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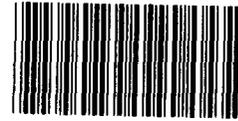
United States
General Accounting Office
Washington, D.C. 20548

General Government Division

B-249779

April 2, 1993

The Honorable Jesse Brown
Secretary of Veterans Affairs



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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 year federal organizations have been attempting to implement TQM 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 th installations surveyed were implementing TQM.¹ An installation, as defined by the Office of Personnel Management, is a unit with a specifically designated head wh 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, suc as Internal Revenue Service Centers, Social Security offices military depots, and Veterans Affairs hospitals. Two hundre four installations of the Department of Veterans Affairs (VA 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 Veterans Affairs as well as to compare Veterans Affairs results with the total results of a surveyed 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

As figures 1 and 2 show, a significant number of government installations and VA installations reported implementing TQM. Figure 1 shows that about 68 percent of the federal installations responding to our survey reported they were starting or already implementing TQM. Figure 2 shows that about 80 percent of the 204 VA installations responding to our survey reported that they were working on various phases of TQM. Additionally, about 97 percent of the remaining VA installations reported that they plan to implement TQM.

Figure 1: Percentage of Government Installations Implementing TQM

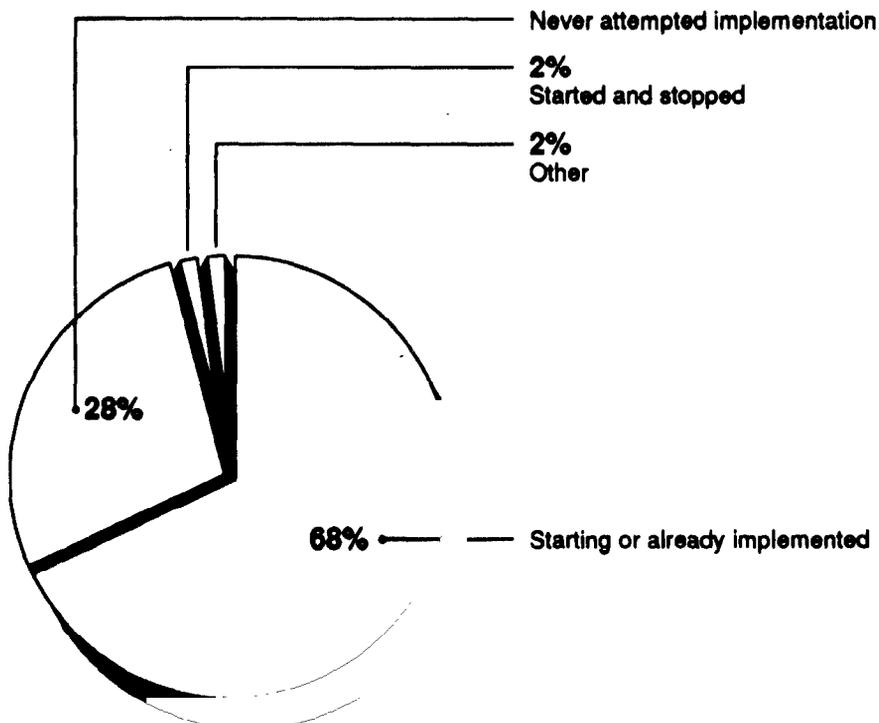
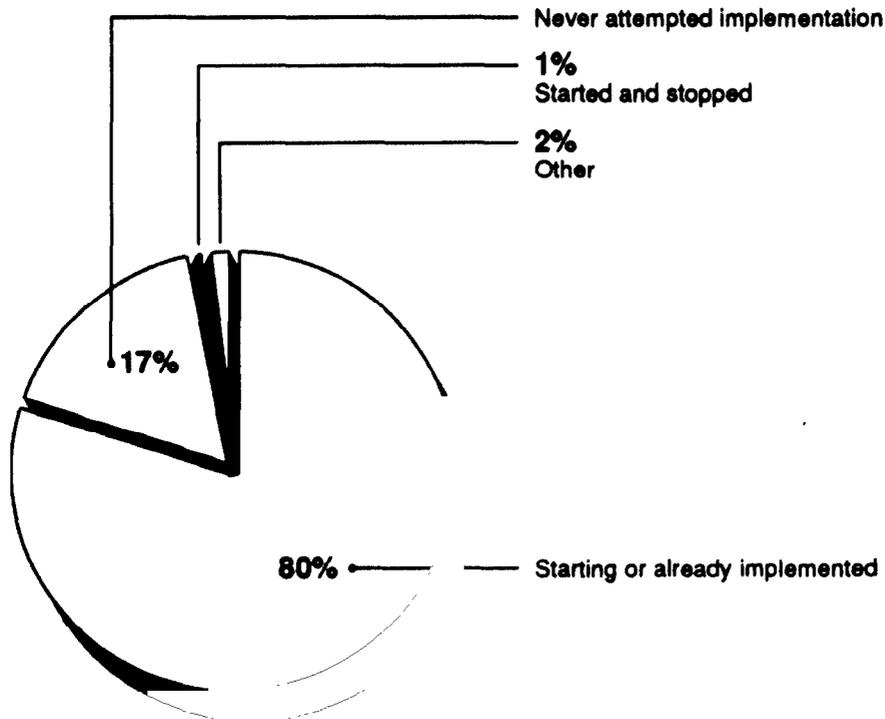


Figure 2: Percentage of Veterans Affairs Installations Implementing TQM



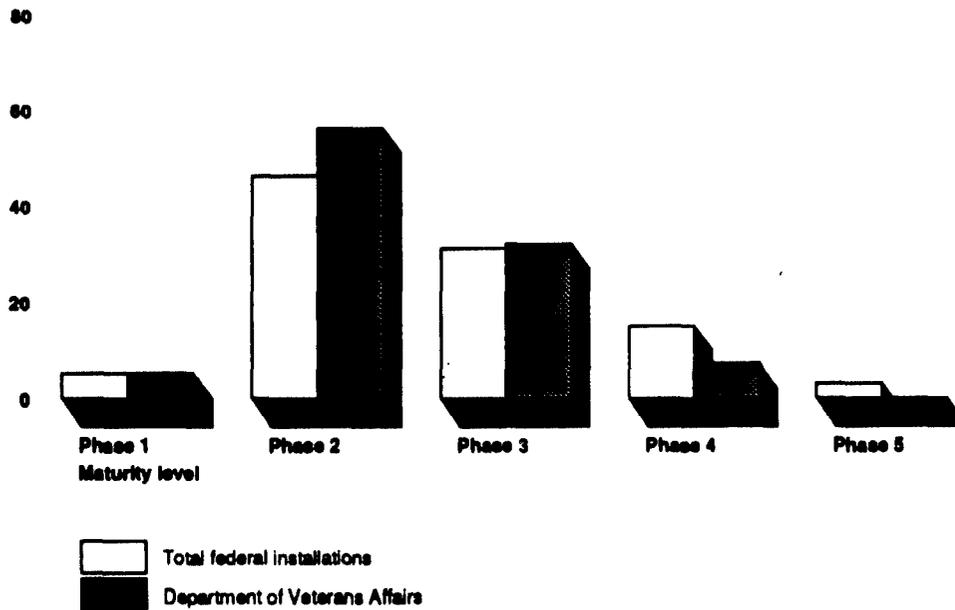
To obtain a picture of the status of federal TQM efforts, we asked installations to report their efforts in terms of a five-phase maturity scale. Maturity definitions ranged from Phase 1, preliminary TQM efforts, to Phase 5, institutionalized efforts that are achieving significant benefits (see enc. I for definitions). As figure 3 shows, slightly more than half (51 percent) of the federal installations responding to our survey were in Phase 1 or Phase 2 while over 60 percent of the VA installations that have implemented TQM reported still being in Phase 1 or Phase 2, or, in other words--early efforts. The fact that many VA installations are in the early phases reflects the relative newness of VA efforts; 71 percent of the VA

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installations reported beginning TQM efforts within the past 2 years. None of the VA installations reported being in Phase 5.

Figure 3: Status of TQM

100 Percent of organizations with TQM efforts



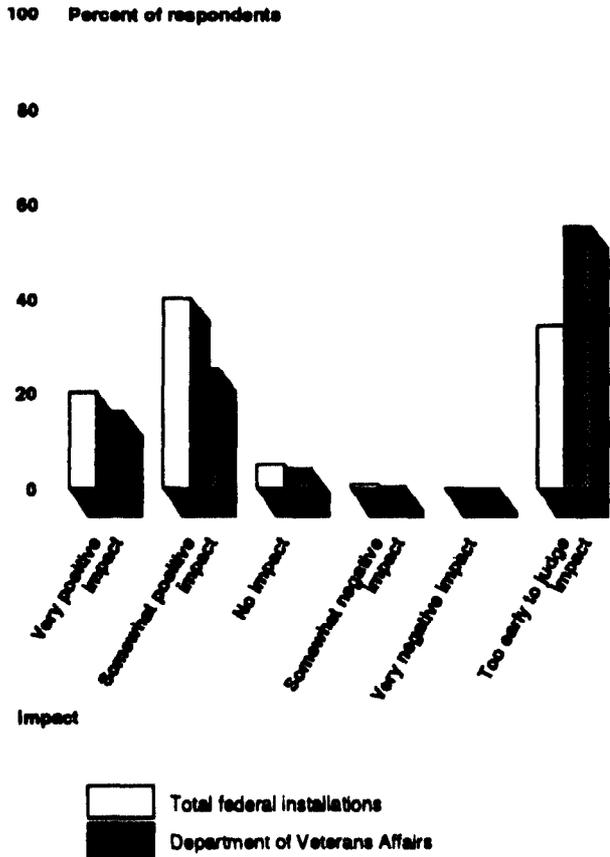
In our survey of federal installations, we asked respondents about the extent of their involvement in 43 activities commonly undertaken by organizations involved in TQM. Such activities include providing training in TQM tools for employees, establishing quality councils or steering groups, and establishing 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 VA installations' involvement in these activities with reported maturity phases, we discovered that VA generally reflected the same trend as in the total survey--that is, as VA installations' maturity increased, they more frequently reported doing TQM activities. For example, 40 percent of the combined Phase 1 and Phase 2 installations provided TQM awareness training, whereas 85 percent of the combined Phase 3 and Phase 4 organizations provided such training.

BENEFITS OF TQM

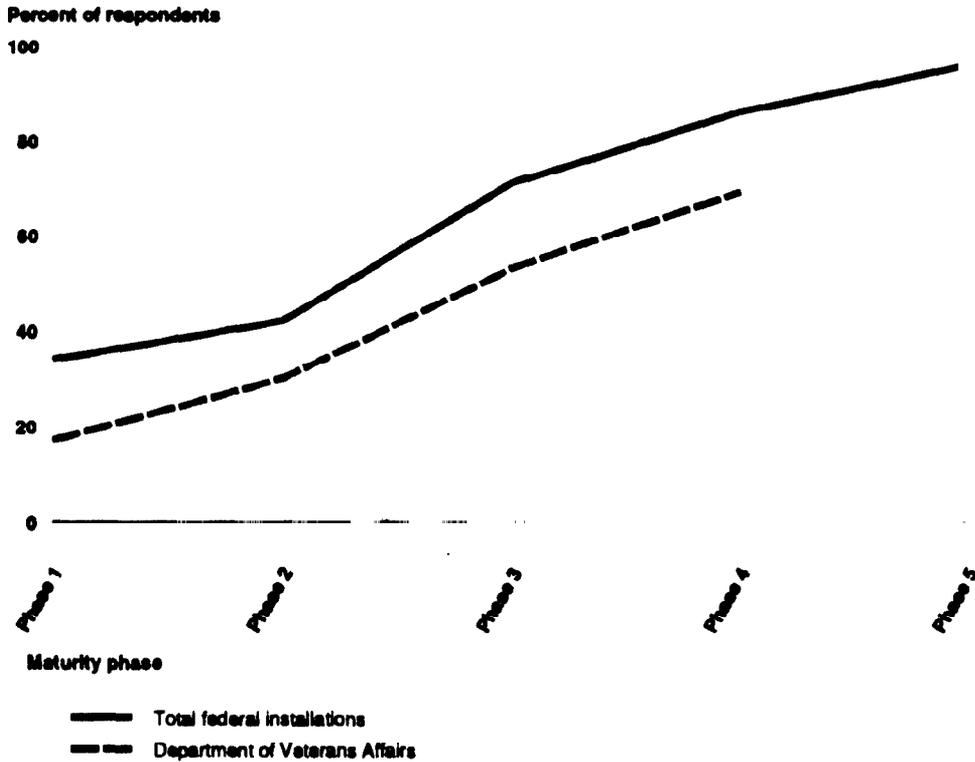
We considered benefits in two ways: (1) effect on external customers as reflected by overall organizational performance and (2) effect on internal customers as reflected by internal operating conditions. We asked respondents to assess TQM's effect on organizational performance in terms of productivity, 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 VA and total federal responses and shows that about 41 percent of the VA installations reported positive benefits, very few saw negatives to TQM, and about 55 percent felt it was too soon to judge the impact. Compared to total federal responses a smaller percentage of VA respondents reported a positive impact and a larger percentage reported it was too soon to judge.

Figure 4: Impact of TOM on Performance



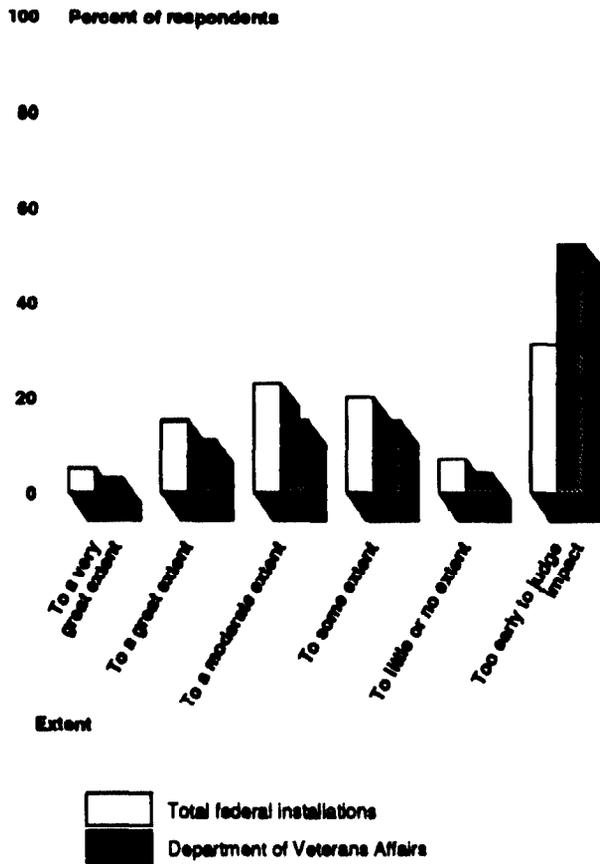
Reported benefits increased as maturity increased. We compared the composite index of responses on external benefits with maturity phases and learned that more mature installations reported greater benefits. Figure 5 shows, by maturity phase, the percentage of total federal respondents and VA respondents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

Figure 5: Respondents Reporting Increased Organizational Performance



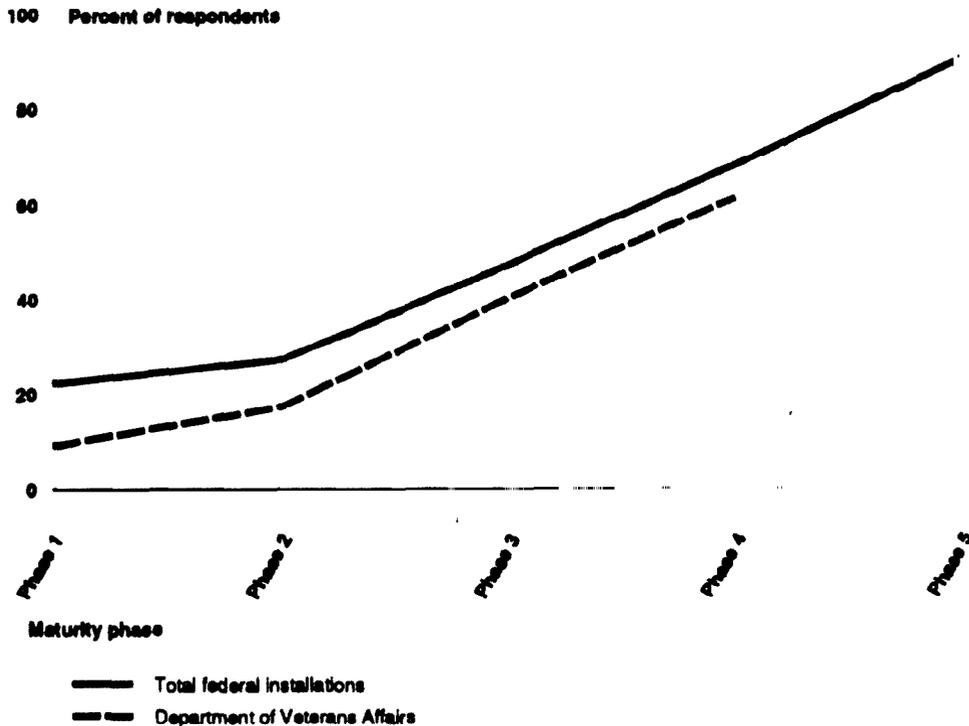
For internal operating conditions, we asked the installations to identify the impact of TQM on each of 13 internal operating conditions, such as communications and labor-management relations. To illustrate the benefits, we developed an index in the same manner as for the organizational performance indicators. Figure 6 compares the VA and total federal responses and shows that VA installations generally reported somewhat less positive benefits than the total federal respondents. However, compared to the total federal response a greater percentage of VA installations reported it was too early to judge the impact of TQM on internal operating conditions.

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 percent of respondents reporting a moderate to very great positive impact, by maturity phase, for both VA 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. Table 1 lists the top nine barriers reported by Veterans Affairs respondents.

Table 1: The Top Nine Barriers Reported by Veterans Affairs Respondents as Moderate to Very Major Problems

Barriers to implementing TQM	Percent
1. Funding/budgeting constraints.	65
2. Employees do not believe they are empowered to make changes.	59
3. Problems due to federal personnel regulations.	53
4. Employees have insufficient information on how to implement TQM and use TQM tools.	51
5. Employees have insufficient information and training on the theory, concepts, and design of TQM.	48
6. Employee organizations/unions resistant to change.	39
7. Resistance to moving toward a participatory style of management.	39
8. Employees' resistance to changing roles or changing organizational structures.	36
9. Disconnect between strategic quality plan and goals and the installation's other strategic plans.	32

Seven of the VA's top nine barriers are also among the top nine barriers reported by all federal respondents. The two barriers among the VA's top nine that are not included in the overall top nine are: (1) employee organizations/unions resistant to change and (2) disconnect between strategic quality plan and goals and the installation's other strategic plans.

As figure 8 shows, VA respondents differed from the total federal respondents on the relative importance of several barriers. It should be noted that many of the top nine barriers reported by the total federal respondents are related to employee issues, such as (1) employees do not believe they are empowered to make changes, (2) employees lack sufficient information on how to use

TQM tools, and (3) employees lack information and training on TQM concepts and theory.

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

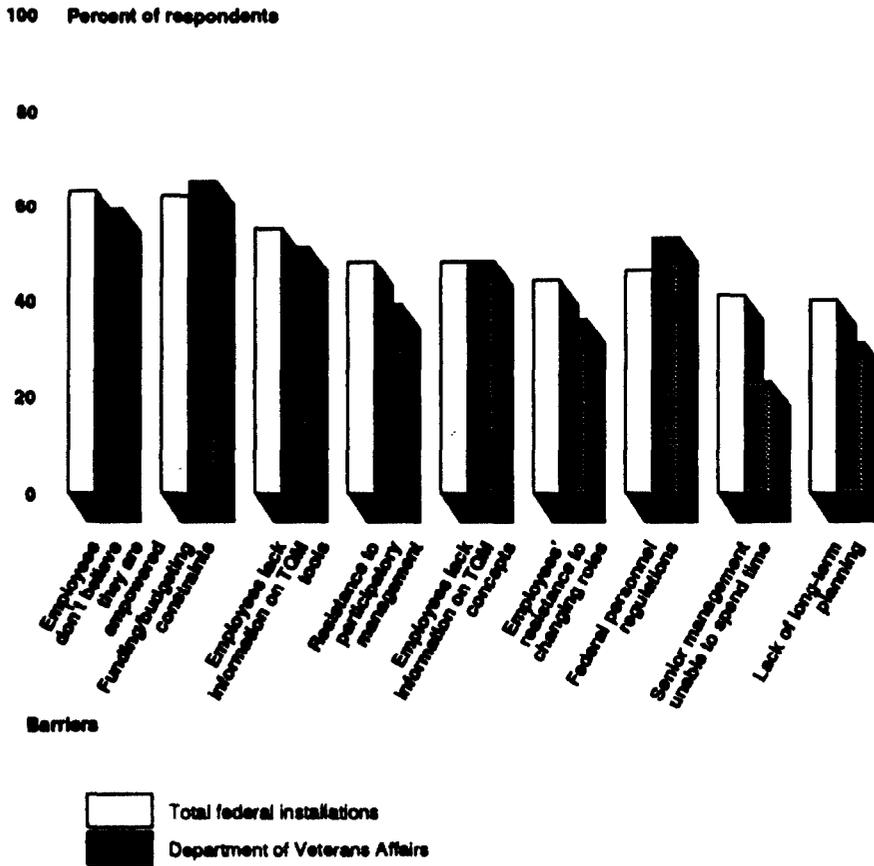
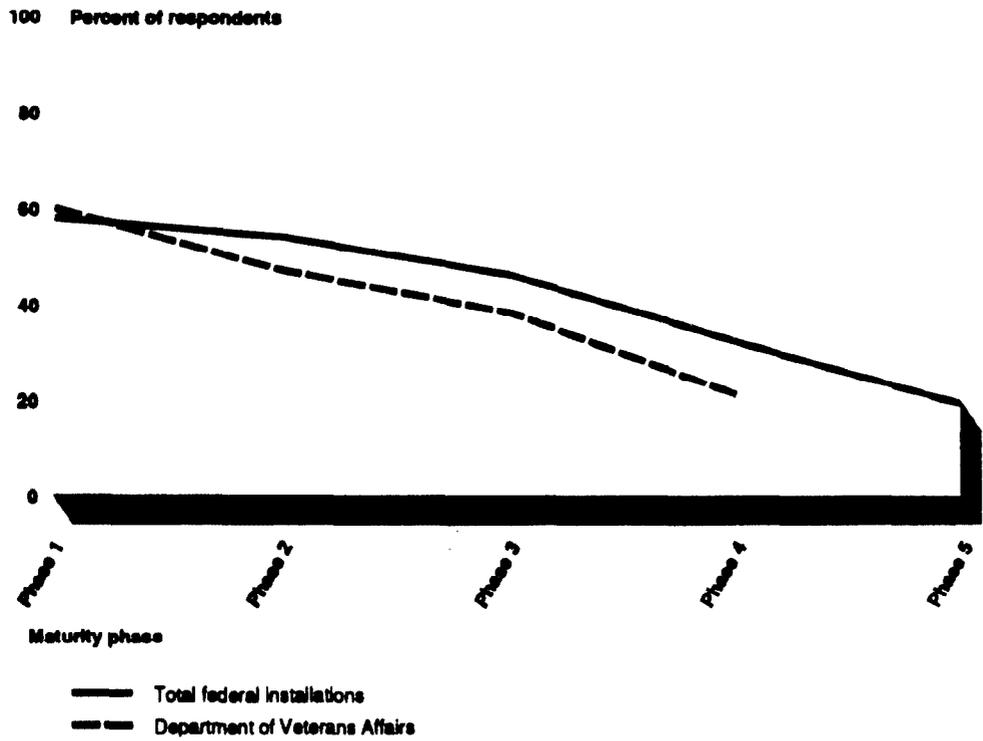


Figure 9 shows a composite index comparing VA responses for the nine major barriers reported by the total federal respondents by phase. It illustrates that as maturity level increased, both VA installations and all of the federal installations surveyed viewed barriers as being less troublesome and significant.

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Figure 9: Respondents Reporting Barriers Decrease With Maturity Level



SUMMARY

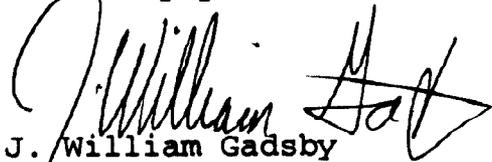
Our survey of federal TQM efforts indicated that as installations invested more time and effort in TQM activities, they matured in the implementation of TQM, found that the barriers became less difficult, and reaped greater benefits. Although the reported benefits were somewhat less for the Department of Veterans Affairs than those of all federal respondents, overall the Veterans Affairs respondents' 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.

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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