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United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-249779

April 2, 1993

The Honorable Robert B. Reich
The Secretary of Labor



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Dear Mr. Secretary:

Total Quality Management (TQM) is a management approach that strives to achieve continuous improvement of quality through organizationwide efforts based on facts and data. TQM also focuses business processes on meeting the needs of customers, both internal and external. Although TQM traditionally has been associated with private sector organizations and their efforts to remain competitive and profitable, in recent years federal organizations have been attempting to implement TQM to cope with budget restrictions and better serve the public.

We recently surveyed federal installations to determine the extent of their use of TQM and learned that 68 percent of the installations surveyed were implementing TQM.¹ An installation, as defined by the Office of Personnel Management, is a unit with a specifically designated head who is not subject to on-site supervision by a higher level installation head and who has been delegated some degree of authority in the performance of personnel management functions. Our survey covered over 2,800 installations, such as Internal Revenue Service Centers, Social Security offices, military depots, and Labor field offices. Thirty-eight installations of the Department of Labor were included in this survey, and the purpose of this correspondence is to provide you a brief summary of the results as they apply to Labor as well as to compare Labor results with the results of all surveyed federal installations. We believe this information-- particularly data on barriers to TQM--can be useful in your planning and as a baseline for judging future efforts.

¹Quality Management: Survey of Federal Organizations
(GAO/GGD-93-9BR, Oct. 1, 1992).

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STATUS OF TQM

Figures 1 and 2 show the percentage of government installations and Labor installations implementing TQM. As figure 1 shows, about 68 percent of the federal installations responding to our survey reported they were starting or already implementing TQM. Figure 2 shows about 26 (68 percent) of the 38 Labor installations responding to our survey reported that they were working on various phases of TQM. Additionally, 6 of the remaining Labor installations reported that they planned to implement TQM.

Figure 1: Percentage of Government Installations Implementing TQM

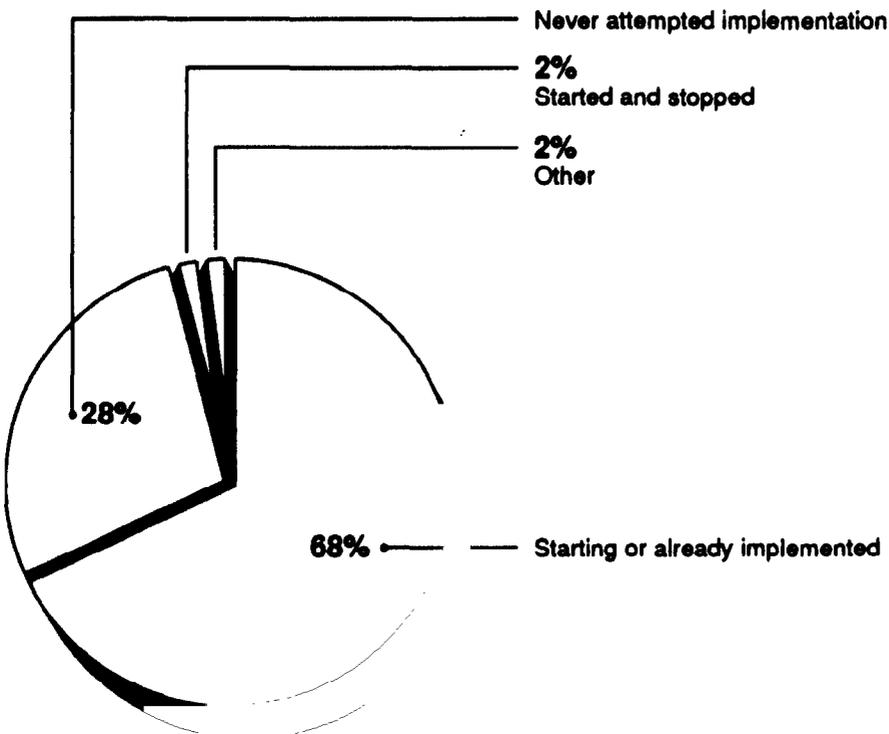
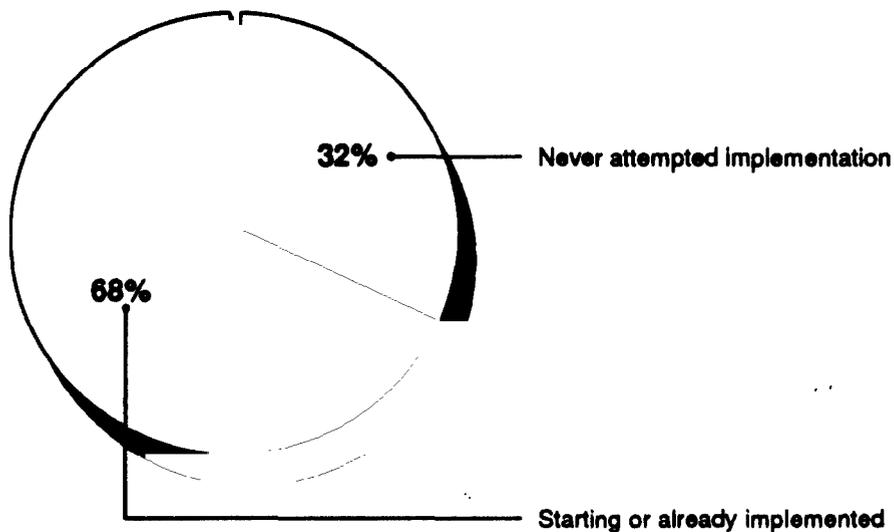


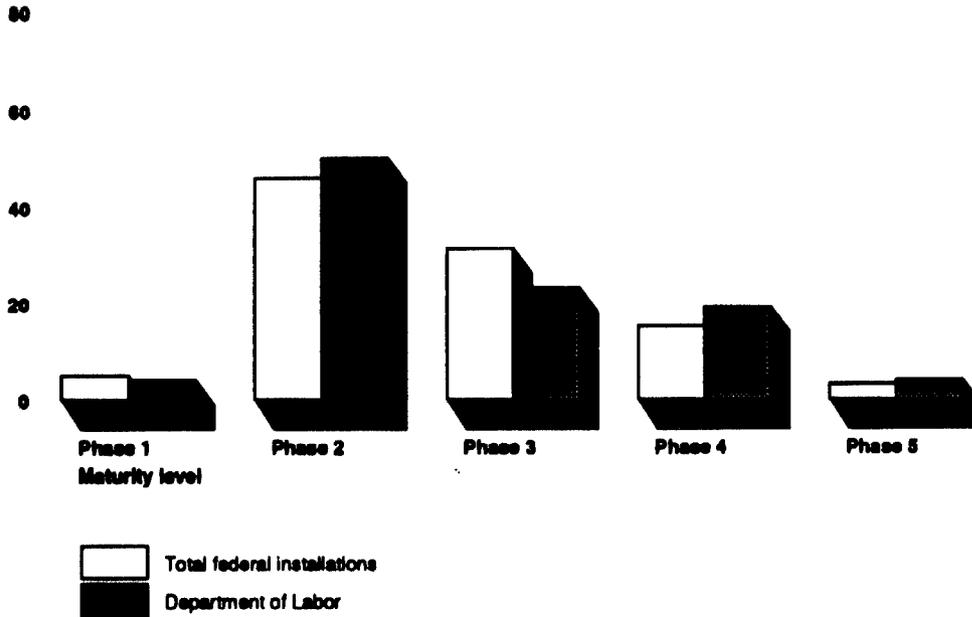
Figure 2: Percentage of Labor Installations Implementing TQM



To obtain a picture of the status of federal TQM efforts, we asked installations to report their efforts in terms of a five-phase maturity scale. Maturity definitions ranged from Phase 1, preliminary TQM efforts, to Phase 5, institutionalized efforts that are achieving significant benefits (see enc. I for definitions). As figure 3 shows, 51 percent of the total federal installations responding to the survey reported being in Phase 1 or 2, while 54 percent of the Labor installations reported still being in these early phases. The fact that many Labor installations are in the early phases reflects the relative newness of Labor's efforts; 58 percent of the installations implementing TQM reported beginning TQM efforts within the past 2 years.

Figure 3: Status of TQM

100 Percent of organizations with TQM efforts



In our survey of federal installations, we asked respondents about the extent of their involvement in 43 activities commonly undertaken by organizations involved in TQM. Such activities include providing training in TQM tools for employees, establishing quality councils or steering groups, and establishing problem-solving teams. Installations reported that their involvement in these activities increased as maturity increased. In other words, installations identifying themselves as more mature in TQM also more frequently said they were doing the 43 activities commonly associated with TQM.

Comparing Labor installations' involvement in these activities with reported maturity phases we discovered that Labor generally reflected the same trend as in the total survey--that is, as

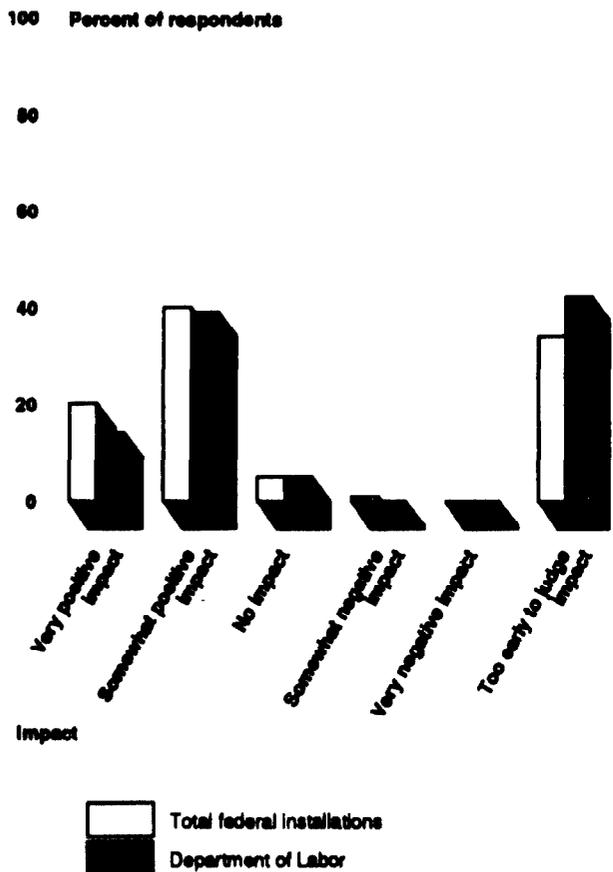
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Labor installations' maturity increased, they more frequently reported doing TQM activities. For example, 57 percent of the combined Phase 1 and Phase 2 Labor installations reported developing internal measures of quality and productivity, whereas 100 percent of the combined Phase 4 and Phase 5 installations reported developing such measures.

BENEFITS OF TQM

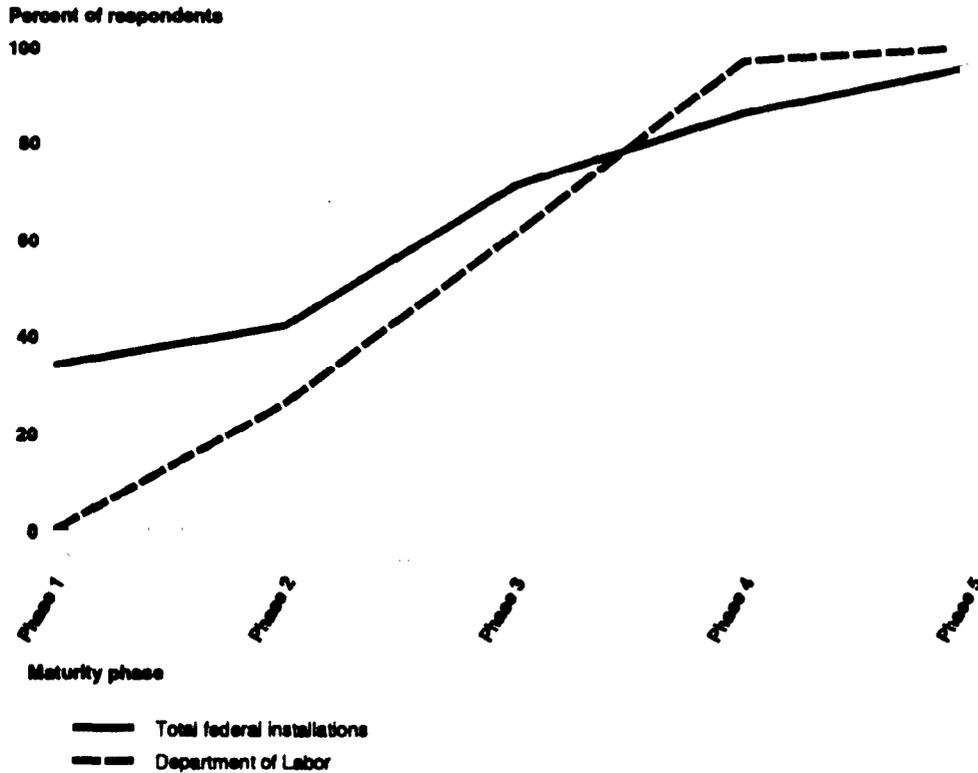
We considered benefits in two ways: (1) effect on external customers as reflected by overall organizational performance and (2) effect on internal customers as reflected by internal operating conditions. We asked respondents to assess TQM's effect on organizational performance in terms of productivity, reductions in costs, quality of products and services, overall service to customers, customer satisfaction, and timeliness. To depict the overall impact, we developed an index that is the average of responses to our questions on the degree of impact. Figure 4 compares Labor and total federal responses and shows that slightly more than half (53 percent) of the Labor installations reported positive benefits, very few saw negatives to TQM, and 42 percent felt it was too soon to judge benefits. These results are slightly less positive than the overall federal survey results.

Figure 4: Impact of TOM on Performance



Reported benefits increased as maturity increased. We compared the composite index of responses on external benefits with maturity phases and learned that more mature installations reported greater benefits. Figure 5 shows, by maturity phase, the percentage of total federal respondents and the Labor respondents reporting somewhat to very positive benefits.

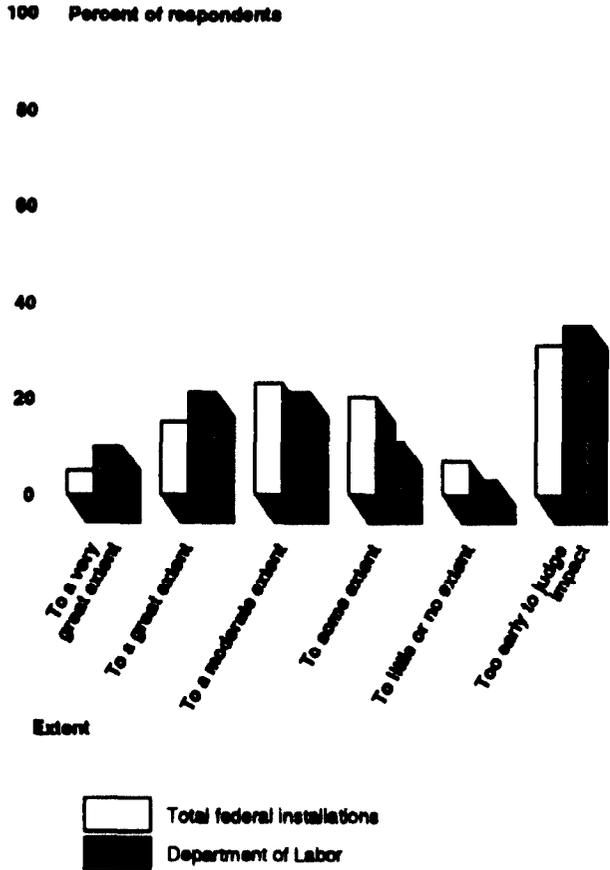
Figure 5: Respondents Reporting Increased Organizational Performance



For internal operating conditions, we asked the installations to identify the impact of TQM on each of 13 internal operating conditions, such as communications and labor-management relations. To illustrate the benefits, we developed an index in the same manner as for the organizational performance indicators.

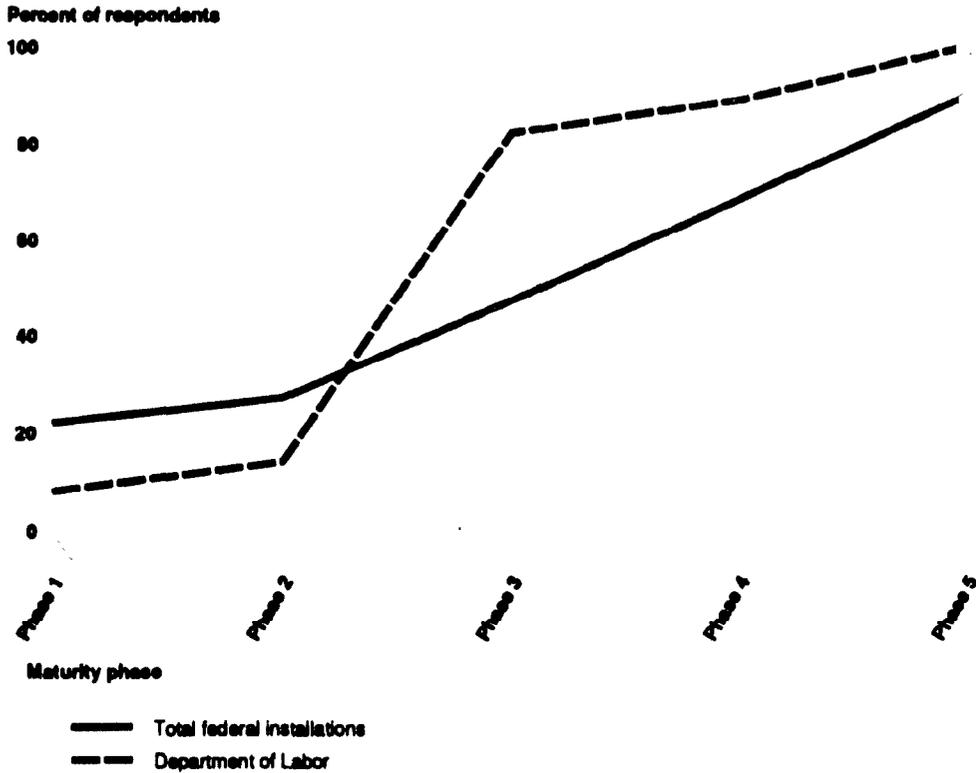
Figure 6 compares the Labor and total federal responses and shows that Labor installations generally reported about the same benefits as all of the federal installations. Labor installations reported positive benefits in internal operating conditions that were higher than those reported in the overall survey.

Figure 6: Extent of Positive Impact on Internal Operating Conditions



In a manner similar to the overall organizational benefits, we compared the composite index of benefits with maturity phases and noted that reported internal conditions improved as maturity increased. Figure 7 shows the percentage of respondents reporting a moderate to very great positive impact, by maturity phase, for both Labor and the total federal respondents.

Figure 7: Respondents Reporting Positive Impact on Internal Operating Conditions



BARRIERS TO TOM

We asked all the federal installations we sent our recent survey to about the significance of 21 potential barriers to implementing TOM that had been identified through our research. Nine barriers were said to be moderate to very major problems by 39 percent or more of the total federal respondents.

As figure 8 shows, the replies from Labor respondents were not generally consistent with the category of barriers identified by the total federal survey and the extent of impact of these barriers. For example, total federal respondents identified the

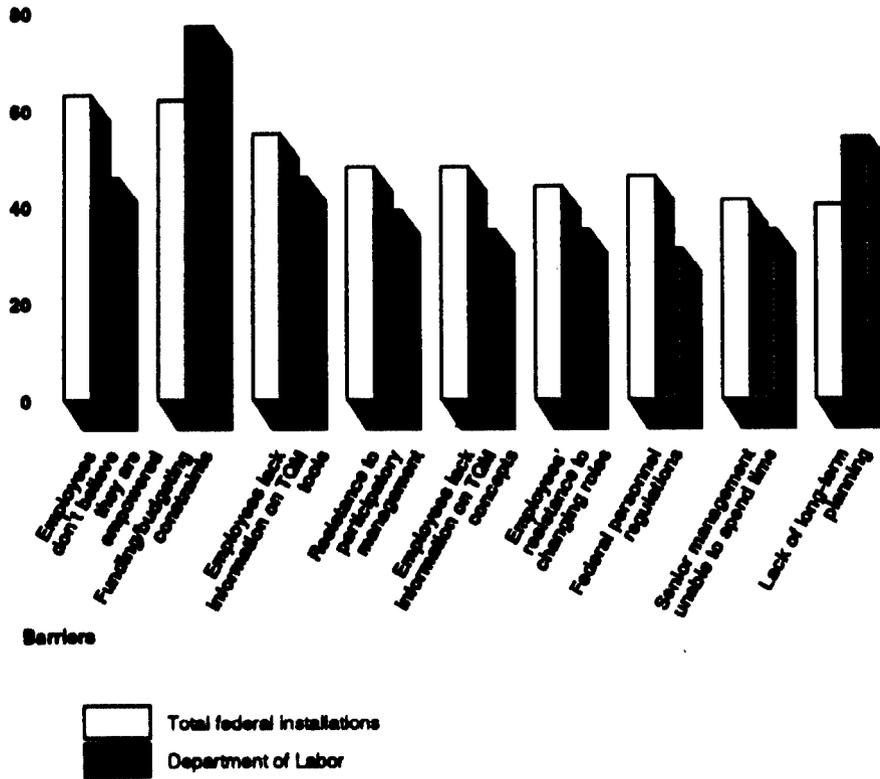
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lack of funding as the second most important barrier, with 62 percent of the respondents identifying it as a significant barrier. The Labor respondents identified this as the number one barrier, with 77 percent viewing it as a significant barrier.

In another example, the lack of long-term planning was rated number 9 by 39 percent of the total federal respondents and number 2 by 54 percent of the Labor respondents. Difficulties in measuring customer satisfaction was identified as a significant barrier by 34 percent of the total federal respondents, and by 52 percent of the Labor respondents. Disconnects between TQM plans and overall strategic plans was identified as a significant barrier by 35 percent of total respondents and by 50 percent of Labor respondents.

Figure 8: Respondents Reporting Barriers Are Moderate to Very Major Problems to Implementing TOM

100 Percent of respondents



Four barriers reported by Labor were not among the nine major barriers reported by the total federal respondents. They were: (1) measures of satisfaction from external customers difficult or impossible to get, (2) disconnect between strategic quality plan goals and the installation's other strategic plans, (3) insufficient support for TQM among installation managers, and (4) turnover of management above the installation level. Table 1 lists the major barriers reported by Labor respondents.

Table 1: Major Barriers Reported by Labor Respondents as Moderate to Very Major Problems

Barriers to implementing TQM	Percent
1. Funding/budgeting constraints.	77
2. Lack of long-term planning approach.	54
3. Measures of satisfaction from external customers difficult or impossible to get.	52
4. Disconnect between strategic quality plan goals and the installation's other strategic plans.	50
5. Employees have insufficient information on how to implement TQM and use TQM tools.	46
6. Employees do not believe they are empowered to make changes.	46
7. Resistance to moving toward a participatory style of management.	39
8. Insufficient support for TQM among installation managers.	39
9. Turnover of management above the installation level.	39

Both Labor and total federal respondents reported that the barriers became less significant as the TQM effort matured. For example, 8 of 14 (57 percent) of the combined Phase 1 and 2 Labor installations reported that employees' lack of information on TQM tools was a significant barrier, whereas only 1 of 6 (17 percent) of the combined Phase 4 and 5 Labor installations saw this as a significant barrier.

SUMMARY

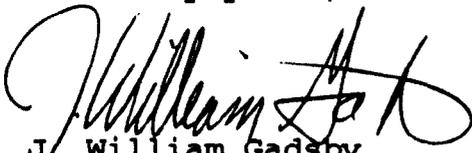
Our survey of federal TQM efforts indicated that as installations invested more time and effort in TQM activities, they matured in the implementation of TQM, found that the barriers became less difficult, and reaped greater benefits. Although some differences were reported between Department of Labor TQM experiences and those of all federal respondents, Labor respondents' overall message generally appeared to be similar.

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We have enclosed a copy of our report Quality Management: Survey of Federal Organizations (GAO/GGD-93-9BR, Oct. 1, 1992) to provide information on the background; results; and objective, scope, and methodology of the total survey.

We hope you will find this information useful in guiding your quality management initiatives and in improving service to your customers under today's budget constraints. We will make copies of this correspondence available to others upon request.

The major contributors to this correspondence are listed in enclosure II. If you have any questions, please call me on (202) 512-8387.

Sincerely yours,


J. William Gadsby
Director, Government Business
Operations Issues

PHASES OF TQM IMPLEMENTATIONPHASE 1 - DECIDING WHETHER TO IMPLEMENT TQM

Management is researching or deciding whether to implement TQM, but no formal decisions or activities have been initiated by top management. A few employees may have attended quality conferences or network meetings, but the installation as a whole has yet to be informed or involved in a TQM project.

PHASE 2 - JUST GETTING STARTED

TQM efforts are in the early planning and implementation phase. Management has made a formal decision to start TQM and has communicated this to the organization. The organization's mission and vision have been articulated. A few quality structures, such as quality councils, steering committees, or teams, have been established, and some awareness training has been given. Preliminary quality planning has been done. Pilot programs or newly initiated installationwide efforts to improve quality are included in this phase.

PHASE 3 - IMPLEMENTATION

Specific TQM processes designed to improve quality are in place. TQM training for management and employees is beyond the orientation/awareness stage and focuses on TQM tools and techniques and team-related activities. Measures of quality and productivity have been identified and specific goals have been set.

PHASE 4 - ACHIEVING RESULTS

The installation has a sustained TQM effort and has begun to achieve and document significant results. Systemic, cross-functional, and/or organizational achievements from the TQM effort have been realized.

ENCLOSURE I

ENCLOSURE I

PHASE 5 - LONG-TERM INSTITUTIONALIZATION

The installation has incorporated all of the principles and operating practices of TQM throughout much of the organization. The installation has documented substantial improvements in quality and customer satisfaction resulting from these efforts and is making consistent and continuous improvement throughout. An installation in this phase may have been recognized as a Quality Improvement Prototype Award winner or may be a recipient of the President's Award for Quality.

ENCLOSURE II

ENCLOSURE II

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