues linked to Government pay restraint and structural changes often involving downsizing. As well as following a policy of privatisation, the Government strengthened Trade Union legislation to seek to minimise the impact of industrial disputes.
Through political pressure and changing attitudes and expectations in society at large, organisations operating in the public sector began to look keenly at issues such as customer care as customers expectations for ‘value for money’ and quality of service grew. As media coverage of industrial relations issues grew, low perceptions could lead to increased customer dissatisfaction. Many public sector organisations began to consider the application of the principles of the new discipline of Total Quality Management (TQM). South Yorkshire Police, an organisation benchmarked in this study first took their organisation through a successful application for the Governments Citizen’s Charter Mark. Subsequently they embarked on a TQM programme and Investors in People

TQM had developed in the early 1980s in the US as a reaction to the threat of Japanese competition. US industry had come to the realisation that the quality movement in Japan started in the post-war era had to be matched. The US recognised the success that US advisors to Japan such as Dr W Edwards Deming had had in developing a powerful new approach to management. Quality improvement has increased much faster in Japan from year to year than in Europe or the US. Thirty years ago, Japan was noted for poor quality cheap goods such as toys and textiles.

Atkinson (1990) cites the impact of the Korean and Vietnam wars. The US invested heavily in Japan to ensure that equipment and technology could be repaired quickly and sent back to front lines. US organisations began developing approaches to TQM and this began to impact on UK organisations with a 5-8 year time lag. Companies
such as Rank Xerox, Milliken, Texas Instruments, Hewlett Packard, Ford and General Motors began to lead the way influenced by their US parent companies.

As a nationalised industry whose business targets such as profitability, real unit cost reduction and investment level are set by Government, the Post Office has been subjected to a similar set of social, political and economic influences and the response of the Royal Mail, which is part of the Post Office will be the subject of this thesis.

THE POST OFFICE AND THE ROYAL MAIL

Royal Mail is part of the Post Office group of companies which also includes Post Office Counters plc and Parcelforce. The Royal Mail has over 360 years of history. Until 1968 the 'General Post Office' was a Civil Service Department. As a nationalised industry, the Post Office still included a telecommunications business until 1981, when the British Telecommunications Act created the Post Office and British Telecom as two separate entities. In 1986, the Post Office re-organised to form three operating divisions, Royal Mail, Post Office Counters and Parcelforce.

Royal Mail today has a turnover of over £4 billion and around 160,000 employees at over 1900 sites. It handles over 64 million letters every day, collected from 120,000 collection points and delivered to up to 25 million addresses which are reached 6 days a week. It has a vehicle fleet that comprises some 27,500 vehicles. It has returned a profit consistently for 18 years and in 1995-96 the pre-tax profit achieved was £411 million.
Royal Mail is the business within the United Kingdom Post Office responsible for the collection, sorting and delivery of letters and packets. Royal Mail operates within the communications market for the transfer of information, funds and personal messages nationally and internationally. Royal Mail provides a universal delivery service within the UK.

Royal Mail is the largest of four businesses that comprise the Post Office group that is a public corporation with the Government as sole ‘shareholder’.

There is a small Headquarters for Royal Mail in London, responsible for direction setting, strategic planning and performance review. Also located in London are four Strategic Business Units (SBUs) which are responsible for market and product development within the domestic UK, large business, international and cash security markets. Also operating under Strategic Headquarters are a number of Business Centres which provide internal services such as consulting, catering, engineering and construction and estates provision.

ROYAL MAIL NORTH EAST (RMNE)

Royal Mail North East is one of nine geographical Divisions and is responsible for providing postal services (letter mail collection and delivery; sales and customer care) in an area covering 12,000 square miles, stretching from Lincolnshire in the South, to the Scottish border, in the North. The Pennines form the border to the West.
There are over 18,000 employees in Royal Mail North East. In the year ended 31 March 1995 the Division had a turnover of £434m and made a contribution of £101m to the profitability of the Royal Mail, which was 26% higher than the previous year.

Over 4 billion pieces of mail are processed each year; 2 billion are posted by eight and a half million customers, which includes 100,000 business, and 2 billion are delivered to customers.

Within the Division the mail processing operation is undertaken at nine Automated Processing Centres (located in Bradford, Cleveland, Darlington, Doncaster, Hull, Leeds, Newcastle, Sheffield and York) all of which use a range of automated sorting equipment including state of the art optical character recognition machines. Mail is delivered from over 350 local delivery offices. Of those, 150 are owned and directly managed by the Division; the remainder are privately owned Sub Post offices from which our own postmen and women deliver mail to the local community.

Organisational relationships are shown diagramatically in Figure 1.1.
RMNE came into being in April 1992 following a year of preparation for re-organisation. Key aspects of the new structure were:

- a move to functional specialism. The divisional structure was replicated at area level.

- at area level (eg Sheffield) the old district manager (District Head Postmaster) structure was replaced with a self-managing team. Each area manager reported to a functional director.

- the area teams were initially organised around a meetings process called a Postcode Partnership. In the early stages the meetings were facilitated by a quality support manager and attended by a non-executive, sponsoring director. Following review after two years, this gave way to the nomination
of one of the area managers to chair the monthly meetings, usually the Area Delivery Manager.

- the Postcode Partnerships or Area Management Teams as they became known, were accountable for the achievement of Quality, Customer Satisfaction and Employee Satisfaction results, but not budget. Budgets remained under the control of functional managers reporting direct to their functional director.

As the division evolved, an approach to process management was developed. Key processes were identified, process groups were established and mapping and improvement activity was undertaken. In 1994, Royal Mail took the decision to carry out the annual business planning review cycle using processes as the focus. Plans were developed by process. This has been further refined in 1995/6.

Figure 1.2 shows the organisational relationships in RMNE in 1996 following the service delivery reorganisation. The need had been identified to integrate the leadership of the Product Pipeline, the main operations process, by the appointment of areas managers to head up area teams. At the same time the focus of leadership at divisional level moved to re-focusing director accountabilities for operations on performance and programme management rather than the three functional responsibilities of processing, delivery and distribution.
BACKGROUND TO TOTAL QUALITY MANAGEMENT IN ROYAL MAIL

Following re-organisation, Royal Mail was significantly affected by industrial action. In 1987 it had the highest number of days lost through strikes of any other UK organisation. This amounted to 60,000 working days lost, slightly down on the two previous years levels.

Whilst its internal measurements of service quality suggested that quality of service performance as measured by the percentage of first class letters receiving next day delivery was at 90%, customer data showed a much worse picture. In summary, customer and employee satisfaction (as measured by the level of industrial action) were at low levels.
In 1987 the managing director of Royal Mail appointed a Quality Director to the main board. With the task of developing a process for implementing Total Quality, the director set about a detailed examination of current state which will be described in chapter 3.

In 1988, Royal Mail took the strategic decision to implement a Total Quality process, Customer First. An extract from the notes of a meeting of the Letters Management Committee held on September 26 1988 record the decision:

"The Letters Management Committee agrees that Customer First (the Total Quality Process for Royal Mail) describes the way of working that will enable the Business to achieve its mission and objectives. The members commit on a team and individual basis to positively pursue all the actions necessary to fully implement the process."

The Committee recognised that based on the size of Royal Mail it would take between five and ten years before it could consider itself a mature organisation in terms of Total Quality and that maturity would mean a constant identification of further opportunities for improvement.

The journey towards becoming a Total Quality organisation began in 1988 when the Royal Mail took the decision to implement a Total Quality process called "Customer First". This also marked the development of Mission and Value statement which can be summarised as follows:
To be recognised as the best organisation in the World distributing text and packages.

Customer First means recognising and meeting the needs of both external and internal customers, involving all of our employees in achieving those needs and creating partnerships with our customers, suppliers and the community we serve. Customer First describes the way of working that will enable the business to achieve its mission and objectives in a manner consistent with its values. Fundamentally it is about securing the long term financial success of the business.

The overall scope of Customer First is shown in the fishbone diagram in Figure 1.3. The approach was adopted Post Office wide, tailored to the specific needs of the other businesses such as Post Office Counter.

**Figure 1.3 Customer First Total Quality Process**

![Fishbone diagram showing the Customer First Total Quality Process.](image-url)
Further aspects of Customer First and the implementation process will be covered in chapter 3.

THE BASIS OF RESEARCH

The author was appointed Director Quality for Royal Mail North East in April 1995. Prior to this he had been District Head Postmaster for Sheffield from 1988. He had served on the initial reference group set up by the national Quality Director and, as District Head Postmaster, had implemented the Customer First process in the Sheffield District.

Royal Mail, and more especially, Royal Mail North East has been chosen as the specific focus for studying the quality culture for a service industry. A number of service industries were benchmarked against, for example South Yorkshire Police, Cleveland Constabulary, Sheffield City Council and the Benefits Agency. Whilst few were as far advanced as the Royal Mail, most faced the same challenges and problems of achieving organisational effectiveness.

The motivation for the research was the realisation that the combined situation of appointment to Director Quality and the setting up of the new division provided a test-bed to examine issues relating to the changing of the quality culture in a service organisation operating in a commercial environment and in the public sector. It has provided a unique opportunity to reflect on the transformation that has occurred both in terms of successes and pitfalls. The research has been able to use a variety of data
available to the author including Employee Opinion Survey data, financial performance and quality of service. The author was involved in the preparation for a submission for the UK Quality Award for the division and in internal Business Excellence Review assessments of the division in 1994 and 1996 using the framework of the European Quality Award model. Comparisons are made with activities within British Telecom.

The thesis covers the following areas:

- leadership
- training
- motivation
- organisation development
- teamwork and employee involvement
- management of change
- communication
- strategic planning
- team dynamics.

The thesis considers the outcomes in terms of successes and pitfalls and, after critical analysis, makes recommendations for further improvement.

The Royal Mail became a key Member of the European Foundation for Quality Management and in 1992 formally adopted the European Quality Award (EQA) model (1994) to define the way of working or culture and as a basis for self-assessment. This now replaces the Total Quality process model described in Figure 1.3 as the model for Total Quality. This thesis will also consider the impact of this decision and will use the
results from both an external and internal assessment against the EQA model. The model provides a method to measure progress in terms of the implementation of a transformation process based on Total Quality Management.

Figure 1.4 European Quality Award Model

<table>
<thead>
<tr>
<th>Leadership</th>
<th>People Management</th>
<th>9%</th>
</tr>
</thead>
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<tr>
<td>Policies &amp;</td>
<td>Policy &amp; Strategy</td>
<td>8%</td>
</tr>
<tr>
<td>Strategy</td>
<td>Processes</td>
<td>14%</td>
</tr>
<tr>
<td>Resources</td>
<td></td>
<td>9%</td>
</tr>
<tr>
<td></td>
<td>Customer</td>
<td>20%</td>
</tr>
<tr>
<td>Satisfaction</td>
<td>Impact on</td>
<td>6%</td>
</tr>
<tr>
<td></td>
<td>Society</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Business Results</td>
<td>15%</td>
</tr>
</tbody>
</table>

Enablers 50% Results 50%

STRUCTURE OF THESIS

Following this introduction, subsequent chapters will cover:

Chapter 2 Total Quality Management: origins, applications and the issue of the culture of organisations.

Chapter 3 The emergence of Total Quality Management in Royal Mail

Chapter 4 Applying a framework for analysis. This chapter that compares current state with the reality of a desired future state using results from a European Quality Award assessment and an internal self-assessment.

Chapter 5 Analysis. This chapter draws conclusions from the evidence from self-assessment and other sources.

Chapter 6 Synthesis. This chapter draws out the learning points from the evidence

Chapter 7 The next stage of the journey. This chapter looks to the future and recommends further actions to improve.
CHAPTER 2

TOTAL QUALITY MANAGEMENT - ORIGINS, APPLICATIONS AND CULTURE

This chapter looks at the origins TQM and the issues that impact on the culture of organisations.

WHAT IS QUALITY?

First of all, consider some definitions of quality in relation to people and things from the Shorter Oxford Dictionary (1983). These include

<table>
<thead>
<tr>
<th>Of People</th>
<th>Of things</th>
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<tbody>
<tr>
<td>character, disposition, nature</td>
<td>attribute, property or special feature</td>
</tr>
<tr>
<td>capacity, ability or skill</td>
<td>the nature, kind or character of something</td>
</tr>
<tr>
<td>a mental or moral attribute</td>
<td>the degree or grade of excellence</td>
</tr>
<tr>
<td>excellence of disposition</td>
<td>peculiar excellence or superiority</td>
</tr>
<tr>
<td>an accomplishment or attainment</td>
<td></td>
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These definitions come out in common language. When talking about products or services, quality is used to signify excellence: for example, Rolls Royce quality. In engineering terms, quality can be used to indicate that a piece of metalwork conforms to certain physical dimension characteristics. In commerce and medicine, quality can be used to indicate professionalism.

The relevance of quality as an attribute is either in the mind of the person who makes the product or provides the service, the supplier, or in the mind of the person who buys or receives the product or service, the customer. In this context, Oakland (1993) maintains that quality can be defined as meeting customer requirements. Various authors express quality as:

‘Fitness for use’ - Juran (1989)

‘Quality is a predictable degree of uniformity and dependability, at low cost, suited to the market' - Deming (after Brocka and Brocka (1992))

‘The total composite product and service characteristics of marketing, engineering, manufacture and maintenance through which the product or service in use will meet the expectation by the customer’ - Feigenbaum (1983)

‘Conformance to requirements’ - Crosby (1979)

Quality can be seen in two ways. Firstly by producing a product or providing a service that meets or exceeds customer requirements, higher quality enables organisations to increase customer satisfaction, make products that sell, meet competition, increase
market share, secure premium prices and provide sales income. The major impact is thus on sales and often but not always, higher quality costs more.

On the other side of the balance sheet, quality means freedom from defects or deficiencies and thus higher quality reduces error rates, rework, waste, compensation and the need for quality assurance. Higher quality thus has a major effect on reducing costs. Higher quality thus has a ‘virtuous’ impact on organisations, contributing to wealth generation and ultimately survival. This is illustrated by the Deming Chain Reaction (Deming (1986) and Walton (1986)) shown in Figure 2.1.

These concepts apply readily to Royal Mail. Take for example the provision of a basic service such as First Class mail. Product features include quality in terms of reliability to deliver the mail the next day. With bulk mail products, quality is key in terms of price attractiveness which influences customer choice in terms of Direct Mail against the use of some other form of advertising such as TV. Market share can be considered in terms of share of the communications market. The share taken by Royal Mail is declining against competition from competitors such as British Telecom. Royal Mail has been improving productivity over many years which has enabled it to keep prices increases below the Retail Price Index. Despite competition from other carriers, fax and the telephone, growth is currently around 4% per annum.
The concept of freedom from defects or deficiencies also applies. The sorting of mail is prone to mis-sorting or the creation of defects. This can happen as a result of the letter sorted to the wrong destination. This can lead to complaint and compensation. Reducing missorts causes a reduction in rework, an improvement of the overall performance and a reduction in unit costs.

Oakland (1993) goes on to introduce the term reliability to say how a product will perform over a period of time. So it is the ability of the product or service to continue to meet customer requirements over time. Reliability is a key factor in purchasing decisions where alternatives are being compared.
The Royal Mail is in a privileged position in that it has the monopoly to deliver addresses packages priced at £1 and below. However customers of Royal Mail do have alternatives. Examples include the telephone service, fax and telex, advertisers can select television or newspapers rather than Direct Mail shots and solicitors, banks and building societies can use document exchanges. Quality of service and reliability are essential to the retention of this business.

TOTAL QUALITY MANAGEMENT: HISTORICAL DEVELOPMENT, DEFINITIONS AND MODELS

In terms of the historical development of quality management principles, Kanji and Asher describe four stages. This historical development is summarised in the chart in Figure 2.2

Stage 1 began with the simple inspection-based system. Companies would employ teams of inspectors to examine, measure or test a product and compare it with a standard. This would happen at each stage of manufacture and at each stage products or work in progress that did not conform to a standard would be scrapped or reworked.

Inspection-based systems were in evident right from the time the Egyptians built the first pyramids through to the Second World War. Then developing aircraft technology became more complex and costly and inspection-based systems evolved into the second stage of quality control systems where control systems, product testing and documentation control were used to ensure greater process control and to reduce defect rates.
The third stage came with the move away from product quality to systems quality. Here companies installed quality assurance systems and procedures use either a second party (e.g. Ford, Caterpillar) or a third-party (British Standards Institute, Yardsley) to assess the efficiency of the quality system.

Kanji and Asher go on to describe the fourth stage of development being Total Quality Management (TQM) where the focus is on not just the manufacture of the product but on the whole company operation. TQM therefore has an holistic or systems approach. Whilst Shewhart and the scientists at AT&T are cited as the originators of quality, there is evidence that China had quality standards some 2000 years ago. Brocka and
Brocka (1992) describe the work of such authors as Sun-Tzu and Socrates as presaging Total Quality Management principles by embodying principles such as survival, growth and continuous improvement in a chaotic world.

Looking now at some definitions, Brocka and Brocka (1992) define Quality Management or Total Quality Management as a way to:

- continuously improve performance at every level operation, in every functional area of an organisation, using all available human and capital resources. Improvement is addressed toward satisfying broad goals such as cost, quality, market share, schedule and growth.

It combines fundamental management techniques, existing and innovative improvement efforts, and specialised technical skills in a structure focused on continuously improving all processes.

The definition used by the US Department of Defence is as follows:

- TQM is both a philosophy and a set of guiding principles that represent the foundation of a continuously improving organisation. TQM is the application of quantitative methods and human resources to improve the material and services supplied to an organisation, all the processes within the organisation, and the degree which the needs of the organisation are met, now and in the future. TQM integrates fundamental management
techniques, existing improvement efforts, and technical tools under a disciplined approach focused on continuous improvement.

Covey (1992) considers the paradigm of total quality to be continuous improvement in four areas:

- personal and professional development
- interpersonal relations
- managerial effectiveness
- organisational productivity

Covey maintains that organisations will only improve if both their systems or processes and people improve. People have to grow and mature to where they can communicate to solve problems to improve these processes. Everything is guided by feedback from customers, people and all other stakeholders. For Covey the key is to listen to the stakeholders with total quality being rooted in a set of principles:

- faith, hope, humility
- works, industry, research, testing
- constancy, consistency, predictability
- continuous improvement and progression
- feedback based on measurement and discernment
- virtue and truth in human relations

Kanji and Asher (1993) draw out distinctions between quality, Total Quality and TQM as follows

- Quality is to satisfy agreed customer requirements continually
• Total Quality is to achieve quality at low cost
• Total Quality Management is to achieve total quality by involving everyone’s daily commitment

In looking the literature on TQM, gurus abound! Every guru has set about summarising his approach, methodology or philosophy in a number of points. A summary of the key points from Deming, Crosby, Juran, Feigenbaum and Ishikawa is brought together in Appendix 1. The approaches vary from guru to guru but underlying themes begin to emerge. These will be brought out in the discussion that follows.

Sherkenbach (1991) gives an account of how Deming developed the System of Profound knowledge which is in four interdependent parts

• Theory of Systems
• Theory of Variation
• Theory of Knowledge
• Theory of Psychology

It is important to develop some of the themes of this System. In the Theory of Systems, system is synonymous with process. The aim of a system or process is to transform a set of inputs into a set of outputs, thereby adding value. The diagram in figure 2.3 shows that it is important to consider two feedback loops; the ‘voice of the customer’ and the ‘voice of the process’. The essence of this theory is that we are all part of an independent network of processes. It is the job of a leader to optimise the
process. Sherkenbach maintains that 'social memory' or the group memory of past experience is required to differentiate between special and common causes of variation.

Sherkenbach lists some of the elements of the Theory of Variation

- some understanding of variation
- understanding of the capability of a process
- leadership is different in the two states; stable and unstable
- knowledge about different kinds of uncertainty in statistical data
- knowledge of procedures aimed at minimum economic loss
- knowledge about interaction of forces
- understanding of the distinction between enumerative studies and analytic problems
- knowledge about losses that come from unfortunate successive application of random forces that may, individually, be unimportant
Both the Theory of Knowledge and the Theory of Psychology are relevant to the issue of culture. Put simply, the Theory of Knowledge is about the conceptual explanation that a particular combination of inputs to a process produce or do not produce a predicted change in outputs. Knowledge can also be gained as a process is subjected to continuous improvement.

Box (1995) considers that continuous never-ending improvement is nothing but the description of scientific method itself. Scientific enquiry he considers to be a deductive-inductive learning process and can be seen in the Plan-Do-Check-Act cycle used by Shewhart. The various means of increasing knowledge are represented in this cycle, for example, applying the seven management tools (Appendix 1) and working together in cross-functional teams to solve a problem.

The theory of psychology is about the interactions between people, the dynamics of groups and the interactions between groups and individuals. Sherkenbach considers psychology as a balance between three main theories: behavioural (physical), cognitive (logical) and psychodynamic (emotional). He concludes that the performance of a process is a function of the within-subgroup variability and the between sub-group variability. In human terms one must optimise the variability within the person and the variability between the person and other people and the other process resources. Optimisation must balance the need to reduce variability with the need to increase the number of perspectives.
Demings thinking is summarised by Lazenby (1996) in Figure 2.4

Figure 2.4 Systemic Thinking

Lazenby described his thinking as extending well beyond the boundaries of companies into all the systems that support business - political, social, educational, banking etc. He developed a simple and easy to understand model of human systems.

The basic idea is that if one views a business, or industry as a complete system, (as in the case of a company) the purpose of the system is to benefit all its stakeholders.

The output of any system can be measured by its results. In Dr. Deming’s view, the best result for a business system was to create customers and wealth for all the stakeholders and more jobs so that everybody wins. The way the system produces these results is through focusing all its activities on adding value or capability to its customers, and having a system that is better at doing it, than any other competitor.
The more management improve the system, the more change the company or industry has of surviving and thriving.

Building on these themes, other authors have approached the fundamental issues of TQM in an holistic or systemic way. Kanji and Asher (1993) consider that as organisations develop, training, barrier removal and communication become subsumed into empowering the worker. This leaves four essential ingredients:

1. Top-down strategic vision demonstrated by leadership
2. Continuous analysis and product/service improvement
3. Empower and liberate employees
4. Listen and react to customers and suppliers.

Kanji and Asher see the following principles as being aimed at achieving organisational objectives such as greater market share, increased profits and reduced costs:

- delight the customer
- management by fact
- people-based management
- continuous improvement

Kanji and Asher integrate the principles of TQM in model described in Figure 2.5. This builds on the four principles described earlier with eight core concepts.
Principles

Delight the customer
Management by fact
People-based management
Continuous improvement

Concepts

Customer satisfaction, internal customers are real
All work is a process, measurement
Teamwork, people make quality
Prevention, the continuous improvement cycle

In a development, Kanji (1995) adds Leadership as the base of the pyramid to provide the overriding direction and commitment to change.

Figure 2.5 Kanji and Asher Pyramid Model

From these definitions comes the important concept of continuous improvement and the implication of change toward ‘satisfying broad goals’ or to ‘meet the needs of the organisation, now and in the future. In this context, leadership becomes crucial to
create the sense of direction for an organisation and to provide top-level commitment to the adoption of new principles and ways of working.

Oakland has a model which includes some of these attributes (see Figure 2.6). For Oakland (1993) each part of an organisation has customers, whether within or without, and the need to identify what the customer requirements are, and then set about meeting them, forms the core of the Total Quality approach. This requires the three hard management necessities: a good quality management system, tools such as statistical process control (SPC) and teamwork. There must be an uncompromising commitment to quality starting from senior management and flowing down through the organisation.

**Figure 2.6 Oakland Model Of Total Quality Management**
Oakland maintains that the attention to many of aspects of a company’s operations will have a Hawthorne effect concentrating everyone’s attention on the customer/supplier interface both inside and outside the organisation.

Harrington (1995) raises the crucial question, ‘How does an organisation make the process work for them?’ With so many approaches what is the right answer?

He lists a number of methodologies which all compete for limited resources:

1. Total Cost Management (TCM) involves step-by-step improvement of key processes by analysing every activity in the process, classifying its cost as value-added or no-value-added and then taking positive steps to eliminate the no-valued added costs.

2. Total Productivity Management (TPM) focuses on improving productivity by automating time-consuming, repetitive activities and eliminating waste.

3. Total Quality Management (TQM) (elements defined in detail below)

4. Total Resource Management (TRM) involves ‘aggressive’ educational programs including teaching team skills, problem-solving capability and job-related training, the aim being to increase employee loyalty, productivity and skills.

5. Total Technology Management (TTM) focuses on staying ahead of competition by having the most advanced technology in its products and using new technologies to reduce cycle time and cost.

6. Total Business Management (TBM) focuses on the overall business to identify areas of opportunity or constraint (eg should the organisation
diversify, should it consolidate, what technologies will direct future business opportunities

Dealing in more detail with TQM Harrington cites a survey carried out by the American Society for Quality control of companies using TQM. 31% said they had made some mistakes, the most frequent being:

Not beginning sooner
Failing to make quality a priority
Making quality a project, not a continuous process
Expecting immediate financial results. Not having everyone involved
Not focusing on measurements

Harrington lists the following as the basic elements of a TQM process;

1. Start with top management involvement
2. Educate all levels of management
3. Understand external customer requirements
4. Prevent errors from occurring
5. Use statistical methods to solve problems and control processes
6. Train all employees in team and problem solving techniques
7. Focus on the process as the problem not the people
8. Have a few good suppliers
9. Establish quality and customer-related measurements
10. Focus on the internal as well as external customers
11. Use teams at all levels to solve problems and make decisions
The chart in Figure 2.7 compares the four methodologies above with Total Resource Management and Total Business Management. So in the following diagram, the areas with the number ‘3’ have three of the five improvement methodologies. For example, a postman may come up with an idea to increase productivity, thereby reducing costs but having no impact on quality or technology.

What is beginning to emerge from this synthesis of methodologies is a greater understanding on the word, *Total*, in these methodologies. What is also apparent is that according to Harrington, TQM will impact on only part of the overall opportunity for improvement in an organisation. In other words, other approaches outside what he defines as TQM are required for ‘Total Improvement Management’. By comparing the methodologies of TCM, TPM, TQM and TTM Harrington finds the following common areas of improvement:

- top management involvement
- team problem solving
- process improvement methods
- strategic planning
- education
Harrington uses this process of synthesis to develop a methodology called Total Improvement Management of TIM. In the diagrams in Figure 2.8, the structure and building blocks of the Total Improvement Pyramid are shown.
Figure 2.8 Total Improvement Management Pyramid and Building Blocks

Total Improvement Management Pyramid

- Rewards & Recognition
- Organisational impact
- Delivery processes
- Basic concepts
- Direction

Value to Stakeholders

- Measurement
- Organisational Structure
- Process Breakthrough
  - Management Participation
  - Team Building
- Product Processes
  - Environmental design
  - External customer focus
- Service Processes

Value to Stakeholders
Morris and Haigh (1995) have approached this issue of synthesis this using a matrix method of comparison. They pose questions, for example, what course of action must a manager initiate and in what sequence? What needs to be done to secure top management commitment? How is this to be manifested in top management behaviour? When the gurus refer to effective leadership, what is this? They maintain the gurus act like swimming coaches who explain to non-swimmers what actions are required in general terms to stay afloat and the consigns the 'poor unfortunates to the deep end of the swimming pool to implement the prescriptions'. They conclude the result is inevitable; much fear, panic, thrashing about with a few reaching safety, a few being rescued by pool attendants and the unfortunate sinking. They see the issue as around the word *total* which implies an holistic approach and conclude that many approaches will be less than holistic.

The elements and models of Total Quality vary from author to author as if each is attempting to find a unified theory. Morris and Haigh produce a table that compares and contrasts four gurus: Deming, Crosby, Conway and Juran. This is produced in figure 2.9. Haigh and Morris derive what they call a 'précis of the philosophical case of TQM' and the key points of this are listed in Appendix 2. These centre on a challenge to the status quo, a set of values, a vehicle for change such as TQM and a future desired state. These approaches to synthesis have much to offer in terms of understanding the underlying structure of a systematic approach to TQM.
### Figure 2.9 TQM principles and practice

<table>
<thead>
<tr>
<th>Crosby</th>
<th>Conway</th>
<th>Deming</th>
<th>Juran</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Definition of quality</strong></td>
<td>Conformance to requirements</td>
<td>No definition, incorporated in definition of quality management</td>
<td>A predictable of uniformity and dependability at low cost and suited to the market</td>
</tr>
<tr>
<td><strong>Degree of senior management responsibility</strong></td>
<td>Responsible for quality</td>
<td>Bottleneck is located at the top of the bottle</td>
<td>Responsible for 94% of quality problems</td>
</tr>
<tr>
<td><strong>Performance standard/motivation</strong></td>
<td>Zero defects</td>
<td>Remove waste; measure on monthly basis</td>
<td>Quality has many ‘scales’; use statistics to measure performance in all areas; critical of zero defects</td>
</tr>
<tr>
<td><strong>General approach</strong></td>
<td>Prevention, not inspection</td>
<td>‘Right’ or ‘new way’ to manage. Deming, discipline ‘imagineering’</td>
<td>Reduce variability by continuous improvement; cease mass inspection</td>
</tr>
<tr>
<td><strong>Structure</strong></td>
<td>14 steps to quality improvement</td>
<td>6 tools for quality improvement</td>
<td>14 points for management improvement</td>
</tr>
<tr>
<td><strong>Statistical process control (SPC)</strong></td>
<td>Rejects statistically acceptable levels of quality</td>
<td>Advocates use of simple statistical methods to identify problems and point to solutions</td>
<td>Statistical methods of quality control must be used</td>
</tr>
<tr>
<td><strong>Improvement basis</strong></td>
<td>A ‘process’, not a programme; improvement goals</td>
<td>Constant in all areas; statistical and industrial engineering basis</td>
<td>Continuous to reduce variation; eliminate goals with root methods</td>
</tr>
<tr>
<td><strong>Teamwork</strong></td>
<td>Quality improvement teams: quality methods</td>
<td>Human relation skills</td>
<td>Employee participation in decision making; break down barriers between departments</td>
</tr>
<tr>
<td><strong>Costs of quality</strong></td>
<td>Cost of nonconformance; quality is free</td>
<td>Measure waste in all areas; including inventory</td>
<td>No optimum, continuous improvement</td>
</tr>
<tr>
<td><strong>Purchasing and goods received</strong></td>
<td>State requirements; supplier is extension of business; most faults due to purchasers themselves</td>
<td>Call for improvement includes suppliers; use statistics</td>
<td>Inspection too late; allows defects to enter system through AQLs; statistical evidence and control charts required</td>
</tr>
<tr>
<td><strong>Vendor rating</strong></td>
<td>Yes and buyers; quality audits useless</td>
<td>Statistical surveys</td>
<td>No, critical of most systems</td>
</tr>
<tr>
<td><strong>Single sourcing of supply</strong></td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
</tr>
</tbody>
</table>

In contrast to these approaches has been the development of quality award models of which the most noted are

1. The Malcolm Baldrige National Quality Award inaugurated in 1988 and built about a framework of the following key elements

   - leadership
   - information and analysis
• strategic quality planning
• human resource development and management
• quality and operational results
• customer focus satisfaction

2. The Japanese Deming Prize instituted in 1951 and built about a framework of
• policy
• organisation and its management
• education and dissemination
• collection, dissemination and use of information on quality

3. The European Quality Award (1994) introduced by the European Foundation for Quality Management in 1992

If one then looks at the Basic Model of the European Quality Award (EQA) model described in Figure 2.10, this embraces the important position of people and processes brought out in Deming’s Profound Knowledge.
This corresponds closely with Demings System of Profound Knowledge in the sense that organisations are collections of people working in interdependent processes. It is therefore important to understand the structure of the system, the psychology of the people and the need to reduce variation in the processes. The complete EQA model described in Figure 1.4 provides other dimensions seen in the Lazenby, Kanji and Asher and Oakland. The elements of the model are described briefly as follows:

- **Leadership.** The behaviour of all managers and employees in leadership roles in leading the organisation towards Total Quality. How all managers and employees in leadership roles inspire, drive
and reflect Total Quality as the organisation’s fundamental process for continuous improvement.

- **Policy and Strategy.** The organisation’s mission, values, strategic direction, policies and the manner in which it achieves them. How the organisation’s policy and strategy reflect the principles of Total Quality and how these principles are used in the formulation, deployment, review and improvement of policy and strategy.

- **People Management.** The management of the organisation’s people. How the organisation releases the full potential of its people to improve its business continuously.

- **Resources.** The management, utilisation and preservation of the organisation’s resources. How the organisation’s resources are effectively deployed in support of policy and strategy.

- **Processes.** The management of all value-adding activities in the organisation. How the processes in the organisation are identified, reviewed and, if necessary, revised to ensure continuous improvement of the organisation’s activities.

- **Customer Satisfaction.** What the organisation is achieving in relation to the satisfaction of its external customers.

- **People Satisfaction.** What the organisation is achieving in relation to the satisfaction of its people.

- **Impact on Society.** What the organisation is achieving in satisfying the needs and the expectations of the community at large.
• Business Results. What the organisation is achieving in relation to its planned business objectives.

The complete EQA model is shown again in Figure 2.11

Figure 2.11 European Quality Award model

The model provides a framework for assessment and measurement. Organisations entering for the EQA are required to submit a 75 page submission providing documentary evidence of the organisations approach to Total Quality and performance results being achieved. This is assessed by a team of assessors trained by the European Foundation for Quality Management. If the assessment of the written submission reaches a sufficiently high standard, then the organisation receives a site visit by the same team of assessors. This will last a week and will cover a cross-section of all the organisations activities.

Each criterion is divided into sub-criteria which define the quality strategies or ‘approaches’ which would be expected to be found in a World class company. The approaches are described in terms of ‘how’ an organisation sets about achieving some
element of the overall quality strategy. In the Leadership criterion, evidence is sought of ‘sound, systematic and integrated approaches to HOW all managers and employees in team leadership roles inspire and drive Total Quality as the organisation's fundamental process for continuous improvement. Evidence is also sought on the extent to which the approaches used have been deployed.’

This is the structure for the five enablers, Leadership, Policy and Strategy, People Management, Resources and Processes. During the assessment, the team of assessors will judge the approaches observed in terms of whether the approaches are sound, the extent to which they are deployed to the appropriate level in the organisation and the extent to which they have been systematically reviewed.

For the four results areas, Customer Satisfaction, People Satisfaction, Impact on Society and Business Results, the assessment is performed in terms of the scope of the results and trends in the results themselves. So, for example, Customer Satisfaction involves assessing the perceptions of external customers regarding the organisation. Data is required on the relevant key measures of performance used to indicate success in satisfying the needs and expectations of customers across all relevant areas and activities.

Excellence is assessed relative to the organisation’s environment and circumstances. Data is required, ideally in the form of comparisons and trends over a specified period.
Where negative trends exist it should be demonstrated that the trend is understood and that appropriate action plans exist.

Data is required on:-

- The trends and levels of actual performance against targets.
- The trends and levels of actual performance against competitors and/or best-in-class organisations.
- The relevance of the measures used to all appropriate groups with an interest.
- The extent to which the measures cover the business activities.
- The relative importance of the measures.

Evidence would be required to demonstrate the customers' perception of the Organisation's Products, Services and Customer relationships and any additional Measures Relating to the Satisfaction of the Organisation's Customers such as

- complaints handling
- guarantee provisions made and used
- repeat business
As Harrington has asked, of all the approaches, which provides the right answer? Of the models described, which can be used to provide a framework for implementing TQM.

The conclusion is reached that of the models described, all the key principles of TQM map onto the EQA model. In addition, the European Quality Award provides a framework for assessing how far an organisation has come on the journey to Total Quality. It embraces the fundamental principles of Total Quality in its focus on the broad activities of an organisation but also links this to the results achieved to satisfy all stakeholders: the customer, the people, the community and the shareholders.

From the 'gurus' listing the key points of their philosophies or systems has come the move to integrate into a model structure of varying shapes. The table in figure 2.21 below shows a comparison of the visual models provided by Kanji/Asher, Harrington, Oakland, the EQA model. The column headed EQA shows the criterion to which the elements of the other models map onto. There is a very good degree of correspondence between them with the following exceptions:
• the Kanji/Ascher model omit the areas of organisational structure and impact on society
• the EQA omits organisational structure
• the Harrington model omits impact on society
• only the EQA model has a clear emphasis on business results
• the EQA provides not just a conceptual framework but a framework for assessment and measurement particularly in terms of the deployment of approaches throughout the organisation
• the EQA provides a greater understanding of the interdependence between the various elements of the model

Dodd and Pupius (1996) have also demonstrated that the European Quality Award model applies at all levels in the system: organisation-wide, division, unit and to other organisations in the community such as small businesses and schools.

Deming and many of the other gurus explain what needs to be done and to an extent why but they do not give much direction on how. Organisations, learning from others by, say, benchmarking and the employment of consultants begin to develop their own ‘approaches’ which are relevant to where they have come from as an organisation, their current state set of issues. from this they can use the transformation process to create a vision of where they want to be in a desired future state and from an examination of the gaps, identify strategies and actions to achieve this. The framework of the European Quality Award model gives an indication of expectations about what might be implemented in an ‘excellent’ or world class organisation but focuses more
on the how, providing a measurement of the robustness of approaches and the extent of their deployment.
Figure 2.12 Comparisons of models with the European Quality Award model

<table>
<thead>
<tr>
<th>Kanji/Asher</th>
<th>Oakland</th>
<th>Harrington</th>
<th>EQA category classification</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organisational structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td>Commitment</td>
<td>Top management leadership</td>
<td>Leadership</td>
</tr>
<tr>
<td>Delight the customer</td>
<td>External customer focus</td>
<td></td>
<td>Leadership, Customer Satisfaction</td>
</tr>
<tr>
<td>Continuous improvement</td>
<td>Process improvement</td>
<td></td>
<td>Leadership, Processes</td>
</tr>
<tr>
<td>Management by fact</td>
<td>Measurement process</td>
<td></td>
<td>Results</td>
</tr>
<tr>
<td>People-based management</td>
<td>Education</td>
<td>Individual excellence</td>
<td>People Management</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reward &amp; recognition</td>
<td>Leadership, People Satisfaction</td>
</tr>
<tr>
<td>Continuous improvement cycle</td>
<td>Process improvement</td>
<td></td>
<td>Processes, Policy and Strategy</td>
</tr>
<tr>
<td>Customer satisfaction</td>
<td></td>
<td></td>
<td>Customer satisfaction</td>
</tr>
<tr>
<td>Prevention</td>
<td>Prevent errors</td>
<td></td>
<td>Processes</td>
</tr>
<tr>
<td>Measurement</td>
<td>Measurement process</td>
<td></td>
<td>Processes, Results</td>
</tr>
<tr>
<td>Teamwork</td>
<td>Teams</td>
<td>Teambuilding</td>
<td>People Management</td>
</tr>
<tr>
<td>Internal customers are real</td>
<td>Customer/ supplier</td>
<td></td>
<td>Leadership, Processes</td>
</tr>
<tr>
<td>All work is process</td>
<td>Process</td>
<td>Process breakthrough &amp; excellence</td>
<td>Processes</td>
</tr>
<tr>
<td>All work is process</td>
<td>Systems</td>
<td>Quality management systems</td>
<td>Processes</td>
</tr>
<tr>
<td>People make quality</td>
<td>Management Participation</td>
<td></td>
<td>People Management</td>
</tr>
<tr>
<td>People based management</td>
<td>Communication</td>
<td></td>
<td>People Management</td>
</tr>
<tr>
<td></td>
<td>Tools</td>
<td></td>
<td>Processes</td>
</tr>
<tr>
<td></td>
<td>Supplier relations</td>
<td></td>
<td>Leadership, Impact on Society</td>
</tr>
<tr>
<td>Business Excellence</td>
<td></td>
<td></td>
<td>Business Results</td>
</tr>
</tbody>
</table>
CULTURE

This section explores the issue of culture in organisations. Brocka and Brocka (1992) maintain that all organisations have a culture; it is up to top management to recognise it, and if desired or necessary, to control and direct it. A sense of unity or purpose is forged from a diverse workforce if workers and managers are actively involved in shaping the organisational culture according to sincerely believed corporate principles. This culture is composed of beliefs, values and behaviours the group shares in an environment and is demonstrated in actions. Values left un-demonstrated are not values.

Brocka and Brocka list the key cultural elements as

- Myth
- Ritual
- Beliefs
- Values
- Symbols
- Goals
- History

Culture has been defined (attributed by Brocka and Brocka (1992) to Margaret Mead) as a body of learned behaviour, a collection of beliefs, habits, practices and traditions, shared by a group of people or a society and successively learned by new members who come into that society. Managers as advocates of change must be aware that they
are dealing with a pattern of human habits, beliefs and traditions which may differ from theirs and which may, therefore, view this change in a way totally different from your view. Corporate culture is derived from beliefs that are set forth by guiding principles and are demonstrated by daily beliefs and actions. ‘Walk the talk.’

Management must sincerely believe in the corporate culture and demonstrate values on a daily basis for it to pervade the company. Reward systems must reinforce corporate values. Corporate culture should be continually re-evaluated to take account of changing perceptions about job expectations and increasing work diversity. Changes must be implemented deliberately and publicly.

Simon Caulkin writing in the Observer (19 May 1996) describes culture change as being to switch the focus from internal to external measures with the key perception being that quality is what counts in the eyes of the customer. Customer care or putting the customer first is often the primary focus for culture change. The Royal Mail has used the model in Figure 2.13 to describe the culture change required. The model shows how the culture ideally should shift from one that is internally focused and control oriented to one that is customer focused and supportive. In the transformed organisation management at all levels ‘listen’ to customer and employee feedback in a closed loop.
Figure 2.13 Required Organisational Change

Brocka and Brocka list the following steps as a process for culture change

1. Define the current organisational culture.
2. Match current values with desired values
3. Involve everyone
4. Adopt a change management process
5. Managers must lead the culture change
6. Expand culture to customers and suppliers

Juran (1989) discusses motivation for quality and lists the following obstacles

Unawareness: people are not aware they are creating quality problems
Competition in priorities: People are not able to achieve quality because other goals get in the way.

Sub-optimisation: the achievement in quality locally gets in the way of overall quality.

Cultural Myths: people hold certain sincere beliefs that are related to quality but that are not based on fact.

Juran maintains every company has its own society and cultural pattern. This pattern is the body of beliefs, habits and practices that the human population has evolved to deal with perceived problems. In large organisations there are multiple societies or various functions, levels of hierarchy and professional disciplines. These societies differ in their perceptions and therefore evolve cultural patterns that differ from one another.

Managerial myths that surround quality are listed by Juran (1989) as

1. The workforce is responsible for the company’s quality problems.

2. Workers could do quality work but they lack the motivation to do so. Many workers are supervised by managers whose top priority is not quality but say meeting budget or surviving.
3 Quality will get top priority if upper management do decrees. Management must follow through with fundamental changes: goal setting, planning to meet goals, provision of resources, measures of quality, progress reviews and revision of rewards.

4 To change people’s behaviour it is first necessary to change their attitudes: Usually it is the other way round. If we change their behaviours it will change their attitudes.

The workforce also accumulates beliefs based on perceptions. Some may be well grounded, others are myths.

Hildebrandt, Kristensen, Kanji & Dahlgaard (1991) maintain that changing the corporate cultures one of the primary conditions for the successful implementation of TQM. They list a number of definitions of corporate culture:

‘Corporate culture can be defined as a set of commonly held attitudes, values and beliefs that guide the behaviour of an organisation’s members’

‘Culture can be defined as the shared philosophies, ideologies, values, assumptions, beliefs, experiences, attitudes and norms that knit a community together’

‘Culture will be used here to mean the beliefs top managers in a company share about how they should conduct their business’
'A strong culture is a system of informal rules which explain in detail how people should behave most of the time'

'A strong culture enables people to get a better idea of what they do so that they are more motivated to work harder'

Johnson & Scholes (1989) in Figure 2.14 provide the following model for culture in an organisation
Atkinson (1990) sees values as the building blocks of culture. Values are stable, long-term beliefs that are hard to change. Values cannot be proven or disproved. They define the 'right and wrong', the good or bad', the 'correct or incorrect'.

Organisational values constitute the culture of the organisation, the set of beliefs that people share about what sort of behaviour is correct or incorrect. Atkinson recognises that people in organisations do not change quickly as he demonstrates with the diagram in figure 2.15
He cites the following factors as causing resistance to TQM

- fear
- perceived loss of control
- personal uncertainty
- it may mean more work
- past resentments
- flavour of the month
- TQM will be dead in....
- unwilling to take ownership and be committed
He concludes that

*To promote the right value system which is sensitive to TQ, managers have to learn to do one thing. Learn to love their people as they do their own family and themselves. Learning to value people, looking at them as people, not staff or blue collared workers is a major step. Looking at your people from the neck up not from the neck down, is a good starting point.*

Wickens (1995), formerly a director of Nissan (GB), sees culture as being about relationships with people. Some see ‘people as our greatest asset’ implying our people are separate from us or to our company. He maintains the real company is just as much the people who are in it as those who are outside and invest their money. Our greatest asset is our customers.

He sees the need to achieve the right balance between the commitment of people and the control of processes to achieve long-term sustainable success. This is a shift from Taylorist control model to human relations commitment model.

Control is essentially externally imposed within an organisation. It is the top down imposition of standards rules and processes. Command and direction are the normal methods of determining behaviour and achieving results.
Commitment is internal with people believing in their own values. Committed people are highly motivated to achieve their own goals and hopefully the goals of the organisation.

Wickens sees four characteristics in organisations:

**Anarchic**  High levels of individual commitment combined with low levels of control eg pension sales

**Alienated**  High control and low commitment. McGregor's Theory X company based on the view that an average person dislikes work. eg line paced assembly plant or any low wage, mass production facility based on piece work or anti organisation in which low calibre management cares only about results and little about people.

**Apathetic**  Low commitment and low control. An organisation that has given up trying. People do what they want but without shared objectives or a sense of direction. eg large, fat private sector comfortable in its markets or with its profits or public sector that doesn't have to try. Neither the management or the people care what happens.

**Ascendant**  High level of commitment and high control of its processes. Best of scientific management combines with the behavioural scientists plus practical experience (learning), understanding and common sense. (Ascendant = rising
towards zenith or the highest point, time, place of greatest power, or prosperity
or happiness.)

In his ‘Simple model’ shown in Figure 2.16 he contrasts these four states against the
two dimensions; control of processes and commitment of people. In this there is a
close similarity between his ‘Simple model’ and the EQA Basic model.

Figure 2.16 The Ascendant Organisation: the Simple Model

Organisations need high calibre, highly motivated people and a culture and leadership
committed to the goals. He sees no room for the maverick, autocratic or authoritative
types of organisations.
The dichotomy of control versus commitment is brought out in a research briefing on Empowerment (Briefs Network 1996). Figure 2.17 illustrates the components of empowerment and the balance of control and commitment.

**Figure 2.17** Empowerment and balance of control

**EMPOWERMENT MEANS RELAXING CONTROL, ALLOWING GREATER INDIVIDUAL FREEDOM**

The briefing defines empowerment as being about relaxing management controls, removing organisational constraints, vesting more power, freedom and decision-making in the work-force. It is about involving employees in the activities and performance of an organisation, about encouraging the participation of individuals in the organisation. Purists often refer to this process “employee involvement”, believing it more accurately describes the psychology behind some of the fundamental changes in the ways in which work is managed.
At its best empowerment is a strategic process of moving from “control” to “commitment” - a way of motivating people, encouraging participation and teamwork, getting the best out of people. It redistributes power and responsibility in an organisation from management to the work-force.

There are varying and progressive degrees of employee involvement which traditional “command and control” organisations can initiate. The briefing cites examples which range from simple “employee suggestion” schemes such as those used at MacDonalds and at Disney through multi-functional team-working and new job design such as we see at Avis, Nissan and Unipart in the UK and Federal Express in the USA. “Total involvement” - such as that implemented at Semco, Brazil and described by Semler (1993) - goes much further; employees have much more individual freedom and typically have open access to the organisation’s books and management - and many enjoy a share of the companies’ profits.

In drawing on the work of W. Edwards Deming the authors maintain that the achievement of quality was not just about processes and products; it was also about people. In the opinion of many, this emphasis on the involvement of the individual has played an integral part in the rise and rise of Japanese manufacturing. They cite as examples the Head of Planning at Royal Dutch Shell has said that the ability of an organisation to learn faster than its competitors may ultimately become the only sustainable competitive advantage. Jack Welch, Chief Executive of General Electric Co. in the USA and initially an empowerment sceptic noticed during the 1980’s that “speed increases in an organisation as control decreases.” Advocates of empowerment
point out that the process can be as beneficial for employees as it can be for the companies themselves; indeed that is one of its fundamental aims.

But if empowerment is introduced in a vacuum, or seen as a “quick-fix”, an organisation - and its work-force - can go backwards instead of forwards. The Briefing draws from Charles Heckscher who believes that participation is a word that can mean almost anything. “It can mean at least two opposite things: re-informing bureaucracy or overcoming it.” His study of 250 managers in 14 large corporations that have been down-sizing and re-structuring reveals that “participatory management” generally has not accomplished much. “It is rarely successful in breaking the walls of bureaucracy,” he says.

If it is to be successful empowerment requires high degrees of trust and commitment - not least the long-term commitment of management itself; they need to create the conditions in which empowerment can work if they want to realise its full range of potential benefits.

Empowerment is about openness, about achieving what Tom Peters (1988) has called “shared vision”, about creating what Peter Senge (1992) calls the “learning organisation” - where people are encouraged to get fully involved, allowed what Sir John Harvey-Jones (1988) has referred to as the “organisational space” to do things differently. Empowerment encourages people to learn from their experiences - including their mistakes.
But empowerment must not be undertaken lightly. Management need to understand the changes they themselves need to undertake if genuine employee involvement is to work. Essentially it represents a radical move away from traditional “command and control” systems of operating a company and its style and rate of introduction will depend on a number of features including:

- the age and existing culture of the organisation
- the degrees of competition in its primary markets
- the nature and type of work undertaken
- the attitudes and abilities of management itself.

Other examples of different experiences of empowerment are cited in the Briefing: People’s Express started out its corporate life in 1980 as an innovative and “empowered” company; in its first few years the airline’s sales and profits grew spectacularly but from 1984 its “empowered” structures failed to keep pace with its commitment to low prices and high service-quality. As growth continued the airline’s staff became demoralised; customers began to notice; the empowered structure went out of control and contributed to the airline’s demise; People’s Express was taken over in 1986 after two years of disastrous losses.

British Airways on the other hand which, following de-regulation was facing intense competition in the ‘80s, introduced radical changes to their previously steady, low-productivity culture. BA’s “Putting People First” campaign started in 1984 and, with other programmes which followed, has gradually devolved greater decision-making
and responsibility to its employees. The airline has achieved this through a primary focus on the Customer and by helping various groups and categories of employee to identify - and develop - their roles in delivering improved quality of service. BA’s management successfully over a period of years created a “shared vision” with its employees which has benefited BA’s customers and shown dramatic improvements in productivity and profitability.

Nissan GB, when it commenced operations in the UK from its purpose-built “ ” site near Sunderland in 1985, designed its structure and work practices within a framework in which employees would be supported in their personal development and contribution to the firm. From the start this structure reflected the Japanese principle of Kaizen - that of continuous improvement - where individuals are encouraged to evaluate -working with their colleagues - their own work, performance and environment, find better ways of doing things. Many have criticised Nissan’s lack of real flexibility at Sunderland - some feel the “framework” is too rigid, that it doesn’t give the flexibility which Nissan’s Japanese plants have developed. Nissan’s UK distribution company, formed in 1990 was set up from the outset to be an “empowered organisation”; there is a very “flat” structure, there are no job descriptions; management work to keep bureaucracy to a minimum and use a “performance management system” to ensure that visions, goals and operational decision-making are shared with the work-force.

Norwich Union, Britain’s third largest insurance group with 10,000 employees have tackled this through a long-term programme based upon what managers call “freedom
within a framework”. They have been using specially-created change teams to encourage staff to focus on their customers, seek new and better ways of working.

A further example cited is *Semco* is a small private company based in Sao Paulo which makes a range of pumps and consumer electrical products. It operates in one of the world’s more volatile economies (in Brazil annual inflation rates of 3000% are not unknown).

Ricardo Semler (1993) inherited the Semco company in 1983 and decided immediately to begin implementing a “high involvement” environment. He sensed that there “had to be a better way” of organising companies, involving their employees rather than applying the traditional command and control models he had seen elsewhere. Semler was determined to test the thinking which said that empowered and involved workforces made for a better, more productive, more stable, more efficient, more profitable company. He quickly reduced thirteen management layers down to three. His aim was to do away with “traditional hierarchies” altogether, to “democratise” his company.

Semler’s declared intention was to turn conventional organisational thinking and structures on their head.

Semler’s massive re-structuring of the company saw numbers in the personnel department slashed from 45 to 2; headcounts in the legal, accounting and marketing functions were reduced by 75%. Over a period of time Semler’s dramatic change of
emphasis saw the data processing, training and quality control departments closed and these functions located within Semco’s new operating structures.

There are no receptionists or secretaries at Semco. There are no job titles either. Managers are now called co-ordinators and no-one has their own office anymore. Everything is open-plan.

Semler sought a flatter, more open work environment where individuals felt able to make much greater contributions to the achievements of the firm. He wanted to redistribute the power in the firm away from functional roles and towards individuals; he saw team-work and smaller more flexible work-groups as ways in which this could be achieved. He recognised Semco’s employees as key stakeholders and encouraged them to share in the future of their company.

Semler has dramatically improved the freedoms and responsibilities of his work-force, giving them full access to the firm’s books, management and board. There are self-managing teams and almost-total flexibility of hours. Regular meetings take place between unions, management and employees and everyone receives balance sheets and production control schedules. Employees now enjoy a 23% share of the company’s net profits each year and they decide how this is to be distributed.

Semler’s actions seem to have worked - and worked well. Despite the volatility of Brazil's economy the company’s sales have increased eleven-fold since 1983; there has been strong growth in both profits and reserves.. Now the company, under Semler’s guidance, is moving on to introduce even greater freedoms.
It is Semler’s focus on the *individual* and his drive to integrate decision-making and responsibility right down the organisation which seem to have been key contributors to his firm’s success. He has achieved this by introducing considerable flexibility and developing small work-groups where individuals are important. Through profit-sharing and other motivators - such as the flexibility to determine own hours and work schedules - Semco’s new *people* culture uses the unifying powers of teams to orientate the individual towards the objectives of the organisation. Semler seems to have introduced a genuinely *task* culture into a manufacturing environment by encouraging the freedom of the individual to participate through smaller groups. In this sense his approach correlates with the views of Frederick W. Taylor (1856-1917), perhaps the father of industrial psychology, who believed that the principal object of management should be “to secure the maximum prosperity for the employer, coupled with the maximum prosperity for the employee.”

The Briefing develops a model that links the elements of empowerment with Maslow’s hierarchy of needs. This is illustrated in Figure 2.18 which shows the interdependencies of critical success factors for empowerment

- that a majority of employees seek, in Maslow’s terms, “self-actualisation”; they do not simply want to “turn up to work”, “do a job” and “earn money”
- that management recognises the potential risks and rewards of empowerment and are prepared to “deliver that which they promise”
- that effective two-way communicational processes allow feed-back and open discussion of issues
that operating frameworks are put in place so that people understand the "boundaries" of their freedom.

Figure 2.18 Matching Maslow to Modern Needs

MATCHING MASLOW TO MODERN BUSINESS NEEDS

TRUST AND COMMITMENT

MOTIVATION & REWARD

TOTAL INVOLVEMENT

JOB INVOLVEMENT

SUGGESTION INVOLVEMENT

MASLOW'S HIERARCHY OF NEEDS

- SELF-ACTUALIZATION (e.g. fulfillment of potential)
- SELF-ESTEEM NEEDS (e.g. independence/freedom)
- LOVE AND BELONGING NEEDS (e.g. people contact)
- SAFETY NEEDS (e.g. sheltered environment)
- PHYSIOLOGICAL NEEDS (e.g. food & drink)

Empowerment is not about allowing employees to "do as they please" - it is about encouraging them to work together in pursuit of clear and understandable organisational goals.

Quinn (1992) in considering empowerment in mass service organisations draws out the following differences between large-scale services and manufacturing operations:

- the fact that most services are consumed in the very moment they are produced

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the high degree of geographical dispersion often separating headquarters from the service’s production and delivery points

- the dependency of the entire system on the attitudes and skills of individual people, particularly those at the contact point with the customer

Describing the people in these organisations as the ‘critical assets’, they also tend to be in the most remote locations from a corporate centre. This Quinn maintains requires empowerment with control. To deliver against this, the most successful mass service providers focus on:

- providing the point person, in a timely fashion, with all the empowering details—information, supplies, instant system access, and clear specific performance measures.
- paying special attention to values and attitude management—selection, indoctrination (his words), skills training and incentive schemes

Quinn maintains that values management is crucial both to ensure maximum responsiveness at the contact point with the customer and to be certain as possible that the point person will intuitively respond in the proper way when unique situations occur. This requires training and re-training constantly, repeatedly re-inforcing the values. Federal Express, the courier and distribution company is cited as an example.

Quinn found in research that managing values and attitudes, particularly employee perceptions at customer level, was among the most leverageable, lowest-cost and most pragmatic tasks that managers could do undertake. When managers strongly
inculcated corporate values at all operating levels, morale was palpably higher, service levels improved, creativity and productivity went up, time horizons lengthened, personal conflicts reduced and control systems dropped radically- all with high profit impacts. This points to leadership rather than over-management. A table listing the impacts of values management is at Appendix 3. Quinn goes on to assert that the dual orientation toward technology and managing values is crucial to service-based companies. Together the two yield success: when one is ignored, disasters can happen. Wal-Mart is cited as an example of the first case whilst People Express is cited as an example of the second case.

NATIONAL CULTURAL ISSUES

Other factors impact on the culture of organisations. For example these are some of the environmental pressures impacting on Royal Mail

- privatisation policy of Government
- growth of international competition eg Dutch PTT, European legislation, US activity
- impact of technology: Internet, fax, image capture
- shift from the collective to the individual. Unions hanging on to old way of working. Protecting jobs and take home pay
- restructuring of organisations: downsizing
- structural changes in employment eg part time working.

Wickens sees Britain as having an individualistic culture which adds to the problems of organisations:

- fragmentation
- removal of checks and balances implicit in matrix organisation
- removal of management layers with the result that the custodians of the values were no longer there
- weakening of functional integrity and authority
- weakening of the feel for the health of the organisation
- poor communications - senior managers did not have the time to get around
- mismatch of values
- too many distractions

It is the managers in the organisation who are responsible for maintaining and constantly reinforcing its values. People easily revert to type and if the responsible cadre of 'keepers of the faith' is significantly reduced it can have a debilitating effect on the culture. Concern about the losing of the feel of the organisation; computer generated information is no substitute for knowing what is going on.

Shell re-embarked on a programme to reassert functional authority and integrity, re-establish professional standards and competence, improve communications, plan and manage the whole organisation, change its heroes and remove its distractions.
Without control and commitment things fall apart. The issue is not about size but about how well the organisation is managed.

Taking a global perspective, Hutton (1995) compares the characteristics of four political systems and his analysis is summarised in Figure 2.18. Issues of national cultural differences emerge from the table particularly in the characteristics of our labour market, e.g., low job security, large pay differentials, and the firm e.g., 'boss-king.'

Given the experiences of the 'Beef Crisis' and Prime Ministers Question Time one can only agree that our Government adopts an adversarial approach. I hypothesise that this impacts on its dealing with the nationalised industries and associated financial targetry.
### Figure 2.19 A comparison of four systems

<table>
<thead>
<tr>
<th>CHARACTERISTIC</th>
<th>AMERICAN CAPITALISM</th>
<th>JAPANESE CAPITALISM</th>
<th>EUROPEAN SOCIAL MARKET</th>
<th>BRITISH CAPITALISM</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic principle</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dominant factor of production</td>
<td>capital</td>
<td>labour</td>
<td>partnership</td>
<td>capital</td>
</tr>
<tr>
<td>‘Public’ tradition</td>
<td>medium</td>
<td>high</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>Centralisation</td>
<td>low</td>
<td>medium</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td>Reliance on price-mediated markets</td>
<td>high</td>
<td>low</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td>Supply relations</td>
<td>arms-length</td>
<td>close</td>
<td>medium</td>
<td>arms-length</td>
</tr>
<tr>
<td></td>
<td>price-driven</td>
<td>enduring</td>
<td>bureaucracy</td>
<td>price-driven</td>
</tr>
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<td>Industrial groups</td>
<td>defence, etc</td>
<td>very high</td>
<td>planned</td>
<td>low</td>
</tr>
<tr>
<td>Extent privatised</td>
<td>high</td>
<td>high</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td><strong>Financial system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Market structure</td>
<td>anonymous</td>
<td>personal</td>
<td>bureaucracy</td>
<td>uncommitted</td>
</tr>
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<td>Banking system</td>
<td>advanced</td>
<td>committed</td>
<td>committed</td>
<td>marketised</td>
</tr>
<tr>
<td></td>
<td>marketised</td>
<td>traditional</td>
<td>traditional</td>
<td>advanced</td>
</tr>
<tr>
<td></td>
<td>regional</td>
<td>regulated</td>
<td>regulated</td>
<td>marketised</td>
</tr>
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<td>Stock market</td>
<td>v. important</td>
<td>unimportant</td>
<td>unimportant</td>
<td>v. important</td>
</tr>
<tr>
<td>Required returns</td>
<td>high</td>
<td>low</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td><strong>Labour market</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job security</td>
<td>low</td>
<td>high</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td>Labour mobility</td>
<td>high</td>
<td>low</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>Labour/management</td>
<td>adversarial</td>
<td>high</td>
<td>low co-operative</td>
<td>adversarial</td>
</tr>
<tr>
<td>Pay differential</td>
<td>large</td>
<td>small</td>
<td>medium</td>
<td>large</td>
</tr>
<tr>
<td>Turnover</td>
<td>high</td>
<td>low</td>
<td>medium</td>
<td>medium</td>
</tr>
<tr>
<td>Skills</td>
<td>medium</td>
<td>high</td>
<td>high</td>
<td>poor</td>
</tr>
<tr>
<td>Union Structure</td>
<td>sector-based</td>
<td>firm-based</td>
<td>industry-wide</td>
<td>craft</td>
</tr>
<tr>
<td>Strength</td>
<td>low</td>
<td>low</td>
<td>high</td>
<td>low</td>
</tr>
<tr>
<td><strong>The firm</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mail goal</td>
<td>profits</td>
<td>market share stable jobs</td>
<td>market share fulfilment</td>
<td>profits</td>
</tr>
<tr>
<td>Role top manager</td>
<td>boss-king</td>
<td>stable jobs</td>
<td>consensus</td>
<td>boss-king</td>
</tr>
<tr>
<td>Social overheads</td>
<td>low</td>
<td>low</td>
<td>high</td>
<td>hierarchy</td>
</tr>
<tr>
<td><strong>Welfare system</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic principle</td>
<td>liberal</td>
<td>corporatist</td>
<td>corporatist social democracy</td>
<td>mixed</td>
</tr>
<tr>
<td>Universal transfers</td>
<td>low</td>
<td>medium</td>
<td>high</td>
<td>medium, down</td>
</tr>
<tr>
<td>Means-testing</td>
<td>high</td>
<td>medium</td>
<td>low</td>
<td>medium, up</td>
</tr>
<tr>
<td>Degree education tiered by class</td>
<td>high</td>
<td>medium</td>
<td>medium</td>
<td>high</td>
</tr>
<tr>
<td>Private welfare</td>
<td>high</td>
<td>medium</td>
<td>low</td>
<td>medium, up</td>
</tr>
<tr>
<td><strong>Government policies</strong></td>
<td>limited</td>
<td>extensive</td>
<td>encompassing</td>
<td>strong</td>
</tr>
<tr>
<td>Role of government</td>
<td>adversarial</td>
<td>co-operative</td>
<td>overarching</td>
<td>adversarial</td>
</tr>
<tr>
<td>Openness to trade</td>
<td>quite open</td>
<td>least open</td>
<td>quite open</td>
<td>open</td>
</tr>
<tr>
<td>Industrial policy</td>
<td>little</td>
<td>high</td>
<td>high</td>
<td>non-existent</td>
</tr>
<tr>
<td>Top income tax</td>
<td>low</td>
<td>low</td>
<td>high</td>
<td>medium</td>
</tr>
</tbody>
</table>
Deming (1986) wrote about the need for change in the Western style of management to halt the decline of Western industry. He wrote about the need for an awakening to the crisis, followed by action on the behalf of management. Best efforts would not be sufficient. There was a need for consistency of effort with management facing up to the questions:

- where do we hope to be in five years from now?
- How may you reach this goal? By what method?

He advocated use of his 14 points (Appendix 1) as the basis for transformation. Adoption and action on the 14 points gave a signal that management intended to stay in business and aim to protect investors and jobs. Such a system had formed the basis for the transformation that took place in Japan in the 1950s. He also felt the 14 points could apply to any type of business; big or small, manufacturing or service. Deming also lists his Seven Deadly Diseases (Appendix 1) as factors having an adverse impact on an organisation.

In listing a set Obstacles (Appendix 1), Deming points to the neglect of long-range planning and transformation, the idea that problems are solved with automation and gadgets and false starts from mass teaching with little guidance in implementation. The workforce is blamed for the problems although there must be an improvement in the system as well as the product.
Williams and Bertsch (1989) found that in a sample of eight European companies surveyed, all had started quality improvement activities as a result of some crisis, internal or external. They concluded that a natural way to speed up the process of transformation is to continually re-invent the crisis. Outside consultants, presidential reviews, competitive benchmarking and customer well organised feedback were potential sources of 'crises'. All can create a sense of urgency throughout the company and consequently lead to faster involvement and participation in the quality improvement process.

They proposed five stages to quality maturity and this is shown in Figure 2.20

**Figure 2.20 Five stages to quality maturity**

![Five Stages of Quality Maturity](image-url)
Williams and Bertsch considered that strong world-class quality can only be achieved when an organisation is well advanced into stage 4, the stage they equated with the Deming/Baldrige award. The fifth stage was characterised by the total integration of quality management and business strategy. In the early stages such integration would not be possible. TQM they saw as a long term investment separated from short term preoccupation with profits. They also identified a number of problem areas:

- priority setting to enable the organisation to achieve common goals
- the tendency of some departments to lag behind in accepting and participating in the company-wide improvement process (frequently sales and R&D)
- cross-functional and departmental boundaries
- application by managers of the basic problem-solving principles

In the transformation process possible solutions would include

- policy deployment linked to regular top management progress reviews, the ability of reviewers to help the review improve performance and the power of top management to instil in the entire organisation an enthusiasm for policy deployment, rather than a dread of a bureaucratic process
- Quality function deployment and sales process management
- cross-functional management issues resolved through process management and project management
- commitment and involvement of specialists
In considering overcoming barriers to TQM, Morris and Haigh (1996) cite the statistic that 80% of all TQM initiatives result in complete or partial failure. They list potential barriers under the categories of organisational, executional, perceptual, emotional and environmental. Examples of potential causes include

- lack of management will,
- lack of a comprehensive or coherent model for implementation
- teams lack appropriate training and education
- judging rather than generating ideas
- autocratic supervision
- lack of trust and co-operation
- lack of support: monetary, physical and emotional

Looking now at a case study, I made a personal visit to Rockwell International, Seal Beach, Los Angeles, California in 1993, I met Warrington S. Parker, Director Organisational Development. He quoted from a paper he had written jointly with Benson L Porter (1992) describing the set of drivers for change for Rockwell:

- intensified global and domestic competition
- changing customer demands and expectations for technology, system solutions, quality, cost competitiveness
- slower economic growth
- deregulation
- increased level of complexity of products
- the need to compete in time
- rapid technological advances and shorter development and product cycles
- increased development costs in new products
- declining product prices
- the need to continuously improve systems and processes as a way of doing business
- changing employee expectations: employees were less excited about working in traditional command and control environments. They wanted more involvement, information and autonomy in their work.

The change process at Rockwell had eight steps:

1. **Education and training** focusing on the top 200 executives and led by the CEO. The CEO developed the Rockwell Credo which was shaped by the top 200 executives. The Credo took over five years to create and was the basis for an employee survey to enable the company to track how well the Credo was received, understood and used in practice. Participants were involved in multi-business teams to address three major corporation issues that were essential to change.

2. **Strategy driven Business Unit Change and Senior Management.** A process was developed to overcome the tendency of employees in the business unit to kill change.

3. **Business Unit Critical Strategic Systems** The re-design team set about identifying the 'critical strategic systems or processes, eg business capture, design engineering and operations/manufacturing processes. The business unit then selected the primary or critical process for re-design.
4. Scope, Objectives and Analysis of the Primary Strategic System.

Following the work on strategy, the business unit strategic goals and objectives were established before outlining the scope, objectives, outcome measurements and sub-processes of the primary process.

5. Primary Strategic System Re-design. The redesign team then set about redesigning the way work is performed in the primary strategic process, challenging the fundamental organisation design principles of traditional organisations and functional working. A guiding principle was the understanding that in today's globally competitive business environment, customers expect a certain level of quality as a given, cost and time competitiveness, reduction in cycle time and pressure for continuous improvement. The costly hands-off, slow decision making process and lack of effective co-ordination between functions had to be changed. Rockwell set about redesigning the product or service and dividing the process into segments usually around work teams.

6. Support System Management and Staff Redesign. Once the primary process was redesigned, the support tasks were grouped into support functions with the goal that these were truly supportive of the primary process. This results in a flatter structure with fewer managers and support staff people. The team performs many of the functions of managers.

7. Reward, progression, Employee Selection and Training Systems. The reward and progression process are designed to support the redesigned organisation and often with a skill based reward system being implemented. The redesign team designs for employee selection, education and training.
and continuous learning focusing on the selection and training of people to work in teams, make decisions and understand budgets; and use measurements, tools and techniques in continuous system and process improvement.

8. Implementation Planning and Implementation. Once the redesign is complete, the redesign team develops a detailed implementation plan with time, where to start, the sequence, measurements and training required.

Actual implementation then begins.

The change process is described in Figure 2.20.

Figure 2.21 Rockwell organisation, planning and design

Key lessons learned were:
• the need for clear leadership from the general manager who must own the change process.

• the change process has to be applied to the whole business and be systematic, not fragmented.

• understanding of the change process must be shared not only by the general manager but from the top of the organisation to the bottom.

• the change process must be based on a level of dissatisfaction with the status quo of the business. People must believe that things can and must be better.

• organisational change takes time.

• a clear definition of strategy and what customers desire were the foundation. Rockwell had to clearly articulate what was to be accomplished.

• understanding that all the employees in the organisation must be involved. The redesign team must include people from all levels in the organisation and to involve as many employees as possible for input.

**LEADERSHIP**

Leadership has emerged as a key dynamic for the transformation process. Deming in his 14 points (Appendix 1) recommends ‘adopting and instituting leadership’ and ‘creating constancy of purpose’. Feigenbaum’s Three Steps to Quality summarised by Brocka and Brocka (1992) considers there must be continuous management emphasis and leadership in quality which must be excellence-driven rather than traditional failure driven. Crosby in his first of 14 Steps to Quality Improvement (Appendix 1), considers it has to be made clear that management is committed to quality.
Kanji and Asher (1993) introduce leadership as the foundation of the Pyramid Model (Figure 2.5). Harrington (1995) considers that TQM must start with top level involvement. Oakland (1993) considers that effective leadership must start with the Chief Executives vision, capitalising on market and service opportunities, continues through a strategy that will give the organisation competitive advantage, and leads to business or service success. It goes on to embrace all the beliefs and values held, the decisions taken and the plans made by everyone anywhere in the organisation and the focusing of them into effective value-adding action.

Haas (1992) draws the distinction between a leader and a manager. A manager creates order and consistency though planning, budgeting, staffing and organising. A leader creates the vision that produces change, transformation and new direction. He sees it as the process that aligns people, ideas, systems, communications and technology. But a vision of the future can't be accomplished without a glimpse of the past. The past which encompasses corporate culture must play a pivotal role in the way vision and values are transmitted by the leader who seeks change. Both leadership and management are required.

Haas sets leadership in the context of developing the strategic direction for an organisation. The mission statement is a clear concise statement or conceptual map for the organisation to follow. It should set down a clear and concise declaration of the goals, values and sources of strength to all the stakeholders. It tells them of the what
the company is capable of doing. Linking it to the strategic plan of an organisation, Haas summarises these key concepts as follows:

**Vision is what we can be.**

**Mission is what we want to be.**

**Strategic plan is how we get there.**

Covey (1992) extends the concept of a mission statement to the definition of a generic and universal mission statement for leaders and organisations, not to replace necessarily their own mission statements but more an extension:

**To improve the economic well-being and quality of life for all stakeholders.**

Covey sees leadership at three levels:

**Meta:** dealing with vision and stewardship

**Macro:** dealing with strategic goals and how to organise structure and systems and set up processes to meet those goals.

**Micro:** dealing with relationships.

Many of these concepts of leadership are brought together on Lazenby's (1996) model of systemic thinking (Figure 2.4). Taking Wickens simple model of what he calls an Ascendant organisation, one could develop the model to include the dimension of leadership as Figure 2.21 shows.
Leadership becomes then the integrating dynamic: creating in the context of Morris and Haigh (1996) the vision of the future state and overcoming the barriers or obstacles to change of Atkinson (Figure 2.12) and Deming (Appendix 1). As Quinn (1992) has highlighted, leadership is about values management, instilling as Haigh and Morris advocate, a set of values throughout the organisation. Leadership is about letting go and empowering the workforce to deliver customer satisfaction as the examples in the Briefs network briefing illustrate. Covey (1992) maintains that leadership becomes the 'glue' that holds Total Quality together, the catalyst that makes Total Quality work.

The result is balance and movement to the organisation type that Wickens denotes as 'ascendant'. Without balance and too much control, the workforce becomes
‘alienated’. With too little control, the organisation can become ‘anarchic’. Without change and transformation, the organisation simply retains a status quo or ‘apathetic’ state.

In the European Quality Award model, leadership is defined and described in terms of

**HOW visible Involvement** is achieved.

**How a consistent Total Quality culture** is obtained.

**How timely recognition and appreciation** of the efforts and successes of individuals and team is undertaken.

**How Total Quality is supported** with the provision of **Appropriate Resources and Assistance**.

**How Customers and Suppliers** are involved.

**How Active Promotion of Total Quality** outside the organisation is undertaken.

The model guidelines give some indications as to what must be done to achieve excellence, but the emphasis is on HOW and the extent to which approaches are deployed. The model therefore provides a measurement framework for assessing the degree of excellence in the leadership of an organisation.

**INTEGRATING THE CONCEPTUAL FRAMEWORK TO PROVIDE A METHODOLOGY FOR ANALYSIS**

Building on the Scholes model outlined in figure 2.14, the culture of an organisation is dependent on its environment, the type of organisation, its character and special
characteristics. Of importance is its history: where it has come from. The required culture change will be about the transformation from its ‘current state’ to a desired or ‘future state’.

Culture change is crucially about changes in the behaviour, management style, attitudes and values of its people to align with an ideal set down in a vision of its leaders. This will encompass the improvement in the control of processes through reduced variation and the gaining of increased commitment of its people. The work of Deming and others has shown that change can be accomplished if there is a crisis or there are pressures to change.

More than just a tool for achieving the required cultural change, TQM becomes a philosophy that represents the foundation of a continuously improving organisation. This philosophy must be incorporated by leadership into the strategic direction of the organisation and integrating people and processes to achieve the organisation’s goals.

Critical success factors emerging from the review of literature on TQM reveal the following critical success factors.

- the existence of crisis or pressures for change
- commitment to leadership from all managers: from top to bottom
- acceptance by all that Total Quality is the way of working throughout the organisation
• gaining the commitment of all the people in the organisation through total involvement, values management, training, education, working in teams and empowerment

• commitment to continuous improvement of all processes to bring them under control and to reduce variation in terms of defect rates

• through measurement, gaining feedback by listening to the voice of all stakeholders: customers, employees, suppliers, shareholder and the community

• use of a self-assessment framework such as the European Quality Award model

The comparison of TQM models carried out in the earlier section of this chapter concluded that the EQA model provides an holistic model for assessing how far an organisation has come on the journey to becoming an ‘excellent’ or world class organisation.

In looking at the issue of culture change in Royal Mail the framework described in Figure 2.22 will be used for analysis. The framework looks at where the organisation has come from and compares the current and desired state derived in 1988 with current reality. Using the EQA model as a framework for measurement and identifying strengths and areas for improvement the framework considers the importance of leadership, control of processes and the gaining of the commitment of people to the transformation process. External impacts are assessed.
An outline of the following chapters is given below

- Chapter 3 will look at the current state of the organisation, the TQ transformation process adopted and describe the cultural issues impacting on the organisation.
- Chapter 4 will apply the framework for analysis in terms of looking at the results of assessments against the European Quality Award model.
- Chapter 5 will Analyse these results in terms of control of processes and commitment of the people.
- Chapter 6 will draw conclusions in terms of successes and pitfalls encountered.
- Chapter 7 will consider future direction
CHAPTER 3

THE EMERGENCE OF TOTAL QUALITY IN ROYAL MAIL

OVERVIEW

This chapter will look at the emergence of Total Quality in Royal Mail. In the context of the framework for analysis described in Figure 2.22, it will look at where the organisation has come from, the current state and pressures for change and the Total Quality transformation process. It draws on material which is not in the public domain.

BACKGROUND

The keynote declaration of intent occurred on the 26 September 1988 when the members of the Letters Management Committee took the following decision:

"The Letters Management Committee agrees that Customer First (the Total Quality Process for Royal Mail) describes the way of working that will enable the Business to achieve its mission and objectives. The members commit on a team and individual basis to positively pursue all the actions necessary to fully implement the process"

Total Quality was defined as

"The way of working which will enable the Business to achieve its Mission and values in a manner that is consistent with our values"
Subsequently as the business moved to adopting the EQA model as a model of excellence, the internal approach, Business Excellence is defined as:

"The overall way of working that results in balanced stakeholder (customers, employees, society, shareholder) satisfaction so increasing the probability of long term success as a business."

WHERE THE ORGANISATION HAS COME FROM

Key factors impacting on the current state of the organisation in 1987 were:

- 350 years of history; traditional industry
- Royal Mail created as separate entity in 1986
- leadership style seen as command and control, hierarchical, bureaucratic
- perception that there were too many layers of management
- 'us and them', adversarial industrial relations climate: high loss of working days through walk-outs (trends from 1986-1996 are tabulated in Figure 3.1)
- high turnover in South East and other large cities
- low skill, low pay
- perceived low morale amongst workforce
- inwards focused
- monopoly
- poor shareholder (ie Government) perception of business with threat of loss of monopoly and privatisation
• profitable: contributor to Government financing limit
• focus on cost and budget rather than profit/contribution
• poor customer perception of service quality
• emerging competition and threat from couriers, fax, electronic funds transfer, own
delivery by large posters (e.g., mail order firms)
• complacent: threats not perceived by much of workforce
• declining share of growing communications market
• despite all this, growing business volume due to financial deregulation and growth in
financial markets and privatisation share offers

Figure 3.1 Days lost through industrial action in Royal Mail (from Post Office Report and
Accounts 1986/87-1995/96)

<table>
<thead>
<tr>
<th>Year</th>
<th>Days lost ('000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986/87</td>
<td>65.0</td>
</tr>
<tr>
<td>1987/88</td>
<td>62.0</td>
</tr>
<tr>
<td>1988/89</td>
<td>1164.5</td>
</tr>
<tr>
<td>1989/90</td>
<td>42.0</td>
</tr>
<tr>
<td>1990/91</td>
<td>18.5</td>
</tr>
<tr>
<td>1991/92</td>
<td>1.2</td>
</tr>
<tr>
<td>1992/93</td>
<td>4.1</td>
</tr>
<tr>
<td>1993/94</td>
<td>17.0</td>
</tr>
<tr>
<td>1994/95</td>
<td>37.8</td>
</tr>
<tr>
<td>1995/6</td>
<td>63.6</td>
</tr>
</tbody>
</table>
DEFINING CURRENT STATE

This momentous decision to adopt Total Quality had been brought about through the appointment of one man as Quality Director for Royal Mail. He had been recruited in 1987 from Rank Zerox where he had gained six years in implementing total quality. In the early stages of his appointment he worked with senior directors and managers and with a reference group to define both current state and future state. From this work a Mission and value statement had been developed and agreed at board level. (Figure 3.2).

The outcomes of workshops held with around 120 mainly senior managers from across the whole business are summarised in figures 3.3 - 3.6. Outcomes were clustered around:

- Total Quality Management Process (Figure 3.3)
- Management Actions and Behaviours (Figure 3.4)
- Employee Environment (Figure 3.5)
- External Customer Relationships (Figure 3.6)
Royal Mail Mission

As Royal Mail our mission is to be recognised as the best organisation in the World distributing text and packages.

We shall achieve this by:

- excelling in our Collection, Processing Distribution and delivery arrangements
- establishing a partnership with our customers to understand, agree and meet their changing requirements
- operating profitably by efficient services which our customers consider to be value for money
- creating a work environment which recognises and rewards commitment of all our employees to customer satisfaction
- recognising our responsibilities as part of the social, industrial and commercial life of the country
- being forward looking and innovative

Royal Mail Business Values

We each care about:

- our customers and their requirements for
  - reliability
  - value for money
  - accessibility
  - courtesy
  - integrity
  - security
  - prompt and timely response

- all our fellow employees and their needs for
  - respect
  - training and development
  - involvement
  - recognition and reward

- the way we do our job and the way it affects our customers both inside and outside the business
- our role in the life of the community

We are proud to be part of Royal Mail
### Figure 3.3 THE TOTAL QUALITY MANAGEMENT PROCESS

<table>
<thead>
<tr>
<th>Current State</th>
<th>Future State</th>
</tr>
</thead>
<tbody>
<tr>
<td>No well defined Business Plan that is used as the basis for prioritising policies and short term decisions.</td>
<td>A robust Business Plan is a key output of senior management. It is linked to capability and drives all line and functional objectives. It is a “Live” Plan used to manage the business with its first year providing the key parameters of the Operating Plan.</td>
</tr>
<tr>
<td>Compartmentalised (functional) rather than integrated business approach resulting in a large number of centrally driven functional initiatives which take little account of the capability of Districts to effectively implement.</td>
<td>Letters Management Committee members have a primary role as members of the Business management team that sets direction, policies, and priorities. They perform their role as heads of Functions/Operations based on this business direction. The District Management Team operates in a similar manner.</td>
</tr>
<tr>
<td>The Business Plan process does not flow into the Operating Plan process.</td>
<td>All management processes are focused on the satisfaction of customer needs, internal and external. They are also structured for two-way communication and involvement.</td>
</tr>
<tr>
<td>No consistent communication process that enables District Headpostmasters to input policies and prioritisation. They are not always consulted on matters that impact them and even when they are there is no feedback on why the ideas put forward were not utilised.</td>
<td>Management reporting systems report progress on all key elements of the Business Plan to ensure effective implementation.</td>
</tr>
<tr>
<td>Reorganisation has not fully achieved its objective of devolvingaccountabilities to the District and in some areas we have become more centralised (e.g. Buildings/Estates).</td>
<td></td>
</tr>
<tr>
<td>Current State</td>
<td>Future State</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Short term focus where we act today and think tomorrow (Ready-Fire-Aim). Flavour of the month approach.</td>
<td>The status quo is constantly challenged with improvement opportunities identified and managed through to a positive conclusion.</td>
</tr>
<tr>
<td>Threat-centred and failure-oriented with little emphasis on success.</td>
<td>The established values of the business are consistently and passionately promoted.</td>
</tr>
<tr>
<td>Senior Management exhortation without definition of “How to” or willingness to work together to achieve required performance - a form of “wish-list” management.</td>
<td>Objectives are jointly shared between managers and subordinates with emphasis on teamwork.</td>
</tr>
<tr>
<td>Fear of making mistakes or sharing problems as we have a tendency to “Shoot the messenger”.</td>
<td>Management provides a role model and leads by example. “Walks like it talks” and places emphasis on recognition of effort and success.</td>
</tr>
<tr>
<td>Hierarchical, bureaucratic and in-tray driven - hence reactive rather than proactive.</td>
<td>Open culture encourages constructive criticism, learns from mistakes and responds positively with the consistent objective of achieving improvement.</td>
</tr>
<tr>
<td>Feedback (positive or negative) on performance is not provided in an effective manner.</td>
<td>Encourages decision-taking which supports a “can do” (Entrepreneurial approaches and risk taking)</td>
</tr>
<tr>
<td>Non-people focus. Senior managers often hold disparaging views of operational employees and supervisors.</td>
<td>Teamwork to be the basic approach in the business resulting in pride in Royal Mail.</td>
</tr>
<tr>
<td>Entrepreneurial approaches are discouraged.</td>
<td>A style that results in employees feeling that they receive equitable and consistent treatment.</td>
</tr>
<tr>
<td>Current State</td>
<td>Future State</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Ineffective communication at all levels.</td>
<td>Sound two-way communication and shared understanding is a way of life.</td>
</tr>
<tr>
<td>Conflicting messages - not consistent across functions and line.</td>
<td>Teamwork to be the basic approach in the Business resulting in pride in Royal</td>
</tr>
<tr>
<td>Feedback (positive or negative) on performance is not provided in an effective manner.</td>
<td>Mail.</td>
</tr>
<tr>
<td>Focus on the needs/priorities of functions rather than those of the Business.</td>
<td>Encourages personal development, commitment and loyalty.</td>
</tr>
<tr>
<td>Upward focused - hierarchical</td>
<td>Success and recognition oriented (standards are set, maintained and achieved/exceeded)</td>
</tr>
<tr>
<td>Very few positive incentives at all levels of the Business</td>
<td>Open culture encourages constructive criticism, learns from mistakes and responds positively with the consistent objective of achieving improvement.</td>
</tr>
<tr>
<td>High wastage related to geographical area and particularly first year of service. There is no provision to respond to local requirements in terms of pay and conditions.</td>
<td>Reward systems relate to the team and/or individual level as appropriate in respect of achievements, service performance levels and productivity.</td>
</tr>
<tr>
<td>Supervisors are not provided with appropriate training prior to, and after appointment. The programmes provided are not always available and there is no overall training sequence/progression for supervisors/managers.</td>
<td>Remuneration systems provide appropriate flexibility in the reward of individual and team efforts and the satisfaction of local requirements.</td>
</tr>
<tr>
<td>No effective succession planning and career development programme within the Business at all levels.</td>
<td>Training policies, resources and programmes are a fundamental elements in the achievement of our business goals and values.</td>
</tr>
<tr>
<td>Insufficient emphasis on teamwork with lack of dedicated teams, particularly in the Mechanised Letter Office.</td>
<td>The commitment to investment in the development of people is unequivocal and clearly demonstrated from top to bottom.</td>
</tr>
<tr>
<td></td>
<td>Management recognises that all employees are the prime resource and creates a participative environment at all levels resulting in commitment to common goals.</td>
</tr>
<tr>
<td>Current State</td>
<td>Future State</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>Do not know the majority of our customers and have no structured feedback of customer satisfaction that is reviewed and actioned by senior management.</td>
<td>Our product range is based on well structured market research of customer needs. Our products are clearly differentiated resulting in competitive advantage. We actively measure customer satisfaction and act on the information.</td>
</tr>
<tr>
<td>Lack of understanding of the product range internally and by the customer.</td>
<td>Our customers and all our employees are well informed/educated in respect of our products and services. We have an integrated and consistent approach to the customer.</td>
</tr>
<tr>
<td>Scruffy image due to lack of uniforms, graffiti on pillar boxes, lack of plates and tablets, state of transport etc</td>
<td>Customer confidence is positively impacted by our professional image (uniforms, vans, boxes, enquiry offices) complemented by structured and proactive public relations.</td>
</tr>
<tr>
<td>We undersell ourselves by not promoting the positive aspects of our Business (we are not positive about - or effective in - public relations).</td>
<td>Reliability in meeting the performance specification of each product (based on customer needs) without failure.</td>
</tr>
<tr>
<td>We create expectations of a level of service we do not deliver. We do not openly communicate the service limitations to our customers.</td>
<td>The District Headpostmaster has flexibility within the overall framework to satisfy the needs of local business and so generate additional revenue.</td>
</tr>
<tr>
<td>The Sales force organisation inhibits the ability to sell at the appropriate level.</td>
<td></td>
</tr>
</tbody>
</table>
3.5 THE TOTAL QUALITY PROCESS FOR ROYAL MAIL

From this early analysis the following model described in figure 3.7 was developed

![Diagram of the Total Quality Process for Royal Mail]

**Figure 3.7 Customer First, Total Quality Process for Royal Mail**

Building on the earlier definition (p92), Total Quality was seen as

- a comprehensive way of working throughout an organisation which allows all employees as individuals and as teams to add value and satisfy the needs of their customers
- a business-wide customer driven strategy of change which moves us progressively to an environment where steady and continuous improvement of everything we do is a way of life
- identifying and satisfying the needs of the customer starting with the external customer and working backwards so that quality at each step is defined in terms of the next customer in the process
- being both effective (delivering the right products to the right segments of the market) and efficient (doing so at the most economical levels possible)
The basic principles were

- **quality defined as conformance to agreed customer requirements.** The crucial distinction was made between internal and external customers.

- **performance standards.** The only possible objective is to meet those standards 100% of the time.

- **consistent approach to performance improvement.** The use of an appropriate common language, processes tools and measurements.

- **involvement of all employees.** Total Quality was seen as requiring a co-operative effort of all employees.

- **Total Quality as a process.** As a process, Total Quality means that quality improvement never ends; it is continuous.

IMPLEMENTATION OF TOTAL QUALITY

The fishbone described in Figure 3.7 represents diagramatically the building blocks for implementing Total Quality. Taking each box in turn:
Total Quality Training and Communication.

The task was potentially immense with over 160,000 employees including over 10,000 managers and supervisors. Training was commenced in 1988 and took the form of a cascade process where each manager trained with the team he was in and the team he managed. The training was top down and management commitment was shown by the Managing director going through the process with his team. This is shown in Figure 3.8 below.

**Figure 3.8 Cascade approach to training**

![Cascade approach to training](image)

The training was delivered for the first three to four tiers in three modules lasting one two and two days respectively. Topics covered were:
Module 1  Awareness of the need for Total Quality; basic language; concepts and principles of quality; orientation. Definition of team purpose and outputs; identification of customer requirements.

Module 2  The theory of the quality improvement process and the need for measures based on customer requirements. Common tools and techniques; Pareto analysis; histograms; cause and effect.

Module 3  Discussion of the role of managers and behaviour types which support involvement. Working successfully in groups. How to manage quality improvement. Team action planning to build on work on initial team output.

Between modules work took place on defining customer requirements for team outputs involving customers of the output.

It took over three years from 1988 to 1992 to complete the cascade to all managers. As the cascade hit frontline managers where the team was often in excess of 10, the training took a more generalised form for a reduced length of 2-3 days.

Training for frontline employees took place between 1992 and 1993. At this level training was reduced further to 3 hours and took the form of a basic introduction to quality, the Business Mission and Values, the concept of internal and external customers. Employees were provided with the opportunity to make suggestions for improvement. Quality circles or Quality Guidance Groups were set up in most units to sift through the ideas and to champion involvement in improvement activity. Employees could volunteer to become involved in Quality Improvement Projects (QIPs). As part of a QIP they were trained in quality improvement tools and techniques.
Monitoring of progress was in terms of numbers trained and numbers involved in quality improvement. A major limitation of this was the absence of measures of effectiveness of training and the outcomes of QIP activity. The emphasis was on the leap of faith to get everybody exposed to the process.

In total around 18,000 managers and employees had been trained in Royal Mail North East and around 160,000 in the whole of the organisation.

External Customer Relationship.

This saw the introduction of measurements of Customer Satisfaction and Service Quality measured in terms of the transmission time of a letter of package from point of posting to point of receipt. Both these systems of measurement were developed to be undertaken by an external market research agency. Early work was started on an approach to developing partnerships with customers.

A major initiative was undertaken to strengthen the network of Customer Care Units through improved training and approach to handling customer enquiries. A measurement system called the Customer Service Centre Monitor was introduced to provide customer feedback on how enquiries had been dealt with.

Employee Environment.

A national task force was set up with director leadership to develop of strategies to improve employee relations, notably improved uniform supplies and ‘free’ shoes, recognition of long service,
employee of the month, staff discount schemes, staff magazine, Christmas card and free Christmas stamps, improved Occupational Health and Welfare access. A measurement system for surveying employee opinion was developed.

**Management Actions and Behaviours**

The cascade training workshops included activity on meetings effectiveness and the introduction of an upwards feedback process to give managers feedback on their management style by their teams.

**Customer-Focused Performance Improvement**

The cascade training workshops introduced the principle of continuous improvement and the use of tools and techniques including cause-effect analysis, Pareto analysis, force-field analysis, balance sheet and presentation of data. No attempt was made at this stage to introduce rigorous training in process management or statistical process control. The view was taken that the culture of the Business was 'not yet ready' for this. More basic training in rudimentary problem-solving was the first requisite in a business that had a poor track record of systematic planning.

The quality improvement process is described in figure 3.9 below
This process is identical in concept to Deming’s Plan-Do-Check-Act improvement cycle
Organisational roles and responsibilities

From the point of implementing the cascade training process, Quality Support Managers were appointed to each major management team in charge of district/area, divisional, and national activities. Over 100 were appointed and following a major re-organisation, Quality directors were appointed to divisional executive teams. The Quality Support managers were responsible for leading the training workshops and facilitating quality improvement activity.

Total Quality Management Process

The stated aim was to integrate the principles, language, processes and tools of Total Quality into the management and work processes of the business. The current/future state activity identified a critical need for robust practical Business Planning at all levels. The basis for this integration process was found in benchmarking activity carried out in the United States.

IMPROVING THE TOTAL QUALITY PROCESS

This next section considers the application of benchmarking in the Royal Mail and the links with the Total Quality process, Customer First (Pupius, 1995)

Benchmarking

The dictionary definition for benchmarking is
A surveyor mark....of previously determined position....and used as a reference point....

A standard by which something can be measured or judged.

The Royal Mail uses the following definition:

A structured process of learning from the practices of others, internally and externally, who are leaders in a field or with whom legitimate comparisons can be made.

In other words, how can we do it better by learning how others do it.

The Royal Mail Strategic benchmarking process is described in Figure 3.10 and follows the improvement cycle of Focus, Plan, Do and Review.
Figure 3.10 Royal Mail Benchmarking Process

Step 1: Choose process to be benchmarked
- Current state of Royal Mail process and ideal future state

Step 2: Who to benchmark against
- Target company. Reasons for selection. Source data
- Identification of gap between Royal Mail process and that of target company and expected outcome.

Step 3: Team to be involved
- Structure of Royal Mail team. Defined roles during visit and implementation.
- Terms of agreement with target company

Step 4: Preparation for visit
- Questions/check lists for visit to target company
- Documentation during visit

Step 5: Interaction with target company

Step 6: Debrief and evaluation

Step 7: Action plan for integration into the Royal Mail
- Review. Identification of further opportunities in Royal Mail process. Review ongoing relationship with target company.

Step 8: Review (measure progress)
In the Royal Mail Total Quality process, Customer First, benchmarking provides a structured approach to identify how market leaders achieve outstanding performance. In particular:

- it allows Royal Mail to study other organisations and adopt their best practice

- findings from other organisations can be used directly, modified or improved

- implementation of the changes through benchmarking will improve efficiency and effectiveness

Royal Mail defines **strategic benchmarking** as the

the study of World Class organisations to determine opportunities for strategic change both organisationally and in key business processes.

It defines **external benchmarking** as

the comparison of business functions and processes against best practice organisations wherever relevant

and **internal best practice benchmarking** as

the establishing of good practice business-wide through comparison of internal operations.
Post Office Counters has developed the process to draw the distinction between:

- **Internal benchmarking**

- **Competitive benchmarking**: specific competitor-to-competitor comparisons

- **Functional benchmarking**: comparison of a functional process with a similar functional process in the same broad industry sector or with an industry leader, e.g. personnel process

- **Generic benchmarking** i.e. comparison of business functions or processes that are the same regardless of industry e.g. forms distribution

Application of the strategic benchmarking process

By 1990 the Royal Mail Executive Committee felt that the implementation of the Customer First process (Figure 3.6) was sufficiently advanced that benchmarking could be used without managers being ‘overawed’ by what they saw. A strategic benchmarking programme was developed to benchmark the Total Quality process itself.

Target companies were those US companies who had won or had been finalists in the Malcolm Baldrige National Quality Award which was initiated in 1988. The companies selected were therefore leaders in excellence but also non-competitive
Benchmarking started in October 1990 and in the period to June 1992 four tours were undertaken involving a mix of Directors, General Managers and Field Managers. For some it was an opportunity to see over the edge of the rut to the horizon!

Key findings over this benchmarking period can be summarised as follows:

**October 1990  \textit{IBM, Milliken, Motorola, Westinghouse}**

- confirmation of Customer First direction
- leadership rather than management
- measurement including 'key dials' and '5 up'
- potential of employee involvement

**February 1991  \textit{American Express, Corning, IBM, Westinghouse}**

- mechanisms to support employee involvement
- customer satisfaction data as key driver
- development of a Business Process approach
- internal self-assessment using the Malcolm Baldrige Award criteria

**October 1991  \textit{IBM, Motorola, Westinghouse, Xerox}**

- business processes as the key driver
- techniques for process improvement
June 1992  
* Baxter Healthcare, International Paper, Motorola, Texas 

**Instruments**

- practical aspects of self-managed teams
- customer/supplier partnerships
- customer focused measurement and display
- education support programmes and Total Quality in the community

Examples of adoption of approaches for enablers and scope of results from strategic benchmarking include:

- Total Quality process (already cited). Benchmarking confirmed the process was inherently sound and systematic
- a Leadership Charter. This set out the expected behaviours of managers in terms of providing vision, demonstrating commitment, management approach for people, business performance and personal contribution, and communication
- Effective Leadership Feedback process. This was based on the Leadership Charter and provided a measurement framework for enabling a leader to be assessed by his team. The process was cascaded through the organisation to front-line manager. The process enables managers to identify strengths and areas for improvement and to commit to an action plan..
Customer /Supplier partnerships. Work started on developing partnerships with internal and external customers and suppliers using total quality principles.

- Strategic Planning model
- Business Process Improvement methodology
- Use of European Quality Award as a model for Total Quality and for self-assessment
- Customer and people satisfaction survey methods. Benchmarking confirmed the importance of deriving measures in these areas.

EVOLUTION OF CUSTOMER FIRST

In summary, by 1992, all senior managers had led their teams through five-day workshops in a cascade format starting with the managing director. As an annual celebration of success and recognising the input from the frontline, national teamwork events were held annually attended by over 15,000 employees, customers and suppliers. In Royal Mail North East annual events were held in the division and in each area with selected teams going forward to the national event.

1992 saw a major re-organisation that greatly simplified the organisational structure. The District Office structure was abolished and nine divisions were created together with strategic business units. This is shown diagramatically in Figure 1.1. The Business headquarters was reduced in size by 90% and the overall requirement for managers was reduced by around 3000.

The benchmarking activity of the early 90s made two further important impacts. Firstly in 1992 the Royal Mail formally adopted the European Foundation for Quality Management European Quality Award (EQA) Model (Figure 2.11) as the model of excellence and the way of working. The Royal Mail is a Key Member of the European Foundation for Quality Management. This replaced the fishbone diagram of figure 3.6 The European Quality Award (EQA) model was also adopted as the
basis for self-assessment. This opportunity had been picked up in the benchmarking of US companies such as IBM and Westinghouse. They had used the Malcolm Baldrige Award to provide the basis for ‘quality fitness reviews’ applied at divisional level.

The EQA model provides a framework to benchmark against World Class organisations in a number of ways:

- identification of strategic approaches and deployment strategies
- setting policy and strategy based on data on performance of competitors and best in class organisations (Policy and Strategy, 2b)
- benchmarking for setting standards of operation and targets for improvement (Processes, 5c)
- making internal and external and best in class comparisons for scope and trends in results
- making comparisons with competitor performance

Drawing from the experience of benchmarking with companies like IBM and Westinghouse that were using the Malcolm Baldrige model for self-assessment, the Royal Mail adopted the EQA model for self-assessment and for the measurement of our progress towards becoming a world class organisation. The model is itself a credible, external, World class benchmark.

Self-assessment is carried out through our Business Excellence Review (BER) process. This process is an objective, systematic, internal assessment carried out across all parts (horizontally and vertically); addressing all aspects - culture, approach, deployment and results) of a Royal Mail Business Unit. Royal Mail North East is one of 19 Business Units including our Strategic
Headquarters. The aim is to stimulate focused improvement through identifying the unit’s strengths and opportunities for improvement.

Reviews are carried out by invitation on a two-yearly cycle and the results are confidential to the Business Unit. The assessments are carried out by a team of internal assessors numbering, now, eight. Over 200 senior managers have been trained as assessors. The training calibrates assessment against the EQA standard and is pass/fail. It also provides an update on Total Quality principles and puts these into the context of the World class model of excellence. Involvement of senior managers in the training and then review is itself a management development activity.

Participation in the assessments provides the assessors with an insight into the operations of another Business Unit that is useful from a best practice sharing point of view. The assessment reports now provide a summary of this best practice that will be shared throughout the business.

The BER process integrates with the management process of each Business Unit by providing an input into the Business Unit Planning Process. Another input is the Royal Mail benchmarking process itself providing an opportunity to identify and adopt internal and external best practice. This integration process is illustrated in Figure 3.11
Each review provides areas for improvement against each sub-criterion. These can be blended in to the development of strategies and action planning. The input has been supplemented in our division by benchmarking against two business units and through membership of external EFQM Forums where groups of companies pursuing the path to the EQA meet and share best practice.

At national level results have been consolidated to provide comparisons in performance across the nine criteria in a way that retains confidentiality. We think this is important to avoid the competitive comparison of scores and league tables. Whilst the emphasis is on areas for improvement the analysis does show where we need to improve as a business. We can also compare our consolidated
results against EQA scores published by the EFQM. This benchmarking identifies key strategic areas for improvement. We are finding that whilst our approaches are sound our deployment needs improving. We are relatively strong in Business Results weaker in Processes, where our approach is new, and Impact on Society where our activities need to be more integrated.

**Unit Excellence** is a process that has been developed from the Business Excellence Review process to enable us to focus on the involvement of our front-line employees in continuous improvement towards excellence. Unit Excellence uses a modified form of the EQA model and can be applied in a ‘unit’ such as a Delivery Office, Area Processing Centre or Customer Care Unit.

The objectives of the process are:

- to introduce all our employees to the EQA framework

- to encourage continuous improvement through identifying priorities and emphasis on deploying action plans

- to recognise the achievements through excellence of approach, deployment and results

- to promote and enable sharing and learning from best practices through a consistent framework: internal benchmarking in other words.

- to increase involvement in self-assessment and to make it part of the ‘way we work’

- to increase and improve teamworking and workplace empowerment
Royal Mail commenced deployment of Unit Excellence in 1995.

Royal Mail North East took the decision last year to enter for the UK Quality Award. This provided a further benchmarking opportunity, the identification of opportunities for improvement and the calibration of our BER process against an external assessment.

The other major impact was the introduction of a framework for Business Process Improvement. This was a central feature of all the US organisations benchmarked. Following a comparison of approaches from the various companies, the Royal Mail adopted the Westinghouse approach and bought the licence to apply their methodology called WesTIP (Figure 3.12).
Starting in 1992 we have defined our core business-wide and divisional processes. Our key external facing process is the Product Pipeline (Figure 3.13). This shows the process steps in getting a letter from point of posting to its destination. The Product Pipeline process is being subjected to extensive process mapping and improvement throughout the organisation.
Figure 3.13 Product Pipeline

In Royal Mail North East deployed process mapping and improvement throughout our operational areas down to include involvement of front-line employees. In parallel as part of a national activity we developed a set of process measures that will be deployed systematically throughout all parts of the process across the whole division.

With this approach we will be able to compare process measures across the divisional Product Pipeline and use this as a basis for internal benchmarking and the identification and dissemination of best practice.

For other processes we shall be able to use external benchmarking to identify approaches which are best in class in areas such as human resources, customer care and resource management.

Since 1992, the Royal Mail has focused on three areas with the theme of Business Excellence
1. **Leadership** - A business-wide approach using a Leadership Charter linked to and upwards feedback process on leadership style. The leadership Charter sets out the behaviours of Royal Mail managers in four categories:

- **Vision**: leaders provide a clear and exciting image of the future
- **Commitment**: leaders generate enthusiasm for Business Goals through demonstrating personal commitment
- **Management Approach**: leaders create a success culture by emphasising behaviours which support
- **Communication**: leaders communicate openly, honestly and positively

2. **Business Process Improvement** The use of the Westinghouse approach to systematically identify, map and improve the business-wide and divisional core processes

3. **Self-assessment** The use of the EQA model as a basis for self-assessment at divisional and unit level.

In 1995 the Royal Mail entered a submission for the European Quality Award. This gave an external calibration of the Business Excellence Review Process.

The research methodology has been to consider the data available from various stages of the implementation process and the data from the feedback reports from the internal and external assessments against the EQA to draw a set of inferences regarding the impact on the culture of the organisation.
SUMMARY

Using the framework for analysis shown in Figure 2.22, the table in Figure 3.14 compares the position for Royal Mail against the list of critical success factors derived in chapter 2 for the dimensions of where the organisation has come from, current state and transformation process.

A crucial issue that emerges is the pace of gaining commitment to leadership in Total Quality and the commitment of all the people to total involvement. Linked to this is the pace of introduction of an approach to business process management. Factors that emerge are

- the impact of the size of the organisation on the rate of deployment: it took four years to train all managers and employees which brings into question the potential for decay
- the low level of awareness of TQ philosophy meant the focus in the first phase of Customer First, the TQ transformation process was on the basics of TQ principles and simple problem solving
- the need to develop state of the art (in the early 90’s) approaches to business process improvement and self-assessment

These issues will be built on in subsequent sections as more evidence is considered.
<table>
<thead>
<tr>
<th>Critical Success Factor</th>
<th>Where organisation has come from</th>
<th>Current State 1987/8</th>
<th>Transformation Process</th>
<th>Examples of achievements</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Total commitment to leadership in Total Quality from all managers: from top to bottom</td>
<td>Not present</td>
<td>Not present</td>
<td>Commitment to TQ given by MD and Royal Mail Executive Committee. 85 Quality Support Managers appointed to every key team.</td>
<td>MD sets heroic goals for customer and employee satisfaction, service quality, and employee involvement and volunteering (eg 95 by 95). TQ training commences in 1988 with cascade from MD. All managers trained by 1992. All frontline employees given awareness training in 1992/3. Groups of senior managers benchmark with US organisations who had achieved or were strong candidates for the Malcolm Baldrige National Quality Award.</td>
</tr>
<tr>
<td>3. Acceptance by all that Total Quality is the way of working throughout the organisation</td>
<td>Not present</td>
<td>Not present</td>
<td>TQ adopted as the way of working. Fishbone model (Fig.3.7) gave way to EFQM model in 1992.</td>
<td>Employee involvement in quality improvement rises to over 40%. Annual teamwork events held annually since 1990. Attendance rises to over 15,000 employees and external customers.</td>
</tr>
<tr>
<td>4. Gaining the commitment of all the people in the organisation to total involvement, values management, training, education, working in teams and empowerment</td>
<td>Not present</td>
<td>Not present</td>
<td>Mission and values created. Training in TQ for all employees focused on definition of TQ, meetings effectiveness, customer/supplier chain and tools and techniques. Leadership Charter used as basis for upwards feedback on behaviours.</td>
<td>Mission/values widely displayed. All managers and employees trained in TQ principles at a cost of over £15m making it the biggest investment in training in PO history. Annual training is now around 1 day per employee per year with plans to increase to 5. Leadership Charter deployed to frontline managers.</td>
</tr>
<tr>
<td>5. Commitment to continuous improvement of all processes to bring them under control and to reduce variation in terms of defect rates</td>
<td>Not present</td>
<td>Not present</td>
<td>Business process improvement methodology introduced in 1992 following benchmarking with Westinghouse.</td>
<td>Critical processes identified and process improvement approach in position by 1994. 1994/5 business planning cycle carried out by process. Core process, the Product Pipeline subjected to intensive improvement using process mapping and measure and display of key interface measures. Process management consolidated in 1995/6 through revised management process.</td>
</tr>
</tbody>
</table>
CHAPTER 4

APPLYING THE FRAMEWORK FOR ANALYSIS

OVERVIEW

The framework described in Chapter 2, Figure 2.22 had the following components

Figure 4.1 Framework for analysis

The discussion in the preceding chapters has described

- the European Quality Award (EQA) model and how it can provide a framework for measurement of progress
- where the organisation has come from
- analysis of ‘current state’ in 1987/8
- the culture of the organisation
- outline of the TQ transformation process
In terms of methodology, the analysis will use as evidence

- current initiatives
- the outcomes of a submission for the European Quality Award in 1995 made by Royal Mail
- the results of two Business Excellence Reviews (BER) carried out on Royal Mail North East
- scoring framework for Royal Mail North East submission for the UK Quality Award in 1994. The scores for this submission are considered to be of relatively limited value since they were based on a submission report rather than an in-depth assessment. The assessment of a written submission cannot serve as a reliable check of deployment.
- Employee Opinion Survey results for Royal Mail and Royal Mail North East

The analysis will take as the ‘end-point’ the state of the organisation at the end of June 1996. It will use the EQA model as a framework for assessment of how far the organisation has progressed to the desired future state set down in 1988.

Further evidence will be introduced:

- interim survey results taken during the Customer First roll-out
- finding from an MBA research project
- Belbin team analysis results
- a management survey of management behaviour
- benchmarking evidence from British Telecom.
THE REALITY OF THE DESIRED FUTURE STATE

The tables which follow in Figure 4.2 - 4.10 show a comparison by EQA criterion of:

- the desired future state taken from the tables in Figures 3.2-3.6. The individual issues have been disaggregated and listed (ie coded) under the appropriate criterion.

- the strengths and areas for improvement arising from the assessment of Royal Mail by EFQM as part of the 1995 European Quality Award

- the strengths and areas for improvement from the 1996 Business Excellence Review carried out on Royal Mail North East
**Figure 4.2 LEADERSHIP**

<table>
<thead>
<tr>
<th>Desired Future State</th>
<th>EQA Strength</th>
<th>EQA Areas for Improvement</th>
<th>BER Strengths</th>
<th>BER Areas for Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>- The established values of the business are consistently and passionately promoted</td>
<td>- there was recognition for the overall approach to Total Quality started in 1988</td>
<td>- there were marked differences of TQ maturity between divisions and amongst the units within them</td>
<td>- approach to TQ being championed by Director and General manager and cascaded through senior managers</td>
<td>- a major finding was evidence of discontent as a result of the drive for financial results and the fact that this had not been balanced by action in other areas such as People Management</td>
</tr>
<tr>
<td>- Management provides a role model and leads by example. “Walks like it talks” and places emphasis on recognition of effort and success.</td>
<td>- the Leadership Charter sets out expectations for managers relating to the Mission and Values. However the process had only been used by 25% of managers.</td>
<td>- not all managers involved in training and communications</td>
<td>- encouraging involvement in continuous improvement</td>
<td>- doubt about the distinction between functional and process working</td>
</tr>
<tr>
<td>- Open culture encourages constructive criticism, learns from mistakes and responds positively with the consistent objective of achieving improvement.</td>
<td>- 250 managers trained in self-assessment against the EQA model. Self-assessments had been carried out at least once in all business units</td>
<td>- there was little evidence of a clear co-ordinated strategy for the implementation of TQ throughout the organisation, leading to some duplication of effort. Despite this observation it was recognised that a wide variety of activities were being undertaken. Around 40% of employees were involved in continuous improvement which the assessors considered to be low.</td>
<td>- approaches such as involvement in BER and Unit excellence</td>
<td>- challenging unacceptable behaviour</td>
</tr>
<tr>
<td>- A style that results in employees feeling that they receive equitable and consistent treatment.</td>
<td>- managers and employees at all levels were enthusiastic and there was evidence of a wide variety of involvement in TQ activities</td>
<td>- the hierarchical and functional nature of the organisation could be inhibiting the effective deployment of TQM</td>
<td>- involvement in activities such as Effective Leadership Feedback, training, improvement projects</td>
<td>- no reviews of effectiveness of approaches particularly below senior manager level</td>
</tr>
<tr>
<td>- Success and recognition oriented (standards are set, maintained and achieved/exceeded)</td>
<td></td>
<td>- there was no assessment of the awareness of TQ</td>
<td>- recognition of long service</td>
<td>- involvement in continuous improvement limited by budget considerations</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- there was little evidence of links commitment and achievement in TQ to appraisal and promotion</td>
<td></td>
<td>- no systematic approach to managers giving training</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- there was an inconsistent approach to recognition across the organisation with limited training of managers</td>
<td></td>
<td>- TQ not used in appraisal or promotion of employees</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- no structured approach to informal recognition</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>- no training in recognition</td>
</tr>
<tr>
<td>Desired Future State</td>
<td>EQA Strength</td>
<td>EQA Areas for Improvement</td>
<td>BER Strengths</td>
<td>BER Areas for Improvement</td>
</tr>
<tr>
<td>------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------------</td>
<td>---------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>• Letters Management Committee members have a primary role as members of the Business management team that sets direction, policies, and priorities. They perform their role as heads of Functions/Operations based on this business direction. The District Management Team operates in a similar manner.</td>
<td>• mission, vision and values statements are based on TQ concepts • EFQM model is used as basis for policy and strategy • use of self-assessment to formulate strategy • input from opinion surveys • deployment of business plans to business units • cascading of goals and targets • integration with communication plans</td>
<td>• using the mission, vision and values in practice • accepting and applying company policy at divisional level • use of benchmarking data about competitors • review of approaches • setting priorities • no measure of effectiveness of communication plans</td>
<td>• approach to developing policy and strategy • vision statement and involvement of senior managers and unions • deployment of plans to the next level: areas • management process</td>
<td>• evaluation of TQ in the context of business planning • balancing stakeholder needs • use of data from suppliers and partners • lack of past use of Employee opinion survey results • integration of functional and process plans • lack of involvement of frontline managers: plan not deployed to units below area level • communication of plan to all managers, employees and other stakeholders</td>
</tr>
</tbody>
</table>
Table: Figure 4.4 PEOPLE MANAGEMENT

<table>
<thead>
<tr>
<th>Desired Future State</th>
<th>EQA Strength</th>
<th>EQA Areas for Improvement</th>
<th>BER Strengths</th>
<th>BER Areas for Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Objectives are jointly shared between managers and subordinates with emphasis on teamwork.</td>
<td>• direction and professional network</td>
<td>• measuring effectiveness of People Management process</td>
<td>• training policy</td>
<td>• reduction in the number of temporary managers and frontline employees</td>
</tr>
<tr>
<td>• Encourages decision-taking which supports a “can do” (Entrepreneurial approaches and risk taking)</td>
<td>• defining personal development plans for each manager</td>
<td>• relating HR strategy plans with overall policy and strategy</td>
<td>• opportunities for frontline employees to obtain development assessment</td>
<td>• open resourcing</td>
</tr>
<tr>
<td>• Teamwork to be the basic approach in the business resulting in pride in Royal Mail</td>
<td>• management assessment</td>
<td>• low level of training expenditure (£200 per head)</td>
<td>• implementation of Total Productive Maintenance</td>
<td>• training and development for frontline employees</td>
</tr>
<tr>
<td>• Sound two-way communication and shared understanding is a way of life. Teamwork to be the basic approach in the Business resulting in pride in Royal Mail.</td>
<td>• cascade of objectives</td>
<td>• training and development applies to managers not frontline employees</td>
<td>• inconsistent induction training</td>
<td>• lack of understanding of empowerment</td>
</tr>
<tr>
<td>• Encourages personal development, commitment and loyalty.</td>
<td>• annual performance reviews</td>
<td>• how objectives are aligned with business objectives</td>
<td>• briefings for senior managers</td>
<td>• no communications plan</td>
</tr>
<tr>
<td>• Reward systems relate to the team and/or individual level as appropriate in respect of achievements, service performance levels and productivity.</td>
<td>• health and safety policy</td>
<td>• evaluation of people involvement</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Remuneration systems provide appropriate flexibility in the reward of individual and team efforts and the satisfaction of local requirements.</td>
<td>• communication vehicles such as staff newspapers and journals</td>
<td>• identification of people communication needs</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The commitment to investment in the development of people is unequivocal and clearly demonstrated from top to bottom</td>
<td>• promotion of employee involvement</td>
<td>• measuring how messages are understood</td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Training policies, resources and programmes are a fundamental elements in the achievement of our business goals and values.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Management recognises that all employees are the prime resource and creates a participative environment at all levels resulting in commitment to common goals.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Our customers and all our employees are well informed/educated in respect of our products and services. We have an integrated and consistent approach to the customer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Desired Future State</td>
<td>EQA Strength</td>
<td>EQA Areas for Improvement</td>
<td>BER Strengths</td>
<td>BER Areas for Improvement</td>
</tr>
<tr>
<td>--------------------------------</td>
<td>-------------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------</td>
<td>-----------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>• none stated in analysis</td>
<td>• financial management strategies</td>
<td>• development of information systems</td>
<td>• financial management control and reviewing of financial performance</td>
<td>• devolution of budgets to lowest level</td>
</tr>
<tr>
<td></td>
<td>• devolution of profit and cost management</td>
<td>• review and improvement of material resources</td>
<td>• Wide Area Computer network (WAN)</td>
<td>• utilisation of WAN</td>
</tr>
<tr>
<td></td>
<td>• First Class Supplier identification and selection process</td>
<td>• focus of technology has been on mail sorting</td>
<td>• improvement in machine efficiency</td>
<td>• monitoring supplier performance</td>
</tr>
<tr>
<td></td>
<td>• benchmarking</td>
<td>• identification of emerging technologies</td>
<td></td>
<td>• management and optimisation of technology outside mails automation</td>
</tr>
</tbody>
</table>
### Desired Future State

- All management processes are focused on the satisfaction of customer needs, internal and external. They are also structured for two-way communication and involvement.
- Management reporting systems report progress on all key elements of the Business Plan to ensure effective implementation.
- The status quo is constantly challenged with improvement opportunities identified and managed through to a positive conclusion.
- Open culture encourages constructive criticism, learns from mistakes and responds positively with the consistent objective of achieving improvement.
- Our product range is based on well structured market research of customer needs. Our products are clearly differentiated resulting in competitive advantage. We actively measure customer satisfaction and act on the information.
- Reliability in meeting the performance specification of each product (based on customer needs) without failure.

### EQA Strength

- evidence of a number of good approaches
- critical processes defined and priority processes defined
- definition of the main process, the Product Pipeline
- incorporation into planning approach
- use of WestTIP (Westinghouse Process Improvement approach)
- quality improvement process
- major change model
- use of PRINCE (Projects IN a Controlled Environment) project management methodology

### EQA Areas for Improvement

- deployment and integration of process into normal operations
- use of process performance measures
- measures of the impact of the approach on business effectiveness
- lack of use of challenging improvement targets (eg 5x, 10x)
- no linkage between process targets and future market needs
- prioritisation of process improvement
- using the creative talents of employees to overcome conventional ways of thinking
- deployment and integration of project management methodology

### BER Strengths

- identification of key processes
- business plan structured around processes
- process targets linked to process goals
- management process
- setting standards for the Product Pipeline process
- BS EN ISO 9002 accreditation for facilities management

### BER Areas for Improvement

- lack of understanding of approach to managing processes: confusion of roles of process owners, functional and project managers
- lack of full deployment to all processes
- lack of measurements and targets for processes
- no approach for stimulating innovation
- lack of deployment of project management approach
### Figure 4.7  CUSTOMER SATISFACTION

<table>
<thead>
<tr>
<th>Desired Future State</th>
<th>EQA Strength</th>
<th>EQA Areas for Improvement</th>
<th>BER Strengths</th>
<th>BER Areas for Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Our customers and all our employees are well informed/educated in respect of our products and services. We have an integrated and consistent approach to the customer.</td>
<td>• variety of measurements of customer perception&lt;br&gt;• perception of Royal Mail relative to competitors shows favourable trends&lt;br&gt;• Mystery Shopper and complaint trend monitoring</td>
<td>• much of data shows negative trends or no improvement&lt;br&gt;• negative trends for business customers&lt;br&gt;• gap between what customers get and what they expect&lt;br&gt;• no comparison of some data with targets or benchmarks</td>
<td>• commitment to customer satisfaction&lt;br&gt;• some improvement in some results</td>
<td>• no improvement in overall CPSI results&lt;br&gt;• gaps in measurement framework</td>
</tr>
<tr>
<td>• Customer confidence is positively impacted by our professional image (uniforms, vans, boxes, enquiry offices) complemented by structured and proactive public relations.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• The District Headpostmaster has flexibility within the overall framework to satisfy the needs of local business and so generate additional revenue.</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Figure 4.8 PEOPLE SATISFACTION

<table>
<thead>
<tr>
<th>Desired Future State</th>
<th>EQA Strength</th>
<th>EQA Areas for Improvement</th>
<th>BER Strengths</th>
<th>BER Areas for Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>• none specific apart from those listed in People Management.</td>
<td>• positive comparisons with UK companies</td>
<td>• the most important measures look poor or are worsening</td>
<td>• satisfaction had increased by 19% for managers and 9% for non-managers. This followed a £1.7m investment in briefing to frontline employees</td>
<td>• for employees over 3 years to 1995</td>
</tr>
<tr>
<td>• measurement systems in place to measure people satisfaction</td>
<td>• some high levels of satisfaction have been achieved, particularly for managers</td>
<td>• management competence perception scores low</td>
<td>• morale fell from 42 to 25%</td>
<td>• recognition of good work fell from 39 to 23%</td>
</tr>
<tr>
<td>• measurement against goals set out in People Management</td>
<td>• surveys are conducted 6 monthly and have been since 1989</td>
<td>• the rating for job security is worsening</td>
<td>• regarding employees as important was the worst of any division</td>
<td>• morale fell from 42 to 25%</td>
</tr>
<tr>
<td>• managers targets and bonuses are related to employee satisfaction results</td>
<td>• managers targets and bonuses are related to employee satisfaction results</td>
<td>• level of satisfaction is stagnant for managers and worsening for employees</td>
<td>• satisfaction with Royal mail as an employer fell from 72 to 59%</td>
<td>• it fell from being the highest of any division</td>
</tr>
<tr>
<td>• sick absence compares favourably with other public organisations</td>
<td>• sick absence compares favourably with other public organisations</td>
<td>• no measures of physical working conditions</td>
<td>• increase in spend on recognition</td>
<td>• increase in avoidable turnover</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• response rates to surveys are poor</td>
<td>• review of turnover has led to revised manpower strategy</td>
<td>• spend on training has fallen between 1993 and 1995</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• employees perception of concern of managers to prevent accidents is stagnant or worsening</td>
<td></td>
<td>• Effective Leadership Feedback trends are falling</td>
</tr>
<tr>
<td>Desired Future State</td>
<td>EQA Strength</td>
<td>EQA Areas for Improvement</td>
<td>BER Strengths</td>
<td>BER Areas for Improvement</td>
</tr>
<tr>
<td>------------------------------</td>
<td>---------------------------------------------------</td>
<td>--------------------------------------------</td>
<td>---------------------------------------</td>
<td>--------------------------</td>
</tr>
<tr>
<td>• Not stated in analysis</td>
<td>• public perception of Royal Mail as a caring organisation</td>
<td>• few trends</td>
<td>• involvement in community activity</td>
<td>• approach to measurement</td>
</tr>
<tr>
<td></td>
<td>• measurement framework based on a MORI poll</td>
<td>• no benchmark comparisons</td>
<td>• energy utilisation</td>
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<td></td>
<td>• Environmental Policy statement</td>
<td>• no standards of performance</td>
<td>• reduction on CO2 omissions</td>
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<td></td>
<td>• approach to community action and employee volunteering</td>
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<td>• sponsorship donations</td>
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<td>• waste management</td>
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<tr>
<td>Desired Future State</td>
<td>EQA Strength</td>
<td>EQA Areas for Improvement</td>
<td>BER Strengths</td>
<td>BER Areas for Improvement</td>
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<tr>
<td>This was stated at the launch of Customer First, the Total Quality process for Royal Mail as being to secure the long-term financial success of the organisation.</td>
<td>Royal Mail has achieved eight consecutive years of profit free of Government subsidy. Profit has risen from under £50m (1% of turnover) to around £400m (7%)</td>
<td>lack of benchmarking data</td>
<td>results showed strong positive trends in financial terms with internal targets being exceeded</td>
<td>understanding of profitability of individual products</td>
</tr>
<tr>
<td>1988 Strategic Overview listed the following key objectives - to secure profitable growth based on high quality and reliable services - to establish a reputation as a total quality business where excellence is reflected in all aspects of customer relations and in business behaviour improve efficiency consistent with quality objective - develop new services and modernise exiting ones in response to customer demand - promote a market led culture</td>
<td>productivity has improved significantly</td>
<td>no indication as to whether results were being achieved consistently across the division</td>
<td>best performance against budgeted mails staff costs</td>
<td></td>
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<tr>
<td></td>
<td>there has been a significant increase in efficiency since 1989 measured in terms of return on capital employed and profit per employee. The latter has risen from around £200 per employee to almost £2000, a factor of 10.</td>
<td>no evidence that positive results were caused by the Royal Mail approach to TQM (my italics)</td>
<td></td>
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<tr>
<td></td>
<td>quality of service has increased steadily</td>
<td>no comparisons with targets for internal defect rate reduction</td>
<td></td>
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<tr>
<td></td>
<td>letter reliability is second best against five other European Post Offices</td>
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</tbody>
</table>
Comparison of EQA/BER Scores compared with BT (Operating Services Division) 1993 results and European-wide entries into 1995 EQA

The table in Figure 4.11 below shows a comparison of scores for Royal Mail, Royal Mail North East and BT together with the range of score for companies that entered for the 1995 EQA. Scores are tabulated in the appropriate range. Note that overall scores need to be converted to a score out of 1000 by multiplying the range scores by a factor of 10.

**Figure 4.11**

<table>
<thead>
<tr>
<th>Assessed Scores</th>
<th>0-10%</th>
<th>11-20%</th>
<th>21-30%</th>
<th>31-40%</th>
<th>41-50%</th>
<th>51-60%</th>
<th>61-70%</th>
<th>71-80%</th>
<th>81-90%</th>
<th>91-100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leadership</td>
<td>L 94, 96</td>
<td>E, U, BT M</td>
<td>M</td>
<td>H</td>
<td></td>
<td></td>
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<tr>
<td>2. Policy &amp; Strategy</td>
<td>L 94, 96 E, U, BT M</td>
<td>BT</td>
<td>H</td>
<td></td>
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<td></td>
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<tr>
<td>3. Management</td>
<td>M 94, 96 E, U M</td>
<td>BT</td>
<td>H</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>4. Resources</td>
<td>L 94, 96 E, U M</td>
<td>H</td>
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<tr>
<td>5. Processes</td>
<td>L 94, 96 E, BT M</td>
<td>U</td>
<td>H</td>
<td></td>
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<tr>
<td>6. Customer Satisfaction</td>
<td>L 94, 96 E, U M</td>
<td>BT</td>
<td>H</td>
<td></td>
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<tr>
<td>7. People Satisfaction</td>
<td>L 96 94, 96 E, U, BT M</td>
<td>H</td>
<td></td>
<td></td>
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<tr>
<td>8. Impact on Society</td>
<td>L 96 94, 96 E, U M</td>
<td>H</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>9. Business Results</td>
<td>L 94, 96 E, U M</td>
<td>H</td>
<td>U</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overall</td>
<td>L 94, 96 U, E, BT M</td>
<td>H</td>
<td></td>
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</tbody>
</table>

**Key:**
- **E** 1995 European Quality Award (EQA) Submission, Royal Mail
- **M** Modal value for EQA, 1995
- **H** Highest score in EQA
- **L** Lowest score in EQA
- **BT** BT Operator Services EQA submission 1994
- **94** 1994 Business Excellence Review, Royal Mail North East
- **96** 1996 Business Excellence Review, Royal Mail North East
- **U** 1994 UK Quality Award submission, Royal Mail North East
This analysis reveals the following points:

- there is broad range of results within the EQA. The highest scores are in the 71-80% range.

- Royal Mail scores around the modal value overall. Both Royal Mail EQA results and the RMNE BER results are, apart from Processes and Impact on Society, better than the lowest EQA scores

- Royal Mail scores below the modal value for People Management and People Satisfaction

- Royal Mail North East BER scores are below the Royal Mail EQA.

- RMNE BER scores for Policy and Strategy, Resources, Processes, Customer Satisfaction and Business Results have improved.

- the RMNE score for People Management have remained static

- RMNE scores for People Satisfaction and Impact on Society have declined by two bands

- the RMNE overall score has not moved range

- The RMNE UK Quality Award results are significantly better than the RMNE BER results and the EQA. As has been stated this assessment was based on a written submission which was not tested for deployment by a site visit.

OTHER RELEVANT EVIDENCE

Interim Survey 1994

A survey was undertaken in 1994 to examine people’s views on their working environment following the introduction of Customer First. It was able to draw comparisons with a survey that had been undertaken prior to training being given. This survey was done against the background of reorganisation in 1992 and the beginning of Government planning on privatisation. The results demonstrate few improvements to attitudes to the environment.
Key results are:

- 42% felt they were encouraged to make suggestions following the training compared with 36% in the first survey.
- satisfaction with ‘quality’ issues was over 80% in both surveys
- satisfaction with communication and training were below 50% in both surveys
- trust in management fell by 3% to 19% in the second survey
- agreement that there was a good team spirit between managers and staff also dropped by 3% to 29%
- agreement that morale was good fell from 29% to 25%
- satisfaction with recognition fell from 30% to 27%
- In the ‘atmospheric’ word table the words unsettled, frustrating, stressful, discouraging occurred in the top six words
- the words calm, encouraging, stimulating and innovative occurred the least

Research Project

A research project undertaken by an MBA student in 1994 in the Bradford Mails Processing Centre gave some useful insights into the position of TQ. Casey (1994) used a transition mode model for an organisation moving from functional to process-managed organisation based on the following dimensions

- goals
- managerial behaviour
- structure
- culture
- communications
Casey found a number of features that encouraged mis-alignment. In particular there was a lack of clarity and consistency about goals and how they are achieved. Secondly there was an absence of shared commitment around common goals. Initiatives are introduced but the momentum is not sustained implying that decay sets in and reinforces the impression that there is a lack of coherent vision or unifying philosophy.

Variation was also present in differences between managerial and worker objectives: different pay and reward systems and no linkage between employee development and business goals. Casey also found in managerial behaviour terms that as ‘pressure to meet financial targets had increased, people commonly reported a reversion to old-style ‘controlling’ management.

He observed a lack of cohesiveness and teamworking at a routine level. There was significant functionality which was emphasised by the measures used. Five out of seven people questioned were more aware of the internal boundaries rather than be part of the corporate effort.

In terms of culture he found a lack of ownership by staff in the development and maintenance of standards and that two out of three people saw the environment as an initiative-quenching ‘blame’ culture. This was reinforced by an underlying fear relating to privatisation and the threat to job. There was a low awareness of the competitor environment and a controlling management style and mistrust of management objectives ie cynicism, security.
Belbin Team Analysis

In 1992 the top team of Royal Mail North East underwent team building activity which included a Belbin (1996) Analysis of team types which are described at Appendix 5.

The overall team profile was summarised as follows

'The team is very strong on providing direction and applying pressure. The team has useful qualities in managing talented people. The team has some weaknesses in fostering team spirit, practical application and attention to detail and good follow through. The team is less strong than it might be in professional dedication.'

The Shaper and Plant characteristics were strong in three individuals including the team leader. A Shaper (Appendix 4) has the characteristics of being dynamic, outgoing, highly strung, challenging and pressurising. Allowable weaknesses include proneness to provocation and short lived bursts of temper. A Plant is creative, imaginative, unorthodox but could be weak in communicating.

A common description in the Belbin analysis emerged.

'Your profile suggests you have a strong sense of direction and ideas of your own. You like producing ideas...Because you know where you are going, you are likely to be more ready to direct others, possibly at the risk at appearing authoritarian in the desire to get things done. You are most at home when you are presenting the ideas and the orders and this can present problems when you have to work with strong minded colleagues.....'
Belbin analysis was used as part of the management assessment element of the reorganisation in 1992. Anecdotal evidence suggests it was found that a significant proportion of senior Royal Mail managers were of the Shaper team type. The balance in the North East team was not unusual. I hypothesise that there was a tendency over the years preceding this reorganisation to recruit senior managers of a certain type: the type that could produce results, ruthlessly and with minimal planning. This is the Shaper characteristic and may in part explain the dominance of the command and control style of leadership.

Management Behaviour Survey

The results of a confidential survey of managers is at Appendix 6 and is only made available to the examiners.

Industrial Action June 1996

On 21 June the workforce went on a one-day strike. The strike was over working practices and pay. At the centre of the dispute was the issue of teamwork which the unions were rejecting as a working practice.

In an article in the Observer on 16 June 1996, the General Secretary of the Communications Workers Union maintained that changes such as teamwork, measure and display and personal empowerment were reducing flexibility and hampering teamwork. He was quoted as saying ‘The whole of the Royal Mail already depended on us working as a team.... By trying to force people to work as ‘motivated teams’ under this half-baked dogma (TQM), they’re actually splitting people up.’
In The Guardian, dated 21 June 1996, a postman commented ‘We are highly successful and have increased productivity by leaps and bounds. For a 42 hour week I take home £155 with no overtime’. The article reported that the Royal Mail made profits of £411m in 1995/6.

The series of one-day strikes continue into August.

**British Telecom (BT) Approach to Total Quality**

Information was obtained through an interview with a member of the BT Quality Directorate and is not in the public domain. The information covers Leadership, Policy and Strategy and People Management which from the results described in Figure 4.2, are areas where BT is much stronger than Royal Mail North East.

- The BT vision is ‘To become the most successful world-wide telecommunications group’.

Their journey to Total Quality may be summarised as follows:

- **86** launch of TQM programme
- **87-90** Quality Councils established - management-led training and improvement projects
- **90/91** Project Sovereign - company re-organisation and re-launch as BT
- **92** All people trained in leadership and TQ
- **93/4** Project Breakout: process re-engineering
- **94** Group-wide ISO 9001 certification
- **94/5** Development of BT scorecards

- The values that underpin the BT mission are
• we put our customers first
• we respect each other
• we are professional
• we work as one team
• we are committed to continuous improvement

• The BT Leadership approaches may be summarised as follows

• use of values plus four ‘imperatives’
  • drive quality from the top
  • pursue excellence in customer service
  • support our people in achieving TQ
  • set and achieve world best standards of management

• BT-wide and divisional self-assessments using the EFQM framework

• conferences involving 7000 senior managers

• state of the nation events

• acting as role models: ‘only 9% of people feel that behaviour of their manager is not consistent with values’

• top level competences:
  • direction setting
  • leadership of change
  • managing relationships
  • getting results
  • personal style
• giving and receiving training
• company-wide ISO 9001 certification
• use of employee attitude surveys
• appraisal against core competences
• funding learning, facilitation and improvement activities

• Of particular interest is their approach to Policy and Strategy that is based on a ‘Balanced Scorecard’ approach. This is derived from the work of Kaplan (1993) and is described in Figure 4.12

• Figure 4.12 BT Corporate Scorecard

BT Corporate Scorecard

- Shareholder/Financial
  - Shareholder value
  - Revenue Growth
  - Profitability
  - Public Policy Risk

- Customer/Market
  - UK Market Share
  - Europe/Asia Pacific
  - Penetration
  - Customer Service
  - Corporate Reputation

- BT Strategy

- Processes
  - Market Planning
  - Network operations
  - Design and Build
  - Supply Chain

- Organisational Learning
  - Leadership
  - Capability Management
  - People
  - Quality

• Key features of the approach are

• scorecard sets direction: 5 year plans and operational plans
• builds on self-assessment outcomes: learning
• input from customers, shareholders, competitors and suppliers, people (organisational learning): stakeholders

• communicated to main stakeholders

• reviewed: board level, feedback from EQA

• The BT approach to People Management may be summarised as follows

  • people strategies are linked to scorecard and planning process
  • the strategy derives a major input from people satisfaction scores using a closed loop management process which is described in Figure 5.3
  • the strategy matches skills with organisations requirements
  • competences developed are problem solving, planning and organisation, numeracy and data handling. Development is achieved through teamwork. ‘We work as one team’ is a BT value.
  • the deployment of a BT Closed-loop Management process described in Figure 4.13

Summary

This chapter has considered a variety of information relating to the measurement of progress of the implementation of TQM in Royal Mail. The EQA scores would suggest that Royal Mail was about average overall by comparison with those organisations that entered the award scheme in 1995. The performance of Royal Mail North East was lower with a deteriorating performance in People Satisfaction. BT Operator Services whilst showing the same overall score performed better on Policy and Strategy and Customer Satisfaction. The balanced Scorecard approach contributed to the Policy and Strategy score.
In terms of the other evidence presented this highlights issues around the consistency of deployment of Total Quality and its impact on attitudes and perceptions of the organisation. The evidence of continuing industrial action as this thesis is being presented suggests that the culture change to gain the commitment of the people has still a long way to go. Management behaviour as demonstrated by the survey results has contributed to low morale. A contributory factor is the behaviour of senior managers and the direction they set.
CHAPTER 5
ANALYSIS
OVERVIEW

This chapter will draw conclusions from the evidence of previous chapters. It will consider:

- the culture in terms of current (ie 1996) issues
- the Total Quality transformation process
- leadership
- commitment of people
- control of processes

The interaction between these elements of the framework for analysis are described in Figure 5.1

Figure 5.1 framework for analysis
As at June 1996, the Royal Mail faced its first industrial action for 8 years. The record of industrial relations in the preceding 2 years was poor being responsible for 1 in 6 striking days in the UK. Serious disputes had occurred during 1995/6 in Newcastle in the North East Division and in Scotland and Northern Ireland and London. There were many other short outbreaks of industrial action in other centres. Lobbying was beginning by competitors such as TNT for changes to Post Office powers and a switch of business to the private sector along the lines of the German post office where TNT carries parcels on behalf of the Post Office.

In contrast, the business levels in Royal Mail were at the highest with profits of £411m being announced in July 1996. The package being resisted by the CWU represented a £70m investment in extra pay and productivity, a shorter working week in return for acceptance of work practices such as team working and measure and display of process information.

In terms of the quality journey, the Royal Mail was scoring in the 401-500 band out of a potential 1000 points for the assessment against the EQA model. It was recognised that the Royal Mail had some sound approaches in many areas of activity notably Leadership, Policy and Strategy and Processes. Areas for Improvement (or weaknesses) were evident in the principle area of deployment and in some of the results areas such as People Satisfaction and Customer Satisfaction. The ‘scorecard’
was less than balanced with a higher score being recorded against Business Results than for Customer and People Satisfaction.

By contrast, the results of the internal, BER assessment for Royal Mail North East are poorer by over 100 - 200 points and are at the lower end of the range for Royal Mail business units. Areas for improvement highlighted are Leadership, People Management and People Satisfaction and Processes. The imbalance in the ‘scorecard’ was even more pronounced with a range difference of 30% between People Satisfaction and Business results.

Significant changes had been made during 1995/96:

• a recognition that a balanced scorecard approach was required and the need to tackle People Satisfaction through enhancement of the enablers in People Management

• a Service Delivery Review which re-introduced an area manager at area level to provide leadership and integration across the whole of the Product Pipeline process

• a revised management process designed to re-enforce process working

• the emergence of a new vision and direction for the Post office which is being replicated in the Royal Mail and Royal Mail North East.
TOTAL QUALITY TRANSFORMATION PROCESS

Building on the analysis given in Figure 3.14, the conclusion from the feedback from the assessment against the European Quality Award indicated that there were good approaches but that deployment was poorer. Comparing and contrasting the areas for improvement list in Figures 4.2 -4.10, specific issues to highlight are:

- a marked differences in TQ maturity between divisions. This is emphasised by the range of internal assessment scores which are currently from 250-450.

- lack of a clear co-ordinated strategy for the implementation of TQM. This is surprising given the approach in the first 4 years but is likely to be more an indication of a decay process

- the hierarchical and functional nature of the business is inhibiting the effective deployment of TQM. This is beginning to be addressed by organisational restructuring and focus on process management

- the principles of TQM are not embedded in the appraisal and promotion processes

- there is no assessment of the awareness of TQM

- measurement through self-assessment has been deployed to divisional level through the Business Excellence review process but deployment at unit level through the Unit excellence process is in the early stages

Issues coming from the internal BER assessments confirm these findings and in particular point to the following:
• emphasis on cost reduction and apparent lack of funding for continuous improvement issues

• leadership behaviour inconsistent with Mission and Values and Leadership Charter

• poor deployment of approaches

• business process management at an early stage of development and process and functional working not fully integrated

• poor People Management and People Satisfaction results

These issues will be brought out in greater detail in the following sections.

LEADERSHIP

Critique

TQM methodology requires the leadership of an organisation to create constancy of purpose (Deming) or a consistent TQ culture (EQA model). Leaders are required to be role models and exhibiting behaviour which aligns to the values of the organisation. Deming advocates ‘driving out fear’, breaking down barriers between staff areas and instituting a programme of education and self-improvement for everyone.

Considerable variation in standards and approaches emerges from the evidence:

• Casey found a lack of clarity and consistency about goals and how they are achieved together with an absence of shared commitment around common goals.
there is no evidence of a clear vision being communicated to all managers and employees. Whilst there is the national Mission and Values statement, there is no strong evidence of wide-scale buy-in.

despite early attempts to modify behaviour, the requirements to reduce costs led to a return to the command and control environment. Under extreme pressure directive style leadership can be perceived as harassment or bullying. A change of directors during 1994 strengthened the position of directors with a Shaper/Plant team style impacting on the operations functions. This impacted down the line and ultimately impacted on the frontline employees in terms of morale.

the emphasis to reduce costs counteracted the drive to involve employees in quality improvement. The real involvement was identified by the EQA assessors as low and the Employee Opinion Survey (Appendix 4) results confirm a declining trend.

deployment discipline was poor in terms of reviewing effectiveness of TQ training.

frontline employees saw behaviour and actions that to them were in conflict with the ‘caring’ values of the organisation.

set against this the direction on Total Quality continued with the shift of emphasis from training and awareness to process improvement and self-assessment.

the cascade of Customer First took place over four years during which time there was a major reorganisation and downsizing by some 3000 managers, most of whom were trained in TQ tools and techniques. The training
regime following reorganisation was focused more on job and managerial skills and the emphasis of TQ training at these levels reduced. This inevitably led to some decay of awareness and understanding particularly amongst middle and frontline managers.

- recognition remains poor as evidenced by the Employee Opinion Survey results (Appendix 4)

- this was counteracted at senior level by the reinforcement of Business Excellence through self-assessment training and at middle/frontline manager level by the introduction of Unit Excellence but this is in an early stage of deployment

- the reorganisation introduced in 1992 had been designed to enhance focus on the customer and to reduce the number of layers of management. The removal of the previous area manager (District Headpostmaster) was followed by the introduction of a Postcode Partnership where area operations managers were intended to work co-operatively as a self-managed team. This change failed in the sense that direction for achievement came down the functional line from a divisional director. Coinciding with the emphasis on cost reduction and threat centred management, this led to significant sub-optimisation. Rather than removing barriers, it introduced them.

**EQA/BER Scores**

The scores for Leadership shown in Chapter 4 (Figure 4.11) cluster around 41-50% for the EQA submission, BT and the average European result is in the range 41-60%
However the scores for the North East BER are in the 21-30% for both 1994 and 1996. This suggests little progress and decline against the national norm for leadership approaches and deployment. Since the approaches in both assessments were similar this points to poor deployment, behaviour and consistency issues.

Specific actions that have been undertaken to improve on this position include:

- at national level making the Effective Leadership feedback process for managers mandatory
- introducing the Unit Excellence approach for self-assessment. However the deployment has been relatively slow, reaching less than 10% of full potential at March 1996. The decision has been taken to speed up the deployment to achieve 100% in two years.
- in Royal Mail North East a leadership programme has been introduced which is cascading to all managers and which seeks to reinforce the need for consistency and an adherence to behaviour required for adherence to the Leadership Charter. The leadership model is based on Tannenbaum, Wechsler and Massarik (1961) and is shown in Figure 5.2. The aim is to reinforce the need to move away from the command and control style of leadership.
The Service Delivery Review introduced in April 1996, serves to overcome this deficiency of leadership and organisation.

Performance against 'desired future state in 1988'
Significant progress was made in the early stages of the implementation of the Customer First TQ programme. This was counteracted by a return to the 'old culture' style of leadership which manifested itself in terms of harassment and managing by fear. The open culture was not stimulated. Rather senior managers chose not to put emphasis on criticism or survey feedback. 'Do as I say not as I do' sums it up.
A change in leadership in the North East in 1995 demonstrates the importance of the commitment of the top person in the organisation. By resetting direction a turnaround in performance has been achieved.

POLICY AND STRATEGY

Critique

Policy and Strategy are linked to Leadership in the EQA model in the sense that TQ should be reflected in the mission, vision, values and strategy statements of the organisation. Policy and strategy should be based on input from all stakeholders; shareholder, customer, employee and community and should be communicated with a closed loop to employees and customers. There is a clear link to the consistency and constancy of direction with the requirement that the whole organisation is aligned to its goals.

Whilst the mission and values had been formulated and widely communicated in the early years of Customer First, the government drive for privatisation was a increasingly dominant factor around 1993/5 and was linked to a drive to improve profitability to increase market attractiveness. A linked driver of productivity remains the government financial targetry, which requires Royal Mail to make a contribution known as the External Financing Limit to the Public Sector Borrowing requirement. The business is required to meet both Real Unit Cost Reduction target and an External Financing Limit target. Both these were stretching and required divisions to make cost savings as well as improve income. The perception in the business was that this direction was paramount. The organisation was seen to care more about profit than its people and cost reduction targets impacted in earlier years on investment in training and pay
increases were controlled by government pay restraint rules. The Strategic Overview communicated in 1988 whilst it mentioned total quality, focused primarily on financial goals. People issues were flagged in the context of industrial relations, communications, recruitment and productivity improvement.

The impact of these factors on strategic direction from 1993 to 1995 was to create a ‘scorecard’ that was unbalanced. Rebalancing was recognised as a strategic imperative in 1995 both nationally and in the North East and the impact of the change in direction is illustrated in the following sections in terms of impact on Employee Opinion Survey scores.

There was some evolution of strategic direction setting. The EQA model was adopted as a way of working in 1992 and strategy was being formulated around customer, employee, operations, quality and profitability. An attempt was made to use the EQA model as a basis for developing the business plan but this failed. With the introduction of process management, the first attempts to create a Business Plan around processes was made in 1994/5 with refinement continuing into subsequent years.

In 1995/6, the North East was able to deploy its Business Plan to area management teams. In 1996 the intention is to deploy the plan to units. The Business plan took input from the Business Excellence Review data thus closing the loop.
EQA/BER Scores

The Royal Mail Scores for Policy and Strategy are close to the average score. The North East score has improved over the two year period.

BT has a very strong score reflecting its approach to using the ‘balance scorecard approach’.

Performance against ‘desired future state in 1988

Direction is now being set around processes with the key directions being Customer, Employee, Society, Business Results and Business Excellence.

The functional disconnects are being managed by a return to an organisational structure with areas being headed up by an area manager.

COMMITMENT OF THE PEOPLE: PEOPLE MANAGEMENT AND PEOPLE SATISFACTION

Critique

People Management Approaches

Royal Mail is a labour intensive organisation and its people should really be considered as its key resource: the greatest asset. This is not matched in terms of investment in training where the training expenditure was found to be low: less than a day a year on average for frontline staff.
In the run-up to the industrial relations crisis in June 1996, the business was negotiating a package called the Employee Agenda which embraced many of the cultural issues surfaced during the initial Customer First activity but this time seeking to consolidate the principles into the way of working. As well as pay, productivity and working week, the package embraced teamworking, measure and display, involvement in in-process measurement of team performance enhanced training (5 days a year) and learning through access to courses.

Communication was generally poor but has been improved through the introduction of a focused briefing process. Deployment has been hampered by the competence of managers to carry out the briefing and basic listening.

Manpower planning and pay have been impacted on by a number of factors:

- improving the reliability of the distribution network has reduced the requirement for overtime to deal with late mail.
- productivity schemes have been resisted. The cause has usually been complexity and fear of job losses.
- there is considerable variation in productivity between units. Smaller units can be up to 50% more productive than larger units. In the larger units that tend to be in larger towns and cities there has been a traditional reliance on overtime. There is therefore a negative drive to improve efficiency since this leads to loss of earnings. There is a negative loop that perpetuates poor performance.
• Manpower planning at larger centres has been affected by automation strategies. It takes several years to develop and implement a new strategy that can result in relocation and loss of jobs. To counter this there has been a policy of putting staff on temporary contracts that exacerbates uncertainty and job insecurity.

• In many units in the North East there was a policy to use casual staff for covering short term absence. This reduced costs but also reduced overtime and earnings potential leading to further dissatisfaction and uncertainty. The staff saw the casual staff as reducing the quality of service given to the customer and inconsistent with the drive for quality improvement. The casual staff had minimal training and no involvement in TQ training or quality improvement.

• As the network became more efficient, more mail became available for first delivery. This meant further changes to staffing structures with an increase in the number of part time posts. This led to further fear of full time job loss. Part time staff are less likely to be involved in quality improvement because of their shorter shift.

Clearly the People Management and manpower planning processes was out of control and causing serious impact on employee morale. In the North East this position was recognised in September 1995 and corrective action included:

• Reviewing and improving the induction training process

• Increasing the investment in training

• Reducing the number of temporary contracts
• reviewing the automation strategy to minimise adverse impact on staff location
• reducing the reliance on casual staff
• re-engineering the Product Pipeline to smooth the flow of work into units

This more balanced approach, reducing the emphasis on cost reduction and investing in people has encouragingly reversed the negative trends in Employee Opinion Survey results. This will be described in the next paragraph.

People Satisfaction Results

The Employee Opinion Survey results listed in Appendix 4 show the following trends

• manager results are higher than non-manager results for all measures
• satisfaction with communication has improved over the four year period for both groups. Results for non-managers dipped in 1994. The sharp upturn was due to the launch of a briefing approach cascaded throughout the organisation.
• the opportunity to improve quality result has shown some small improvement over the period for managers. For non-managers there has been a consistent decline since 1992 when the Customer First training was undertaken.
• morale for both managers and non-managers dipped in 1994 which coincided with the privatisation issue. Morale for managers in the North East declined to the lowest of any division in 1994. This coincided with a
movement of directors and a significant drive for cost reduction.
Simultaneously the division launched a management capability assessment
for managers which was designed to improve management effectiveness.
This was poorly communicated and initially seen as a method to deselect
managers.

- morale for non-managers in the North East dipped in the first period of
  1995. This coincided with duty rescheduling across the delivery operation
  which was very unpopular leading to adverse shift patterns an increase in
  part time staff. This reached a head in Newcastle in April 1995 with a
  protracted industrial dispute. Many of the issues surfaced here, resurfaced
  in the national dispute in June 1996

- recognition of good work has declined for both categories since 1992 and to
  its lowest level in 1996. Linked to pay, the Royal Mail has experienced the
  public sector pay restraint for the last two pay rounds

- the employees are important result declined significantly in 1994 and 1995 in
  the North East coinciding with management changes and the cost reduction
  initiative. This was against national trends for managers. The result for
  non-managers has declined since 1992.

- the result for line manager helping to improve performance has improved
  since 1992 for managers and marginally for non-managers

- satisfaction with Royal Mail as an employer for managers has improved
  since 1992 although the results dipped significantly for managers in the
  North East in 1994. For non-managers the result has declined since 1992.
  There has been a significant improvement in results for both categories in
the North East since the dip in 1994/5, reflecting the new DGM and rebalancing of direction with a greater emphasis on people

EQA/BER scores

The scores in Chapter 4, Figure 4.11 show the following trends and comparisons

- the EQA score for Royal Mail is lower than the average for both People Management and People satisfaction and both are in the 31-40% range
- the BER results for People Management for the North East have stayed static over the two years
- the BER results for People Satisfaction have declined significantly over the two year period, depressing the overall score. The impact of improvement activity listed in above and the improved results were not reflected in these scores due to the stage of deployment and the availability of data: the EOS scores came out two months after the assessment
- the improvement initiatives contained in the Employee Agenda will satisfy many of the improvement requirements of People Management and are intended to raise People Satisfaction. In the short term however it is predicted there will be a dip caused by the industrial action.
Performance against 'desired future state in 1988

Comparisons between the desired state in 1988 and the position in 1996 are described in Figure 5.3.

Figure 5.3 Table showing comparison of desired future state and state in 1996 for People Management

<table>
<thead>
<tr>
<th>Desired future state 1988</th>
<th>Current state 1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Objectives are jointly shared between managers and subordinates with emphasis on teamwork.</td>
<td>Comprehensive process for objective setting for managers in position. Dual emphasis on team and individual objectives. No involvement of frontline employees.</td>
</tr>
<tr>
<td>Encourages decision-taking which supports a &quot;can do&quot; (Entrepreneurial approaches and risk taking)</td>
<td>Improving. Some reluctance to take risks for fear of criticism.</td>
</tr>
<tr>
<td>Teamwork to be the basic approach in the business resulting in pride in Royal Mail</td>
<td>Major stumbling block and the centre for industrial dispute.</td>
</tr>
<tr>
<td>Sound two-way communication and shared understanding is a way of life.</td>
<td>Improving performance. Major issue of communication to frontline and losing the loop to make it two way.</td>
</tr>
<tr>
<td>Encourages personal development, commitment and loyalty.</td>
<td>EOS scores suggest commitment and loyalty low. Personal development strongly encouraged for managers. Emerging approaches for frontline employees</td>
</tr>
<tr>
<td>Reward systems relate to the team and/or individual level as appropriate in respect of achievements, service performance levels and productivity.</td>
<td>Managers receive bonuses for unit, divisional and national performance. Employees receive productivity payments for unit performance. Wide disparity in levels of reward and efficiency</td>
</tr>
<tr>
<td>Remuneration systems provide appropriate flexibility in the reward of individual and team efforts and the satisfaction of local requirements.</td>
<td>Achieved in the main for managers but not for frontline employees</td>
</tr>
<tr>
<td>The commitment to investment in the development of people is unequivocal and clearly demonstrated from top to bottom</td>
<td>Mixed messages with budget being strongest focus up until recently</td>
</tr>
<tr>
<td>Training policies, resources and programmes are a fundamental elements in the achievement of our business goals and values.</td>
<td>Training emphasis has been for managers. Commitment to training for frontline employees has been low.</td>
</tr>
<tr>
<td>Management recognises that all employees are the prime resource and creates a participative environment at all levels resulting in commitment to common goals.</td>
<td>Emphasis has been on improving the main operating process. There has been low emphasis on improving the people management process. Current Employee package seeks to redress balance</td>
</tr>
<tr>
<td>Our customers and all our employees are well informed/educated in respect of our products and services. We have an integrated and consistent approach to the customer</td>
<td>Not fully achieved. A strike hardly demonstrates this commitment</td>
</tr>
</tbody>
</table>

Achieving the commitment of the People

From the analysis described above there are significant weaknesses in the achievement of the commitment of the people. The position is recognised and action is being taken.
across these key areas to improve. The underlying cultural issues are complex and involve interaction between the business and the government and between the old culture and the desire to change. The underlying system linkages will be brought out in the next chapter.

CONTROL OF PROCESSES

Critique

The EQA feedback commented on the existence of good approaches based on a methodology developed by Westinghouse. The principle area for improvement suggested was in deployment and integration into normal operations.

The current state represents a considerable improvement on 1988 when there was no approach in existence. As has been described an approach to process management was initiated with Business development in 1992. This led to the development of a more integrated approach called Managing Performance Through Processes. This follows the framework of the European Quality Award which for the Processes Criterion has the following sub-criteria.

Section 5.1 How processes critical to the success of the business are identified

Section 5.2 How the organisation systematically manages its processes.

Section 5.3 How performance measurements, along with appropriate feedback, are used to review processes and to set targets for improvement.

Section 5.4 How the organisation stimulates creativity and innovation.
Section 5.5 How the organisation implements process change and evaluates the benefits.

As a first step all the critical processes were identified. These are described in relational terms in Figure 5.4

Figure 5.4 Process map showing critical processes

Current actions include

- a major revision of the management process to enhance vertical integration
- a re-launch in April 1996 of the managing performance through processes approach
- a standardisation of process group leadership across all divisions
extension of the measurement framework developed for the Product Pipeline to other processes

• a realisation that a framework of standards needs to be deployed for all processes

• the proposal to involve frontline teams in self-measurement and linked quality improvement

• the speeding up of the deployment of the Unit Excellence self-assessment process

• the systematic deployment of a project management approach for all projects

One of the barriers to effective deployment has been the balance between functional and process working. The re-launch was required because of the resistance of senior managers to take on board the principles of process working which require greater degrees of co-operation and effective cross-functional working. The issue becomes one of working in a matrix structure where line accountability and loyalty in the function is stronger than for processes.

Another hindering factor observed was the lack of standards with the result that there are significant differences in the way people operate right across the organisation. Where there were laid-down service standards, for example in the length of delivery span, local variations were significant with resulting customer dissatisfaction. Quality of service, whilst improving didn’t reflect time of delivery due to the nature of the measurement framework. Staff were also dissatisfied with the apparent abuse of service standards in the interests of cost reduction. These feelings fuelled falling
morale leading ultimately to the industrial action in June 1996. The specific counter to this was the action taken in North East division to restore delivery standards. This was followed by national action.

The responsibilities of process groups have now been defined as follows. Led by the Process Owner with the Process Leader and supported by the Quality Support Manager, the group will:

- manage the process in terms of meetings, membership, process improvement documentation, mapping
- create the vision for the process
- take input from the national process group and Strategic Guidelines to create the strategic direction for the Division
- use the core process map as a basis for developing the divisional process map at appropriate levels of detail using WesTIP methodology
- build on national process measures to develop a set of Divisional process measures. These measurements can be:
  - output measures or key performance indicators relating to process effectiveness, quality of service and customer perception
  - key interface measures between main process steps
  - in-process measures
  - defect rate and cycle time for steps in the process
- develop strategies or approaches which
  - harness the creativity and innovation of all the people in the Division
- build on national approaches or address key Divisional issues that might be flagged up by BER feedback or result trends

- take input from other process groups and Area Management Teams through the Area Managers Forum

- take input from the Strategic Partnership with the Unions for input into the Business Planning cycle

- prioritise strategies in line with overall divisional requirements for income, costs and contribution

- manage projects through PRINCE (Projects IN a Controlled Environment) methodology

- review deployment and effectiveness of strategies or approaches

- review process performance against targets

- share progress with DEC to appraise DEC of current performance and to seek concurrence to strategic direction

- communicate outcomes to other process groups, area teams and frontline

- provide input into national process group in terms of good practice and reviews of performance and deployment

- manage the interfaces with other processes in terms of key interface measures, process improvement, service level agreements and customer satisfaction

- identify opportunities for organisational development to reduce the overheads of the process
This final section will look at the impact on business results. The chart in Figure 5.5 shows the trend of First Class Quality of Service since 1988.

**Figure 5.5 First Class Mail Delivered Next Day**

The chart shows a significant improvement from 1988/9 through to 1990/91 which corresponds with the introduction of a measurement method based on market research sampling. A panel of posters posts letters on a regular basis to measure transit time from posting to delivery. Interestingly the trend plateau's in subsequent years. Factors impacting on this trend were

- introduction of new organisational structure in 1992 with possible of focus
- sub-optimisation of cost reduction programmes. Poor communication between operational functions led to the introduction of changes which were not fully compatible with the next stage of the process. For example
revisions of collection routings were introduced with no changes being introduced in later stages of the process

- introduction of major national changes. For example a change was made to the fundamental way of sorting
- increasing resistance to change by the unions with an increasing incidence of industrial action

The chart in Figure 5.6 shows the Royal Mail profit performance over a similar period. As can be seen there has been strong growth since 1988/9

Figure 5.6 Royal Mail Profit Performance

![Royal Mail Profit Performance](chart)

In summary, although there was a rising trend in profitability and quality of service against relatively static customer satisfaction results. As has been shown earlier and in
Appendix 4, this is against a downturn in People Satisfaction as expressed by Employee opinion Survey results. Days lost through industrial action has also increased over the period (Figure 3.1).

SUMMARY

From the above analysis it can be concluded that the full commitment of the people of the organisation had not been gained. Neither had control of the processes been fully attained. There are significant areas for improvement required for Leadership and People Management. Nevertheless significant improvement had been made in the Business results area which includes profitability, costs and to some extent, quality of service (service delivery). The EQA scores for Royal Mail are in the mid-range for European companies but the BER scores for Royal Mail North East are in the lower range.

The other issue which embraces all the enablers of the EQA model is that of effective deployment. Many of the approaches adopted by Royal Mail are acknowledged as world class but it is the deployment which is weak. This is essentially a function of

- size of organisation
- number of management layers
- number of units
- range of size of units
- training effectiveness
- communication effectiveness, particularly listening
Figure 5.7 compares the current state in 1996 against the critical success factors developed in Chapter 2.

**Figure 5.7 Comparison of current state (1996) against critical success factors**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The existence of a crisis or pressures for change</td>
<td>Recognition that significant improvements required to gain commitment of people.</td>
<td>Crisis returns in terms of industrial relations, threat of loss of monopoly and competition</td>
</tr>
<tr>
<td>2. Total commitment to leadership in Total Quality from all managers: from top to bottom</td>
<td>Commitment given from top to Business excellence which is a key strategic direction</td>
<td>Action to strengthen adherence to Leadership Charter being taken to emphasise positive behaviours</td>
</tr>
<tr>
<td>3. Acceptance by all that Total Quality is the way of working throughout the organisation</td>
<td>Transition to Business Excellence as defined by the EQA model as the way of working</td>
<td>Self-assessment deployed to divisional and partly to unit level</td>
</tr>
<tr>
<td>4. Gaining the commitment of all the people in the organisation to total involvement, values management, training, education, working in teams and empowerment</td>
<td>Mission and Values being reviewed. Employee Agenda tackles other issues</td>
<td>Employee satisfaction results deteriorated. Industrial action increased.</td>
</tr>
<tr>
<td>5. Commitment to continuous improvement of all processes to bring them under control and to reduce variation in terms of defect rates</td>
<td>Process management approach strengthened.</td>
<td>Greater commitment to process working. Main processes being brought under control. Financial and service delivery performance improved.</td>
</tr>
<tr>
<td>6. Through measurement, gaining feedback by listening to the voice of all stakeholders: customers, employees, suppliers, shareholder and the community</td>
<td>Desire to achieve a balanced scorecard in approach to planning. Recognition of poor EOS results translated into action. Government financial targetry continues to dominate planning.</td>
<td>Improved measurement of quality, people satisfaction and customer satisfaction. Shareholder a dominant voice.</td>
</tr>
<tr>
<td>7. Use of a self-assessment framework such as the European Quality Award model</td>
<td>Now embedded in strategic direction and used to drive continuous improvement through the planning process</td>
<td>Being deployed to unit level as a pre-requisite for unit planning.</td>
</tr>
</tbody>
</table>
CHAPTER 6

SYNTHESIS

OVERVIEW

This chapter identifies the learning points from the study of the Royal Mail in terms of

- external environmental impact
- leadership
- commitment of people
- balanced scorecard
- control of processes
- integration with the European Quality Award model
- TQ transformation process

EXTERNAL ENVIRONMENTAL IMPACT

The model of Johnson and Scholes (Figure 2.14) shows how the total culture of organisations is impacted on by a variety of factors. Figure 6.1 compares key issues relating to the national and Royal Mail position.
### Figure 6.1 Factors impacting on change environment

<table>
<thead>
<tr>
<th>Factors of influence</th>
<th>National position</th>
<th>Royal Mail position</th>
<th>Impact on culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Values in society</td>
<td>Emphasis on individual, materialistic, value for money, public sector organisations inefficient</td>
<td>Declared emphasis on caring for customer and employee</td>
<td>Low congruence, conflict of profit goal with values, resistance to change as it impacts on job prospects high</td>
</tr>
<tr>
<td>Values in organised groups eg unions</td>
<td>Legislation to reduce power, compliance through threat of job loss</td>
<td>Traditional, suspicious, preservation of jobs, high overtime, low appreciation of benefits of TQ</td>
<td>Resistance to change through fear of reduction in take-home pay or loss of full-time jobs</td>
</tr>
<tr>
<td>Market position, service provided</td>
<td>Communication market growing very fast. Privatisation government policy. Privatised companies seen to go through extensive restructuring and headcount reduction</td>
<td>Privatisation, commercial focused welcomed by management. Resistance by unions and majority of employees through fear of job loss. Royal Mail seen as a 'cash cow' generating a positive flow of cash to the Public Sector Borrowing Requirement</td>
<td>Conflict between government and commercial pressures and views of unions and employees. Monopoly leads to low perceived threat by frontline employees to loss of business to competitors</td>
</tr>
<tr>
<td>Management style</td>
<td>Aggressive (Hutton, p 62), adversarial</td>
<td>Traditionally command and control, adversarial, authoritarian</td>
<td>Conflict with declared values of being caring, supportive and empowering</td>
</tr>
<tr>
<td>Size of organisation</td>
<td>-</td>
<td>Very large eg 10x larger than other organisations entering for EQA</td>
<td>Challenge of consistent deployment of involvement, empowerment and communication strategies. Size of organisation will impact on rate of change.</td>
</tr>
</tbody>
</table>
The analysis in Figure 6.1 is showing some linkages between issues of national culture and the culture in Royal Mail. Since the Government is the only shareholder for the organisation, the culture and the reaction to change will be strongly linked. The challenge to changing the culture within Royal Mail is great given the close relationship with government. Not only is the Royal Mail impacted on by Government policy and attitude regarding privatisation but by virtue of the close financial links finds itself under increasing financial pressure to improve profitability. Pay and prices are also affected by Government policy eg public sector pay restraint limits wage increases.

Thus at the same time as the TQ transformation process was beginning to consolidate, the drive for privatisation created the pressure for increasing profitability to increase the attractiveness of the organisation to prospective shareholders. I postulate that this had a counteracting force to the TQ process in that it heightened the ‘fear’ factor in terms of job loss. Balancing this, one could postulate that if the key event of privatisation had occurred with the associated loss of the monopoly then the issue of competitiveness would have been stronger, thus weakening the resistance to change for this dimension.

LEADERSHIP

TQM requires a consistency of leadership. In the early days of Customer First, managers started to behave differently as they sought views of internal customers and suppliers to change proposals. With the introduction of the Leadership Charter and the Effective Leadership Feedback process, measurement of the perceived change in
behaviour became possible. Managers became involved in quality improvement projects and this strengthened the understanding of internal customer-supplier relationships.

In Royal Mail North East downside to these positive factors influencing change were

- the cascade to frontline managers took over 3 years. By the time it reached the frontline, the training had been reduced and there was less involvement of senior managers in the training process. Training for front-line employees was limited to 3 hours. Further involvement was encouraged through quality involvement projects and further training given. Employee involvement in quality improvement activity grew to around 40% which was average for Royal Mail but lower than expected by the EQA assessors.
- the major reorganisation that took place in 1991/1992 led to a reduction in management posts of around 150-200. Many of the managers trained in the first wave of Customer First retired on Early Voluntary retirement with consequent loss of expertise and organisational ‘wisdom’
- the new managers appointed subsequently received minimal training in Total Quality as other training initiatives took precedence.
- the emphasis on cost reduction increased as the business drove to increase profitability and its market attractiveness in the face of Government intentions to privatise. This led to a switch back to a command and control, authoritative style of leadership manifesting in the worst cases in perceptions of harassment.
• A management capability exercise aimed at assessing the capability of frontline managers through an assessment process suggested that around 20% of managers were not up to the required level of competence. The exercise was initially seen as a method of deselection of managers.

• Managers were selected for their ability to get results and influenced to move or retire if they failed. This threat-centred climate led to a worsening of management morale.

A return to the old-style management by fear was unfortunately the dominant theme up to the appointment of a new Divisional Director and General Manager. This appointment was accompanied by a thorough review of people issues using a process of discussion groups undertaken by divisional directors and using the Leadership and People Management framework for analysis. This concluded that leadership style, communication, induction training and manpower resourcing were key areas for improvement. Immediate improvements were made particularly in the area of the induction process and communication to managers on the divisional direction. The majority of Employee Opinion Survey attribute results showed an improvement in the next two surveys. Morale amongst managers which had reached a low of 20% in 1984, rose to 33% although still below the national average.

The selection of managers through the organisation is crucial for overall performance. Clearly the Chief executive who is appointed by the Government must have the qualities consistent with the style of Government. This is mirrored down through the organisation. This was evident in the alleged predominance of the Shaper Belbin team.
In Royal Mail North East this led to a focus in favour of an authoritative style with imbalance of emphasis on financial performance rather than people.

COMMITMENT OF PEOPLE

The analysis in the earlier section on external factors has brought out possible incongruent between the perceived values in national society and the values of the Royal Mail. The similarity between the performance of the national economy and the lack of a 'feel-good factor' is mirrored in the Royal Mail. Both the national economy and the Royal Mail financial position are performing well but public opinion and the Royal Mail Employee Satisfaction results show people are generally 'unhappy'.

According to Atkinson (Figure 2.11), values are the most difficult aspect of organisational culture to change and the longest to change. Certainly the Mission and Value statement that was developed as part of the launch of Customer First contains the 'right' elements. Conflicts occurred in terms of certain 'caring' for employee elements. It is difficult to convince and employee that you care if uniform supply is poor, training is inadequate, that you are working extensively with casual staff or staff on temporary contracts, that communication is poor and you are driven hard by your front-line manager who is being pressurised by senior management to reduce costs. It is also in conflict with the values if you are perceived by the employees as worsening the quality of service to the customer as part of the cost reduction regime.

The downward trend for the Employee Opinion Survey results particularly for morale and recognition suggests employees do not see managers matching up to the value
statement. Similarly strike action is not consistent with ‘caring about the customer’. This situation matches Wickens’ Alienated style of organisation where there is a greater emphasis on controlling the process, ie reducing costs, than gaining the commitment of the people.

BALANCED SCORECARD

What is emerging from the analysis is the absence of balance in approach. With a financial spiral of increasing emphasis on cost reduction to the detriment of investment in people, the organisation eventually will become unstable. Indicators of instability are declining Employee Opinion Survey results, increased turnover and ultimately increasing resistance to change and industrial action.

These trends were seen in Royal Mail North East in the period up the industrial action in April 1995. Similar trends are also seen at national level in terms of the Employee Opinion Survey results and the balance of scores in the EQA and Business Excellence Reviews. In Royal Mail North East the imbalance led to a serious strike in April 1995. This was almost certainly at the leading edge of a national trend with industrial action taking place nationally in July 1996 with recognition at main board level that there had been insufficient emphasis on the employee. Investment in training for frontline employees was very low at less than a day a year!

Returning to the analysis of external environmental impact and making comparisons with British Telecom, one could postulate that if privatisation had occurred, then the
organisation would have been better placed to maintain a balanced scorecard, particularly in the context of the investment in people. The need for market competitiveness would still require the need for productivity improvement but cost reduction could be balanced by market growth and the investment in the education and training of all employees.

CONTROL OF PROCESSES

In Kanji's model of TQM (Figure 2.5) he describes 'all work is process'. Wickens talks about the need to bring processes under control. The key processes that have been identified for Royal Mail North East have been outlined in Figure 5.4.

Processes can have two components; business-wide and divisional. For example, pay policy is set within the People Management process to set national pay and conditions. At divisional level, the payroll is put together. At area and unit level activities take place to ensure that hours worked are recorded and payment made. In terms of the EQA methodology, approaches are set at national and divisional and deployed through areas to units. The key to understanding the impact of processes is to consider them as impacting both on all employees and all customers.

The table in Figure 6.2 shows how these processes in Figure 5.4 impact on employees and customers. Each process requires knowledge of how it works through the application of business process management methods and measures, targets and standards defined at all levels from business-wide to the point where it impacts on an employee or customer.
The culture change that must occur in the organisation can be seen in process terms to be linked to how the processes of the organisation impact on the internal and external customers and how the two feedback loops; the voice of the process and the voice of
the customer are developed. Through empowerment, every employee must be involved in improving the service to the customer.

INTEGRATION WITH THE EUROPEAN QUALITY AWARD MODEL

Looking at the interaction between this process approach and the EQA model shows how the components of the model can be applied to specific processes. Figure 6.3 shows this intersect between the communication process and the EQA model in terms of application at each level in the organisation.

Figure 6.3 Intersect of Communication Process with EQA model

Current thinking in Royal Mail is to identify further opportunities for integration between Business management in terms of setting strategic direction, the EQA model and process management. Figure 6.4 shows how the EQA model can be re-formatted
to demonstrate how strategic direction drives the setting of business goals. To achieve these requires an emphasis on enablers and process targets which must produce results that underpin the achievement of business goals.

Figure 6.4 Business Management Model

Figure 6.5 develops the theme of strategic direction further shows the relationship between mission or purpose, direction and business goals. The strategic direction is underpinned by the values of the organisation. Figure 6.6 takes this further with business-wide strategy deployment through annual process plans. These process plans need to be developed and deployed in a consistent way throughout the organisation down to individual operating unit and team level.
Figure 6.5

Strategic Direction

Why we exist

Royal Mail Goals, Measures & Targets

Customer
People
Society
Business Excellence

Strategic Direction drives ALL business activity

Values

How the Business will operate

Figure 6.6

Businesswide Strategy Deployment

Enabler Criteria
Approaches

Result Criteria
Approaches

Annual Process Plans
Deployment of Plans
This integration has been described by Zairi (1995) in the context of strategic planning through quality policy deployment (QPD). Zairi maintains that ‘if every employee should be concerned with customer issues and strategic planning must be defined in customer terms, everybody should be involved with strategic planning.’ QPD focuses on process management in terms of senior management deciding on the right things to do and performance measurement where quality improvements take place through team efforts and a multi-functional approach.

Royal Mail is seeking to achieve this through the deployment of a process management approach linked to the deployment of a self-assessment approach, using the EQA model, to divisions (Business Excellence Review) and units (Unit Excellence). Both approaches link the identification of areas of improvement to planning. In the case of the divisional level, this is linked to the Royal Mail strategic direction setting and planning processes. There are further opportunities to integrate this approach with the area and unit planning approaches.

The relevance of this in terms of the desired culture is expressed by Joiner (1994) who describes the essence of what he calls 4th Generation Management as the need for all employees to be fully effective. Employees can’t be told to get involved in improving their work, they have to be taught about customers, data, variation, processes. Managers have to learn all about this as well. Systems need to be created to share ideas and take action to delight all stakeholders: customers, employees, shareholders, suppliers and communities.
The essence of changing the culture in the organisation is to make this happen; to create an outward focus on delighting the customer through the involvement of every single person in the organisation in understanding where they are in the organisation with relationship to the processes. This drives back to the heart of the ‘simple model’ which is about people working in processes to continuously improve the results of the organisation. The TQ transformation process is what is required to achieve this and where all the energy and resource of change must be directed.

This introduces the principle of replication or as Kanji (1993) calls it the Russian Doll principle. This links to the model depicted by Parker and Porter (1992) and the need for alignment or as Zairi (1995) describes, goal congruence and corporate alignment.

The diagram in Figure 6.7 shows how this principle of replication can apply to:

- the alignment of everyone in the organisation to the vision, mission, values and goals of the organisation
- the requirement for leadership: the glue that holds it all together, that provides vision and a sense of direction to achieve the mission and goals of the organisation in a manner consistent with its values
- the application of the EQA model at every level as a basis for self-assessment and measurement of progress
- the way processes can be seen as driving right through then organisation to impact on an a stakeheloder: customers, employee, suppliers, community and shareholders
TQ TRANSFORMATION PROCESS

The implementation of TQ into an organisation has close similarities with the launch of a new product and the product life-cycle. Charles Handy (1994) describes the Sigmoid Curve in terms of starting 'slowly, experimentally and falteringly' then waxing and waning. This behaviour applies to new products, empires, organisations and relationships. To avoid decline and decay, a second growth curve has to be started before the first decays. This is shown diagramatically in Figure 6.8.
This effect is also described by Lynch and Kordis (1988) in the context of the impact on delays in taking action to get onto the second curve. Figure 6.9 illustrates the impact of leaving it too late to make the change: changing after the times. In this model, performance drops off and only begins to improve when the delayed next phase impacts. Not only does performance drop off but the peak on the second curve is lower than if the change is made at the optimum point. Figure 6.10 shows the impact of changing way before the times, before the old cycle has reached its peak. In this, the result is that no improvement is seen at the peak of the second curve. This could be the result of successive initiatives being introduced too early before earlier initiatives had produced the required change.
Figure 6.9 Changing after the times

Figure 6.10 Changing way before the times
Applying these concepts to the implementation of TQ in the Royal Mail on could expect some form of decay to occur behind the first ‘wave’ of implementation of Customer First. Customer First training was linked to other initiatives which were designed to reinforce the direction and to give impetus to move to higher levels of performance, for example:

- positive attitudes to the new way of working
- positive behaviour
- Leadership Charter and Effective Leadership feedback process
- Business Process Improvement and process working
- self-assessment using EQA model
- integration of Business Excellence as the way of working
- application for European Quality Award

Set against these will be negative factors impacting on decay, for example:

- delay in deploying training to frontline
- delay in deployment of initiatives
- moving on before the initiative is properly bedded-in and deployed
- negative attitudes to the new way of working
- negative behaviour
- overemphasis on costs
- fear: privatisation, job loss, loss of take-home pay, boss
- under-investment in training
I hypothesise that the current industrial relations issues result from not anticipating the people issues. Since the Employee Opinion Survey results are only taken twice a year there is a significant delay of up to two years before an adverse trend can be spotted. That and the length of time to develop solutions and negotiate (a further 12-18 months) increases the chances of the ‘changing after the times’ condition shown in Figure 6.8.

A further issue is that of initiative overload. If new initiatives or changes come along at a rate which has not allowed the previous initiative to be fully deployed, then the phenomenon of ‘changing before the times’ seen in Figure 6.10 could arise, with the result that the full impact of the first initiative is not made before the second comes in. The result is no overall progress in the long run.

Handy (1994) raises the issue of how do you know where you are on the first curve. He suggests that you should always assume you are near the peak of the first curve and should be starting to prepare for the second curve. He recommends that organisations should assume that present strategies need to be replaced every two or three years and that trends are quickening. This suggests that measures of important factors like employee opinion need to be taken much more frequently in order to identify significant changes. After all, budget, quality and customer satisfaction are measured at least monthly in Royal Mail. Why not employee opinion?

So when evidence suggests that 80% of TQM initiatives result in complete or partial failure (Morris and Haigh (1996)), I consider that these underlying forces are at work.
Those that succeed, do so by ‘riding the waves of change’ in a way that results in continuously improving performance and on balance avoiding all the traps or pitfalls.

The size and complexity and the political environment of Royal Mail are key factors impacting on this process of change. As Joiner (1994) says everyone in the organisation must take on board the new principles. Everyone therefore has their own personal ‘wave’ of change. However there must be a more optimal relationship between customers, employees, the community and the shareholder to ensure that all need are balanced.

The performance of Royal Mail North East in terms of self-assessment scores suggests that whilst there has been some positive change, the rate of decay and reversion to the old way of working was high. The positive indicator is that the system can recover with a re-focus and re-balancing of direction as feedback from the people is acted on.

The initial wave of implementation was very similar to the Crosby (1979) approach. This on its own is not sufficient to sustain the change. What Royal Mail is attempting to do is to use the framework of the EQA model to describe the way of working. This integrates TQ with planning, people and physical resource management and process management to deliver the results for the organisation.

INTEGRATION

The bases to the analytical framework described in Figure 2.22 were

- leadership
- commitment of people
- control of processes

The integrating model in figure 6.10 brings this analysis together

Figure 6.11 Integrating model

The model brings out the role of leadership to provide the ‘glue’ that not only brings processes and people together but aligns the people in the direction of the vision, mission and goals of the organisation. Leadership must create the balance to prevent the organisation from being pulled off course.

Leadership, the commitment of people and the control of processes are all impacted on my positive and negative factors. To avoid decay and imbalance, the positive factors
must out-weigh the negative factors. The greater the positive balance, the greater the virtuous spiral of improvement and excellence in results.

Key themes that from the body of knowledge is the need for balance; between functions and processes, between results for profitability, customer satisfaction, people satisfaction and impact on society, between commitment of people and control of processes. If balance is not achieved instability occurs which impacts on customers, people and business results. This begins to be acknowledged in the implied interdependency of the EQA model.

What has emerged recently in Royal Mail is the recognition of the Russian Doll principle: the need to replicate structure consistently between levels in the system and across the whole system. The EQA model draws out the distinction between approach and deployment. To achieve excellence, not only do you need sound approaches but they need to be consistently deployed to the maximum extent in the organisation to involve all employees. The application of self-assessment at unit level is beginning to provide a measurement and improvement framework to achieve this. This is another new initiative and could therefore suffer from the same form of decay as other initiatives. However by integrating it into the management process and the approach to planning will counteract this effect.
CHAPTER 7

THE NEXT STAGE OF THE JOURNEY

OVERVIEW

Reflecting on the learning points from this thesis and the model described in Figure 6.8 the following action should be taken.

RECOGNISING THE PRESSURES FOR CHANGE

The pressures for change can be summarised as:

- customer dissatisfaction with overall service
- employee dissatisfaction culminating in serious industrial action
- major distrust between management and unions
- creating competitive advantage to face up to future market conditions
- strengthening the drive for Business Excellence as a way of working

The seriousness of the current state in terms of the impact of the loss of the postal monopoly must be communicated convincingly throughout the organisation.

CREATE A SHARED VISION

Adopting the balanced scorecard approach of Kaplan (1993) as exemplified by BT, revise the mission and values and recreate a vision, mission and values state relevant to the future needs of the business in say 10 years time. This revised statement must be tested with a broad vertical cross-section of the organisation and must address the requirements of all stakeholders. It must then be communicated with passion to all employees using state of the art communication channels such as multi-media presentations.
ALIGN THE STRATEGIC DIRECTION TO THE NEW VISION, MISSION AND VALUES

Using the balanced scorecard approach, ensure that the strategic direction takes input to satisfy the needs of all stakeholders: customers, employees, shareholder (ie Government), suppliers and the community. There is a need to strengthen the integration of EQA and BER outcomes into the planning process and to introduce a goal deployment methodology to ensure consistency and depth of deployment of key approaches.

At divisional level the planning process must be deployed beyond areas to units linking in to the Unit Excellence process. To overcome the potential for decay, the deployment of Unit Excellence should be speeded up.

REINFORCE THE LEADERSHIP DIRECTION

There is a superb opportunity for the new Managing Director need to champion the new direction and in particular Business Excellence and the use of the EQA model for self-assessment at all levels. In particular the Managing Director and senior managers must be measured against the new expectation of behaviours with a revised Effective Leadership Feedback process which is integrated with the appraisal and promotion processes.
Even greater emphasis need to be give to management behaviours and the use of the Effective Leadership Feedback process for creating improvement action plans and to provide evidence for appraisal and promotion.

Building on the Leadership for Results programme, Belbin team analysis or an equivalent should be used to balance teams, particularly project teams.

GAINING THE COMMITMENT OF THE PEOPLE

Building on the approaches listed above, the initiatives being developed to enhance employee conditions and the way of working cover many of the areas for improvement:

- emphasis on learning
- significantly enhanced training
- working in teams
- measure and display of team performance

In addition I propose the following additional areas

- use of Unit Excellence to measure unit progress against the EQA model and to develop unit action plans. This is then capable of replicating the balanced scorecard at unit level and emphasising the need for measurement of customer and employee satisfaction. Unit Excellence with this level of deployment can become the primary driver of empowerment AND focused involvement of employees in improvement activity which can be directed at the whole unit.
- ensure that induction training for managers and employees covers the principles of TQ and Business Excellence
- devise an approach to manage the assessment of management capability without impacting negatively on manager morale

Supporting this is process improvement around the communication process and the implementation of a divisional communication plan which includes closed-loop feedback.

REGAINING THE TRUST OF THE UNIONS AND EMPLOYEES

The current industrial dispute has been very damaging in terms of customer confidence and the confidence of the whole workforce. Action must be taken once the dispute is resolved to restore confidence. This can be achieved by a business-wide initiative build partnerships with the unions at all levels. Part of this process must involve the creation of acceptance amongst the unions of the commercial pressures and imperatives prevailing.

GAINING CONTROL OF PROCESSES

The impetus on Process Management must be maintained with a focus on standards as well as measurements and targets. Further integration between EQA model and process management needs to be developed to make the process of self-assessment against the EQA model continuous.
The level of awareness of the underlying philosophy of process management including variation, statistical process control and systems thinking needs to be developed. Internal and competitive benchmarking can be deployed to identify improvement opportunities for process improvement and to deploy good practice. All processes must develop standards for consistent operation and deployment. Quality function deployment can provide the basis for developing the approach to integrate the EQA model and process management. As well as deploying self-assessment to divisional and unit level, an approach needs to be developed to deploy to areas as well. They are large entities employing over 2000 people.

Regarding the conclusions in chapter 6 regarding the measurement of Employee Satisfaction, it is recommended that the whole approach be reviewed to increase the sampling frequency to at least quarterly. The BT closed loop process could be benchmarked to identify further opportunities for improvement. Much greater involvement of the front-line in identifying improvement opportunities is warranted.

FUTURE RESEARCH
The linkage of the issues of culture change, the TQ transformation process, growth and decay of initiatives and the properties of the Sigmoid curve lend itself to future research to determine optimum rates of implementation and the identification of measures to predict when to introduce new initiatives. The interaction and dynamics of processes should be explored using system thinking approaches. Finally the issue of team dynamics and the use of psychological assessments as a predictor of success or dysfunction could be explored further.
SUMMARY

The journey to excellence is tough and the pitfalls many. These are all described in the literature but still mistakes are made. Critical success factors are

- the existence of crisis or pressures for change
- commitment to leadership from all mangers: from top to bottom
- acceptance by all that Total Quality is the way of working throughout the organisation
- gaining the commitment of all the people in the organisation total involvement, values management, training, education, working in teams and empowerment
- commitment to continuous improvement of all processes to bring them under control and to reduce variation in terms of defect rates
- through measurement, gaining feedback by listening to the voice of all stakeholders: customers, employees, suppliers, shareholder and the community
- use of a self-assessment framework such as the European Quality Award model to provide not only a benchmark score but an identification of areas for improvement that can be input into the business planning process

The research methodology has been complicated by the relatively recent adoption of the EQA model for self-assessment. This does however provide a powerful approach for tracking progress and for making inter-organisational comparisons.
And finally.....

As Atkinson says (1990) *you really have to love your people like your own family.*

We really must regain the commitment our people and ensure long term commercial success for our organisation.

A quote from TS Elliot (1969) sums up my own journey:

*We shall not cease from exploration*

*And the end of all our exploring*

*Will be to arrive where we started*

*And know the place for the first time.*
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APPENDIX 1

SUMMARY OF THE TEACHINGS OF THE QUALITY GURUS (summarised from Brocka and Brocka (1992))

1. DEMING

14 POINTS

1. Create constancy of purpose for improvement of product and service.
2. Adopt the new philosophy.
3. Cease dependence upon inspection to achieve quality.
4. Minimise total cost by working with a single supplier - end the practice of awarding business on the price tag alone.
5. Improve constantly and forever every process.
6. Institute training on the job.
7. Adopt and institute leadership.
8. Drive out fear.
9. Break down barriers between staff areas.
10. Eliminate slogans, exhortations, and targets for the workforce.
11. Eliminate numerical quota for the workforce and numerical goals for management.
12. Remove barriers that rob people of pride of workmanship. Eliminate the annual rating system.
13. Institute a vigorous programme of education and self-improvement.
14. Put everybody in the company to work to accomplish the transformation.

SEVEN DEADLY DISEASES

1. Lack of constancy of purpose.
2. Emphasis on short-term profits.
3. Annual performance reviews.
4. Mobility of management; job hopping.
5. Use of visible figures only for management.
6. Excessive medical costs.
7. Excessive costs of liability.

OBSTACLES

1. Neglect of long-range planning and transformation.
2. The idea that problems are solved with automation, gadgets and other 'things'.
3. Pick and mix approach to implementing quality without basic principles.
4. Attitude that 'our problems are different' leads to ignoring basic principles.
5. Obsolescence in schools.
6. Reliance on quality control departments; quality must be part of everyone's job.
7. Blaming the workforce for problems. The system must be improved as well as the product.
8. Quality by inspection.
9. False starts can result from mass teaching with little guidance on implementation.
10. The unstaffed computer.
11. Inadequate testing.
12. ‘Anyone that comes to try to help us must understand all about our business’ is an arrogant attitude that leads to failure.

2. FEIGENBAUM

FOUR DEADLY SINS

1. Hothouse quality.
2. Wishful thinking
3. Producing overseas.
4. Confining quality to the factory.

NINeteen steps to quality improvement

1. Total quality control defined. TQC is defined as an effective system for integrating the quality development, quality maintenance and quality improvement efforts of various groups in an organisation so as to enable marketing, engineering, production and service at the most economical levels which allow for full customer satisfaction.
2. Quality versus quality.
3. Control.
4. Integration.
5. Quality increases profits.
6. Quality is expected not desired.
8. TQC applies to all products and services.
9. Quality is a total life-cycle consideration.
10. Controlling the process.
11. A total quality system provides integrated and continuous control to all key activities, making it truly organisational-wide in scope.
12. Benefits are improved product quality and design, reduction in operating costs and losses, improvement in employee morale and reduction of production-line bottlenecks.
13. Cost of quality.
15. Quality facilitators, not quality cops.
16. Continuous improvement.
17. Use statistical tools.
18. Automation is not a panacea.
19. Control quality at the source.
14 STEPS TO QUALITY IMPROVEMENT

1. Make it clear that management is committed to quality.
2. Form quality improvement teams with representatives from each department.
3. Determine how to measure where current and potential quality problems lie.
4. Evaluate the cost of quality and explain its use as a management tool.
5. Raise the quality awareness and personal concern of all employees.
6. Take formal actions to correct problems identified through previous steps.
7. Establish a committee for the zero defects programme.
8. Train all employees to actively carry out their part of the quality improvement programme.
9. Hold a zero defects day to let all employees realise that there has been change.
10. Encourage individuals to establish improvement goals for themselves and their groups.
11. Encourage employees to communicate to management the obstacles they face in attaining their improvement goals.
12. Recognise and appreciate those who participate.
13. Establish quality councils to communicate on a regular basis.
14. Do it all over again to emphasise that the quality improvement programme never ends.

ABSOLUTES OF QUALITY MANAGEMENT

- Quality means conformance to requirements. If you intend to do it right first time, everyone must know what it is.
- Quality comes from prevention. Vaccination is a way to prevent organisational disease. Prevention comes from training, discipline, example, leadership, and more.
- Quality performance standard is zero defects (or defect-free). Errors should not be tolerated.
- Quality measurement is the price of non-conformance.

4. JURAN

QUALITY IMPROVEMENT

1. Create awareness of the need and opportunity for improvement.
2. Mandate quality improvement; make it part of every job description.
3. Create the infrastructure: establish a quality council; select projects for improvement; appoint teams; provide facilitators.
4. Provide training in how to improve quality.
5. Review progress regularly.
6. Give recognition to winning teams.
7. Propagandise the results.
8. Revise the reward system to enforce the rate of improvement.
9. Maintain momentum by enlarging the business plan to include goals for quality improvement.

QUALITY PLANNING

1. Identify the customers: internal and external.
2. Determine customer needs.
3. Create product features which can meet customer needs.
4. Create processes which are capable of producing the product features under operating conditions.
5. Transfer the processes to operating forces.

QUALITY CONTROL

1. Evaluate actual performance.
2. Compare actual with goal.
3. Take action on the difference.

TOTAL QUALITY MANAGEMENT

1. Quality becomes a part of upper management agenda.
2. Quality goals enter the business plan.
3. Stretch goals are derived from benchmarking: the focus is on customer and on meeting competition; there are goals for annual quality improvement.
4. Goals are deployed to the action levels.
5. Training is done at all levels.
6. Measurement is established throughout.
7. Upper managers regularly review progress against goals.
8. Recognition is given for superior performance
9. The reward system is revised.

5. ISHIKAWA

1. Quality begins with education and ends with education.
2. The first step in quality is to know the requirements of the customers.
3. The ideal state of quality control is when inspection is no longer necessary.
4. Remove the root cause, not the symptoms.
5. Quality control is the responsibility of all workers and all divisions.
6. Do not confuse the means with the objectives.
7. Put quality first and set your sights on long-term profits.
8. Marketing is the entrance and exit of quality.
9. Top management must not show anger when facts are presented by subordinates.
10. Ninety-five percent of the problems in a company can be solved by the seven tools of quality control:
    • Pareto charts
• Cause-effect diagrams
• Histograms
• Check sheets
• Scatter diagrams
• Flowcharts
• Control charts

11. Data without dispersion information is false data eg stating the average without a standard deviation.
PHILOSOPHICAL BASIS OF TQM (after Haigh and Morris (1995))

1. Challenge to the status quo

2. A set of values:
   - access: approachability and ease of contact
   - communication: keeping customers informed and listening to them
   - competence: possession by the people in the organisation of skills and knowledge
   - courtesy: politeness, respect, consideration and friendliness
   - reliability: consistency and dependability
   - responsiveness: willingness, readiness and timeliness
   - security: freedom from danger, risk and doubt
   - tangibles: physical evidence of the quality of service
   - understanding/knowing the customer: understanding customer needs and expectations

3. A vehicle for change embodying the features of TQM
   - the customer is king
   - everyone participates in TQM
   - quality measurement is essential
   - align corporate systems to quality
   - constantly strive for quality improvement

4. A future desired state in which the past and current managerial practices have been eradicated and in which new practices, secured through the active and effective implementation, as a vehicle for change have become endemic.
APPENDIX 3

PRAGMATIC IMPACTS OF VALUES MANAGEMENT (AFTER QUINN (1992))

1. Consistent values will attract the kind of people who genuinely want to work for the company and mutually held values create the trust for flexibility and effectiveness.

2. Trust, created by common values, allows efficient delegation. People will work independently toward commonly held goals.

3. People work harder to fulfill values they believe in, thus enhancing personal motivation and enterprise productivity.

4. People who share common values will help each other, generating teamwork and adding value through shared solutions.

5. Creative people can work efficiently on their own toward commonly held goals and can share the long time horizons needed for innovative success.

6. Common values create group identity, improve morale, and eliminate needs for more detailed controls.

7. High-morale organisations will band together, work intensively for short spurts on critical problems, and protect group secrets.

8. People at distant points in the organisation can be trusted in ways consistent with organisation purposes.

9. Value-activated people will consciously seek new opportunities to fulfill these values and will not waste time on those who do not.

10. Commonly held values tend to minimise squabbles, decrease internal frictions and reduce time needed to manage them.
APPENDIX 4
EMPLOYEE OPINION SURVEY (EOS) RESULTS
1992-1996 (Period 1)

RESULTS FOR MANAGERS FOR ROYAL MAIL NORTH EAST (Figures in brackets are National Average)

<table>
<thead>
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<th>Year (period)</th>
<th>Satisfaction with Communication</th>
<th>Opportunity to Improve Quality</th>
<th>Morale</th>
<th>Recognition of Good Work</th>
<th>Employees are Important</th>
<th>Line Manager Helps Improve Performance</th>
<th>Satisfaction with Royal Mail as an Employer</th>
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RESULTS FOR NON-MANAGERS FOR ROYAL MAIL NORTH EAST (Figures in brackets are National Average)

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<th>Recognition of Good Work</th>
<th>Employees are Important</th>
<th>Line Manager Helps Improve Performance</th>
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<tr>
<td>Plant</td>
<td>Source of original solutions. Creative, imaginative, unorthodox, Solves</td>
<td>Ignores details. Too pre-occupied to communicate effectively. Neglects practical</td>
<td>Strong ownership of idea when co-operation with others would yield better results</td>
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<td></td>
<td>difficult problems</td>
<td>matters.</td>
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<td>Resource Investigator</td>
<td>Creative negotiator. Extrovert, enthusiastic, communicative. Explores</td>
<td>Over-optimistic. Loses interest once initial enthusiasm has passed.</td>
<td>Lets clients down by neglecting to make follow-up arrangements</td>
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<tr>
<td></td>
<td>opportunities. Develops contacts.</td>
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<tr>
<td>Co-ordinator</td>
<td>Team controller. Mature, confident, trusting. A good chairperson. Clarifies</td>
<td>Can be seen as manipulative. delegates personal work. An inclination to be lazy if</td>
<td>Takes credit for team effort.</td>
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<td></td>
<td>goals, promotes decision-making, delegates well.</td>
<td>someone else can be found to do the work.</td>
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<tr>
<td>Shaper</td>
<td>Slave-driver. Challenging, dynamic, thrives on pressure. Has the drive and</td>
<td>Can provoke others. Hurts feelings. Prone to frustration and irritation.</td>
<td>Inability to recover situation with good humour or apology.</td>
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<td></td>
<td>courage to overcome obstacles.</td>
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<tr>
<td>Monitor Evaluator</td>
<td>Analyser of problems. Sober, strategic, and discerning. Sees all the</td>
<td>Lacks drive and ability to inspire others. Overly critical. Scepticism with logic.</td>
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<td>options. Judges accurately.</td>
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<tr>
<td>Team Worker</td>
<td>The internal facilitator. Co-operative, mild, perceptive and diplomatic.</td>
<td>Indecisive in crunch situations. Can be easily influenced.</td>
<td>Avoids situations that may entail pressure</td>
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<td>Listens, builds, averts friction, calms the waters.</td>
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<tr>
<td>Implementer</td>
<td>The effective organiser. Disciplined, reliable, conservative and efficient.</td>
<td>Inflexible. Slow to respond to new possibilities. Adheres to the orthodox and proven.</td>
<td>Obstructs change</td>
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<td></td>
<td>Turns ideas into practical solutions.</td>
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<td>Completer</td>
<td>The one who guarantees delivery. Painstaking, conscientious, anxious.</td>
<td>Inclined to worry unduly. reluctant to delegate. Can be a nit-picker. Perfectionism.</td>
<td>Obsessional behaviour</td>
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<td>Searches out errors and omissions. Delivers on time.</td>
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<td>Specialist</td>
<td>The expert. Single minded, self-starting, dedicated. provides the knowledge</td>
<td>Contributions on a narrow front. Dwells on technicalities. Overlooks the big picture.</td>
<td>Ignores factors outside own area of competence</td>
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APPENDIX 6

MANAGEMENT BEHAVIOUR SURVEY (CONFIDENTIAL)

Details of this survey have been shared with the examiners but are not available for the public domain. Enquiries can be made to the author.