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FAILURE TO THRIVE:
AN ANALYSIS OF TOTAL QUALITY MANAGEMENT
SYSTEM IMPLEMENTATIONS AND TOTAL QUALITY MANAGEMENT
CULTURAL MANIFESTATIONS IN THE
PUBLIC AND PRIVATE SECTOR

By

Dana Michael Harsell

B.A. The University of Montana, 1995

presented in partial fulfillment of the requirements

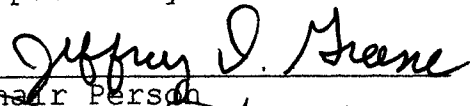
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Chair Person



Dean, Graduate School

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Failure to Thrive: An Analysis of Total Quality Management System Implementations and Total Quality Management Cultural Manifestations in the Public and Private Sector.

Director: Dr. Jeffrey Greene 

Total quality management systems failures are explored using a case study from the private sector (Tidyman's) and a case study from the public sector (the United States Postal Service). The TQM programs each organization implemented are assessed against 13 evaluative criteria: 5 core principles of TQM and 8 cultural manifestations necessary to sustain a TQM system.

Tidyman's TQM and Ownership programs were found to embody the core principles of a total quality management philosophy. However, in spite of a very strong ownership cultural element, Tidyman's was unable to overcome the negative effects that layoffs and a change of top management imposed on the overall culture.

The 14 year EI\QWL Process implemented by the United States Postal Service was also found to incorporate the 5 core principles of a total quality management philosophy. Although the Postal Service received strong support from the National Letter Carriers Union, the Process was terminated in 1996. The Postal Service demonstrated initial strengths in the teamwork and equitable compensation cultural elements. Ultimately, the inability of top union and top postal management to overcome their differences negatively affected the organizational culture on all levels.

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Chapter 1

INTRODUCTION

This introductory chapter established the scope and purpose of the thesis. The problem statement posits why an inquiry of total quality management (TQM) systems can ultimately benefit organizational management. The chapter also addresses the research question, describes the methodology and provides an overview of the remaining four chapters.

Problem Statement

During the mid-1970s, American corporations faced increased competition from Japanese firms in the American marketplace. Often the American consumer would forsake the American standard for a Japanese product they perceived to be a better value and of better quality. This rise in quality products was directly attributed to W. Edwards Deming and his total quality management (TQM) philosophy. Indeed, Japanese corporations had been practicing Deming's total quality management since 1962. By 1980, Japan had more than 100,000 total quality management quality circles in operation.¹

In a move to stay competitive with the Japanese, corporations such as Ford, General Motors, Dow, and Procter and Gamble adopted Deming's TQM philosophies in the early 1980s. The TQM movement gained so much popularity that *Business Week* identified total quality management as the fad of the 80s.² Unfortunately, the TQM fad failed all too quickly in many American corporations in the late 1980s and early 1990s. Many American corporations enthusiastically adopted total quality management systems within their workplaces, only to let them fade away within a few years. Learning why these systems are failing is important because organizations, employees, and consumers stand to benefit considerably from total quality management. If TQM systems are failing due to implementation and organizational culture errors, then we need to identify them so that these errors can be avoided in the future.

Research Question

This thesis will examine the failure of total quality management programs in two service oriented organizations--Tidyman's in the private sector and the United States Postal Service (USPS) in the public sector.³ Since complex systems are usually studied from many points of view,⁴ this inquiry will evaluate the failure of these total quality management

systems using the five core principles of TQM and eight cultural manifestations of a TQM implementation as evaluative criteria⁵. Special emphasis will be placed on the implementation of TQM programs in these two case studies. Thus, this analysis addresses the following research question: **Why did TQM fail in these case studies?**

Methodology

The researcher will conduct open-ended interviews with key TQM directors from each organization to gather information about the TQM implementation process. Tim Metcalf (Human Resource Manager), Lee Clark (Chief Financial Officer), and Scott Lenz (Manager of the Post Falls, Idaho Tidyman's) were interviewed. In addition, Margaret Williams (President of the Missoula National Association of Letter Carriers), Rick Spencer (retired Postal supervisor), and Win Hubrich (retired Postmaster) were interviewed from the USPS. The evaluative criteria were used to assess the implementation process adopted by each organization. Ultimately, this evaluation identified distinct factors inherent to each case studies' implementation process that may have led to their TQM systems' failure.

The underlying assumption is that the source of failure lies in the implementation rather than the theory or

philosophy of TQM itself.⁶ Since this assumption may be in error, interview questions were designed to confirm or disconfirm that flawed implementation was the actual cause of failure.

Finally, a discussion of the TQM terminology must be addressed. Many of the TQM tools have become synonymous with the TQM system itself. For the purpose of this inquiry, the terms ownership as promoted by Tidymen's and quality of work life (QWL) and employee involvement (EI) as adopted by the USPS will be evaluated against the 5 core principles of TQM to determine if they are consistent with the TQM philosophy. The Ownership, QWL and EI programs are explained in Chapters 3 and 4.

Overview of Thesis

Chapter 1: Introduction

This introductory chapter addresses the problems related to failed TQM systems and offers a justification for this thesis project. The chapter also posits the research question, outlines the methodologies this study utilized, and provides an overview of this inquiry.

Chapter 2: An Overview of TQM and its Implementation

Chapter 2 explores the origins and development of the

TQM philosophy. Although W. Edwards Deming is credited with the philosophy's founding, the contemporary scholarly literature recognizes the TQM movement as a synthesis of the works of W. Edwards Deming, Joseph Juran, Kaoru Ishikawa, Armand V. Feigenbaum and Philip B. Crosby. The success of a TQM program within an organization is often a function of the organization's ability to foster an organizational culture conducive to the TQM philosophy.⁷

This chapter also demarcates 13 criteria on which to measure the effectiveness and sustaining power of a TQM system. A viable TQM implementation must exhibit 5 core principles and 8 manifestations of culture. An analysis of the reading reveal the 5 core principles of TQM to be:

1. Customer focus
2. Continuous improvement
3. Teamwork
4. Data-based decision making
5. Proactive management

Sashkin & Kiser argue that a successful implementation of a TQM system requires the implementation of a TQM culture within the workplace. A viable and sustained culture rests on eight crucial elements:

1. Quality information must be used for improvement, not to judge or control people
2. Authority must be equal to responsibility
3. There must be rewards for results
4. Cooperation, not competition, must be the basis for working together
5. Employees must have secure jobs

6. There must be a climate of fairness
7. Compensation should be equitable
8. Employees should have an ownership at stake⁸

Chapter 3: Tidyman's Case Study

The first case study reviews the TQM implementation process at Tidyman's, a privately owned grocery chain. Interviews were conducted with the Human Resource Director, the Chief Financial Officer, and the Post Falls, Idaho Tidyman's Store Director. This chapter presents an analysis of the TQM implementation per the 12 evaluative criteria.

Chapter 4: United States Post Office Case Study

This public sector case study examines the TQM implementation process at the Missoula USPS. Interviews were conducted with the President of the Missoula National Association of Letter Carriers (NALC), a retired Postmaster, and a retired Postal supervisor. An examination of the Postal Service's TQM implementation process per the 12 evaluative criteria is provided.

Chapter 5: Conclusion

Chapter 5 includes the observations of how the 5 core principles of TQM and 8 manifestations of TQM culture relate to the two case studies. This chapter also summarizes the

thesis project and considers the limitations of this inquiry.

NOTES

1. Marshall Sashkin, and Kenneth J. Kiser, *Putting Total Quality Management to Work: What TQM Means, How to Use It & How to Sustain It Over the Long Run*, (San Francisco: Berrett-Koehler Publishers, 1993), 5.

2. "Business Fads: What's In--And Out," *Business Week*, January 20, 1986, 60.

3. Tidyman's was selected as a case study because it represents a private sector service provider. The USPS was chosen to represent the public sector. These two services are similar in that they both provide a service to the public and face competition within their respective markets. Both case studies attempted to implement a TQM system, only to abandon it a few years later.

4. Oliver Williamson, *The Economic Institutions of Capitalism*, (New York: The Free Press, 1985), p.8.

5. These criteria are described in chapter 2.

6. For a discussion of TQM quality circle failures as a result of flawed approaches rather than flawed techniques, see: Sashkin and Kiser, 8.

7. William F. Drewes and Daniel Murphy describe how organizational cultures that are not conducive to the goals of a TQM philosophy can inhibit or destroy the best intentioned quality efforts. Source, "The Need for a Quality Assurance System: A Universal Approach," in *Quality Dynamics for the Service Industry*, ed. William F. Drewes, (Milwaukee: ASQC Quality Press, 1991), 131, 132.

8. Sashkin and Kiser, Chapter 5.

CHAPTER 2

AN OVERVIEW OF TQM AND ITS IMPLEMENTATION

This chapter provides a historical survey of the total quality management movement. Its principle founders, origins, evolution and philosophy are discussed. This chapter also examines the need for TQM cultures when implementing a TQM system. Finally, the evaluative criteria used to assess the TQM programs implemented by Tidyman's and the USPS are described.

The Founders of Total Quality Management

The American TQM movement can trace its roots to the television documentary, "If Japan Can, Why Can't We?"¹ This NBC television documentary first highlighted the management philosophies of W. Edwards Deming in June of 1980. Mary Walton best summarized the phenomena created by this documentary in her publication *Deming Management at Work*:

The NBC White Paper documentary, more than any single event, set America on a new course towards quality, with Dr. Deming at the helm, among the companies that asked for his help were Ford, General Motors and Nashua Corp. among others....Attendance at the Deming Four-day seminar would swell from a dozen or two during the 1970s to hundreds.²

In addition to Deming's philosophy of management catching the attention of American industrialists, American academics took an interest in the broadcast.³ As a result of this interest, Frank Voehl suggests that "during the 1980s, the American quality movement took on a life of its own."⁴ Hackman and Wageman agree, stating that TQM has developed into a social movement within the United States.⁵

This movement was facilitated by an expansion of the TQM philosophy beyond its original industrial-manufacturing boundaries to include the managerial community at large.⁶ The application of TQM now includes service providers, including health care organizations, public bureaucracies, nonprofit organizations and educational institutions.⁷ This focus on quality of service delivery was a natural extension of the TQM philosophy as applied to manufacturing, since the production of goods accounts for only 21 percent of America's total employment.⁸ Vincent K. Omachonu and Joel E. Ross argue:

If it is accepted that quality improvement can only be achieved through the actions of people, the conclusion emerges that 90 percent or more of the potential for improvement lies in service industries and service jobs in manufacturing firms.⁹

The TQM philosophy has expanded beyond Deming's philosophy to an ideology composed of an amalgamation of perspectives. According to J. Richard Hackman and Ruth

Wageman,

Virtually everything that is written about TQM explicitly draws on the works of W. Edwards Deming, Joseph Juran and Kaoru Ishikawa, the primary authorities of the TQM movement.¹⁰

Phillip Crosby and Armand Feigenbaum are two other highly visible TQM pioneers. William M. Lindsay and Joseph A. Petrick, two noted TQM authors, accredit these five men as the "gurus" of TQM.¹¹ Most scholarly accounts of the TQM philosophy cite Deming and some combination of these remaining four authors as the primary influences on the TQM movement.

The Total Quality Management Gurus

W. Edwards Deming

W. Edwards Deming began his career in the unlikely field of statistics. After he earned his Ph.D. from Yale in 1928, he worked as a mathematical physicist in the Fixed Nitrogen Research Laboratory at the United States Department of Agriculture. In 1930 he became a special lecturer of statistics at the Graduate school of the National Bureau of Standards. During this time Deming published many of his works, including lectures and papers which contributed to a new era in sampling techniques. His career in quality management did not begin until his friend and mentor, Walter

Shewhart, published a book called *Economic Control of Quality of Manufactured Product* in 1931. Seven years later, Deming arranged for Shewhart to present a series of lectures at the USDA graduate school, titled *Statistical Methods from the Viewpoint of Quality Control*. This spawned a "crusade" by Deming in the areas of quality control.¹² However, his work remained relatively unnoticed until the 1950s when it came to the attention of several industrial leaders from Japan. During this time, the Japanese economy was still struggling from the effects of World War II. Japanese leaders thought their economy's salvation rested in a utilization of overseas markets. Deming presented a series of lectures to the Japanese on his theories of quality control which were later compiled and published as the book, *Elementary Principles of the Statistical Control of Quality*. Edward Deming is credited with the economic renaissance that would follow in Japan. In fact, the most coveted business award in Japan--The Deming Prize--bears his name.

Deming's theories on quality management stemmed from his belief that an understanding of the rules that govern a process or product is an essential component in the improvement of the process or product. His philosophy championed *statistical process control*, a tool used to

upgrade the quality in goods and services--rather than the traditional methods--which carried out quality inspections *at the end* of a production line. He challenged other traditional management styles including production quotas, performance ratings, individual bonuses and management by objectives (MBO) citing that they impede quality and are "inherently unfair."¹³ For example, MBO entails defining a narrow set of objectives and assuming that the organization will somehow find the best way to meet them. Deming believed that MBO was akin to "running a business by looking in the rearview mirror."¹⁴

After these traditional management barriers have been eliminated, Deming felt that it was necessary for the workers to be allowed to contribute to quality with their minds. Howard Gitlow, an author of TQM, illustrated Deming's humanistic view of the worker with Pascal's metaphor of the Human Being as a thinking reed (a thing with no soul or consciousness or an ability to think).¹⁵ When an employee is allowed to contribute to the process, quality and production increase. Deming instigated this type of thinking into the development of his fourteen-point philosophy of management: (See Table 2.1).

Table 2.1**The 14-Point Philosophy of W. Edwards Deming**

- Create constancy of purpose for improvement of product and service.
 - Learn to cooperate so employees, customers and suppliers all win.
 - Improve production process to eliminate production of defective items.
 - Stop awarding business on the basis of price tag alone.
 - Continuously improve every process for planning, production and service.
 - Institute training for skills.
 - Learn how to manage people.
 - Drive out employees' fear and build trust.
 - Build a system within the organization that eliminates barriers.
 - Eliminate slogans.
 - Eliminate numerical goals and quotas.
 - Remove barriers that rob people of joy in their work.
 - Institute a program of education on self-improvement.
 - Accomplish the transformation and continue to study and develop.
-

Adapted from: Laszlo, Matt. "Quality Expert W. Edwards Deming Dies at 93." *Industrial Engineering* 26 (February 1994): 14.

Joseph Juran

Joseph Juran worked for the Western Electric/Bell Laboratories that were founded by Walter Shewhart. Juran's approach to quality emphasized the needs of the customer as the ultimate authority of quality. Quality management grounds itself in the search for concrete ways to cultivate quality concerns for the customer in favor of other abstract ideals of quality.¹⁶

Juran's customer-focused quality ideal led to the development of the *quality trilogy*--planning, control and management. This quality process serves to plan, coordinate, and integrate quality concerns into all aspects of the organizational operation.¹⁷ Quality integration is best actualized within an organization through what Juran refers to as the "quality planning road map." Whereas Deming stressed the statistical aspect of the quality process, Juran stressed "the advantages of good group process in getting quality improvement suggestions from employees."¹⁸

Table 2.2 summarizes Juran's road map, which lists the six steps a TQM implementation must follow to foster a concern for customers within every aspect of the organizational operation.

Table 2.2

Juran's "Quality Planning Road Map"

Step 1: Ask, "Who are our customers?" Executives, managers and employees must first step back and ask who the customer is. They must make a list and then talk to people on the list to see whether they have identified the right people and to ask whether important customers have been left off.

Step 2: Ask customers, "What do you want and need?" Customers' needs and desires are listed and explored in detail. The list is reviewed with other customers to see whether it is correct and complete.

Step 3: Ask, "What do these needs mean to us?" The needs and desires that customers describe are translated into product and service terms that are meaningful to people within the organization. Again, a list is made. This list is reviewed with employees, modified as needed, translated, and checked for accuracy with customers.

Step 4: Ask, "What are the characteristics of a product/ service that satisfies these needs?" Executives, managers and employees throughout the organization must take the list of products or services that meet them. Again, these product or service descriptions must be checked with customers.

Step 5: Ask, "How do we make this product?" Or ask, "How do we deliver this service?" Actual plans for making prices or delivering services are developed in writing and in detail. Those who must carry out the plans are involved from the start. The plans are shared widely throughout the organization. The focus is always on the question, "How do we do it right the first time?"

Step 6: Put the plans into operation. After carrying out the plans, check back with customers to make sure that the products or services have actually satisfied customers' needs.

Adapted from: Sashkin, Marshal, and Kenneth J. Kiser.

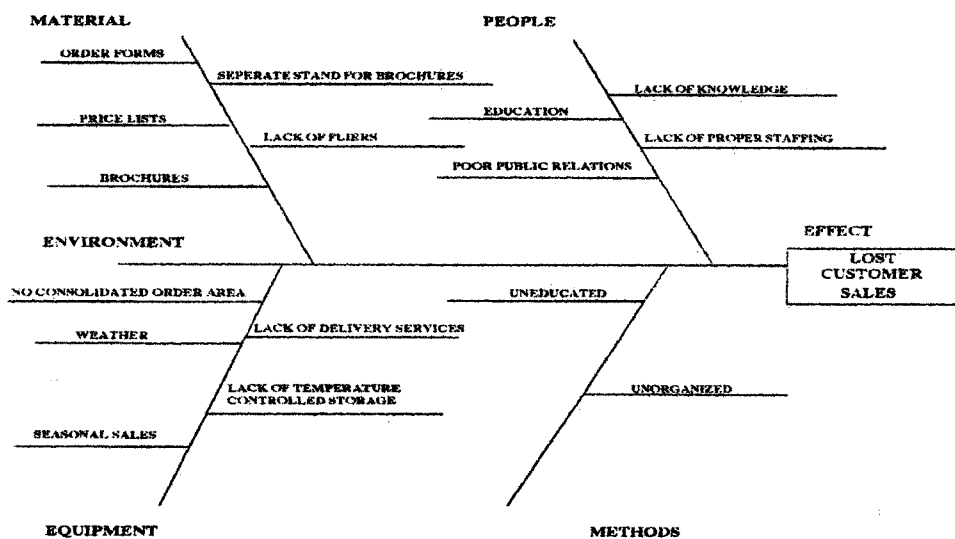
Putting Total Quality Management to Work: What TQM Means, How to Use It & How to Sustain It Over the Long Run. San Francisco: Berrett-Koehler Publishers, 1993, 68,69.

This system relies on the continuous measurement and evaluation of each step. Sashkin and Kiser write "the process is not a one-time-only event. It must be repeated again and again."¹⁹

Kaoru Ishikawa

Kaoru Ishikawa's greatest contribution to the TQM philosophy was the development of an uniquely Japanese strategy of quality, based on the TQM foundations laid by Deming and Juran. As an extension of these foundations, Ishikawa sought to create a "thought revolution" based on a broad commitment to quality in the organizational hierarchy.²⁰ Ishikawa separated himself from his TQM predecessors by his active focus on the production process-- from the beginning to the end of the product life cycle.²¹ This commitment to quality is embodied in the TQM tool known as the quality circle (QC). Ishikawa played an instrumental part in the success of the quality circle with the development of the cause and effect diagram (also known as the Ishikawa, or fishbone diagram). This component of the quality circle allowed non-statisticians to statistically analyze the lifespan of their product for the first time (See Figure 2.1).

Figure 2.1
Cause-and-Effect Diagram
a.k.a. Fishbone or Ishikawa Diagram



Cause and effect diagrams are used to graphically assess the causes of problems within a process. The defect is graphed on the far right (where the head of the fish would be). The problems affecting the process are usually broken down into people, machine, method and materials. The individual causes of these problems are graphed in relation to each of these categories. This chart can also help an organization pinpoint how different causes of problems interact with one another.

This diagram charts the problems that lead to lost customer sales in the grocery industry.

Adapted from: Omachonu, Vincent K., and Joel E. Ross. *Principles of Total Quality*. Delray Beach: St. Lucie Press, 1994, 335. Diagram adapted from: Tidyman's. "Services Unlimited." (Kalispell, MT: Tidyman's. ABC Project.)

Over his career, he served on the editorial board of *Quality Control for the Foreman*, served as chief executive director of Quality Control Circle Headquarters at the Union of Japanese Scientists and Engineers (JUSE), and taught at the elite Tokyo University. Ishikawa is also credited as one of the principle Japanese industrialists who facilitated the post-World War II Japanese economic recovery through TQM.²²

Philip Crosby

Philip Crosby is best known for the saying, "quality is free," which incidentally, is the title of his first book on quality management. Since quality is essentially the conformance to an already thought-out set of requirements, it is integrated into the production line.²³ Thus, the only cost associated with quality is the cost of non-conformance. Vincent K. Omachonu and Joel E. Ross, two noted TQM authors, agree: "the small costs of prevention will always be lower than the costs of detection, correction and failure."²⁴

Traditionally, the line employees are held accountable for quality defects. Crosby notes that line employees simply carry out the directives of management in a hierarchical system. Therefore, management is ultimately responsible for the standardization of their company's

quality requirements in accordance to the needs of their customers.

Crosby's book, *Quality is Free*, is synonymous with the term "zero defects." This term involves making a product or providing a service correctly the first time. While mistakes are bound to happen, a zero defect goal encourages the line employee to undergo a process of continuous improvement. Ultimately, the Crosby approach seeks to train every employee to utilize the basic tools of quality improvement and apply the tenets of preventive management to their organization. This quality improvement process is based on Crosby's four absolutes of quality management (See Table 2.3).

Crosby believes many factors inhibit the success of a quality-based program. Traditional quality controls such as acceptable quality limits and waivers of sub-standard products typically impede quality-programs.²⁵ The delegation of quality and its accountability by upper-management also undermines the quality program. Finally, a superficial quality program sustained by upper management that still holds the mid-level managers accountable to the bottom-line, destroys any hope for the organization to realize the potential of its quality program.²⁶

Table 2.3
Crosby's Four Absolutes of Quality

-
1. The definition of quality is conformance to requirements the first time and every time.
 2. The quality system is prevention (which is largely an attitude).
 3. The performance standard is zero defects.
 4. The units of measurement is the cost of quality including the cost of inspection and the cost of nonconformance. (The cost of quality for a typical service company is 30 percent or more of operation expenses).
-

Adapted from: Drewes, William F., and Daniel Murphy. "The Need for a Quality Assurance System: A Universal Approach," in *Quality Dynamics for the Service Industry*, ed. William F. Drewes, Milwaukee: ASQC Quality Press, 1991, 12.

Overcoming these obstacles are worthwhile, as Crosby asserts that inferior quality costs the average organization approximately 20 percent of its revenue.²⁷

Armand V. Feigenbaum

After Feigenbaum served as the vice-president of worldwide quality for General Electric, he established his own consulting business--General Systems, Inc. Feigenbaum is attributed with a more practical approach to quality whereas Deming may be considered a visionary.²⁸ In his publication, *Total Quality Control*, he developed quality control as a body of technical, analytical and managerial knowledge.²⁹ The term total quality control means essentially what we refer to now as TQM.³⁰ Sashkin and Kiser write:

Armand Feigenbaum, like Deming and Juran, achieved visibility through his work with the Japanese. Unlike the latter two, he used a total quality control approach that may very well be the forerunner of today's TQM.³¹

Drewes identified Feigenbaum's greatest contribution to the TQM movement as the recognition that organizations must categorize the costs of quality, if quality is to be properly managed.³² Three major categories include: appraisal costs, prevention costs and the costs of failure. The sum of these costs yields the total quality cost.

Thus, an optimum point exists between the cost of quality and the value of quality. Butterfield writes:

Appraisal and prevention costs should move in a direction different from failure costs. As you plan, inspect, verify, and reconcile more work, your external and internal failure costs should go down, and not the law of diminishing returns--when increased prevention costs more than the total amount of saving from reduced failure expense. The determination of this point is clearly a part of quality cost analysis (See Figure 2.2).³³

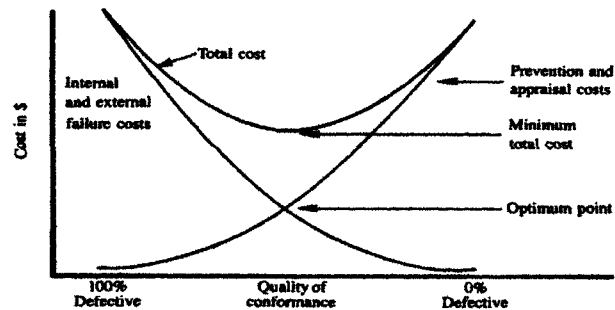
Feigenbaum defined quality as whatever the customer dictates.³⁴ There are nine factors (often called the 9 M's) that affect the outcome of quality. They are:

1. Markets
2. Money
3. Management
4. Men
5. Motivation
6. Materials
7. Machines
8. Modern information methods
9. Mounting product requirements³⁵

His writings utilize the concept of the "hidden plant" to depict the costs of waste and rework due to poor quality. This concept can account for up to 40% of a plant's production process. The service industry also loses out to poor quality. If a customer is dissatisfied with a service or a product, he will tell as many as 22 people about his negative experience.³⁶ Thus, extraordinary expenditures must be made to attract the dissatisfied customer back.

Figure 2.2

Feigenbaum's Cost of Quality Graph



The optimum point is the balance between appraisal, prevention, failure cost yielding the minimum total cost.

Total quality cost is the sum of these costs (i.e., appraisal, prevention, and failure). Feigenbaum posits that an optimum point exists for the cost of quality and the value of quality as illustrated in this graph.

- Appraisal costs are those costs expended in the evaluation of product quality and in the detection of nonconformance to standards. These costs are the costs of inspection of the quality assurance unit, the internal department's monitoring efforts, and the costs of surveys to determine customer satisfaction.
- Prevention costs are those costs associated with verification (checking) of work already processed, reconciliation (balancing) of completed work; planning, training, and new programs or systems to avoid past mistakes; and the costs for motivation and rewards.
- Failure costs can be broken into two major subsets: internal failure costs such as float, machine downtime, slow response time, rework of items that are caught before they leave the company; and external failure costs such as adjusting customers' accounts, paying interest charges, writing apologetic letters, and responding to customer contacts by phone or mail. These costs are not only the most costly to fix but have the highest potential for financial impact. External failure costs often affect the customer. In addition, there are possibilities of float expense, write-offs, and the great intangible--lost business!

Adapted from: Drewes, William F., and Daniel Murphy. "The Need for a Quality Assurance System: A Universal Approach," in *Quality Dynamics for the Service Industry*, ed. William F. Drewes, Milwaukee: ASQC Quality Press, 1991, pp. 8-9.

In an age where customers place an emphasis on quality products and services, Feigenbaum asserts that the successful implementation of a quality management program is the best return on an organization's investment.

The Bridge Between Theory and Practice

In theory TQM, QWL and EI are separate convergent theories of quality attainment. In practice, however, their implementation becomes homogenized. Through the diversity of these five different TQM gurus and other influential TQM thinkers, many TQM programs have become indistinguishable from each other. Although quality programs may have different names and different buzzwords, a quality program will fall under the TQM genre if it embodies a sense of quality control through all functions of an enterprise and follows a start to finish approach.³⁷ An analysis of the TQM literature reveals 5 core principles:

1. Customer focus
2. Continuous improvement
3. Teamwork
4. Data-based decision making
5. Proactive management

These 5 criteria differentiate the quality programs that fall under the TQM philosophy from the quality programs that are decisively not TQM, but employ TQM rhetoric.

An organization's strict adherence to these five

principles does not guarantee a successful TQM implementation. W. Edwards Deming wrote "a usual stumbling block [in quality movement efforts]...is management's supposition that quality control is something that you install, like...a new carpet."³⁸ A successful TQM implementation that contributes to organizational performance and effectiveness also requires a change in the organizational culture. Edgar Schein, author of *Organizational Culture and Leadership* defines culture as:

a pattern of basic assumptions--invented, discovered or developed by a given group as it learns to cope with its problems of external adaptation and internal integration--that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think, and feel in relation of those problems.³⁹

Traditional organizational cultures often resist change. Lindsay and Petrick recognize that "changes in corporate culture come slowly, and even managers who have adopted the TQM philosophy do not necessarily have the power to move their organization and its systems overnight."⁴⁰

Sashkin & Kiser argue that a successful implementation of a viable and sustained TQM culture rests on 8 crucial elements:

1. Quality information must be used for improvement, not to judge or control people
2. Authority must be equal to responsibility
3. There must be rewards for results

4. Cooperation, not competition, must be the basis for working together
5. Employees must have secure jobs
6. There must be a climate of fairness
7. Compensation should be equitable
8. Employees should have an ownership at stake⁴¹

Culture Element Number 1, information for improvement, stresses the flow of communication between the line worker and management. A major obstacle toward a successful TQM implementation deals with the statistical measurements process. If the line employees perceive that the measurement results will be used to assess their performance rather than improve the process, they may resist the quality program. Sashkin and Kiser write, "Measurement systems designed to support TQM must be focused on improvement of processes, not on control of those responsible for work processes. This means emphasizing process metrics, not results metrics."⁴²

Culture Element Number 2, authority must be equal to responsibility, stresses a change in an organization's management hierarchy. Often employee empowerment takes on a role where line employees are encouraged to act beyond the confines of their job descriptions to pursue matters of quality. In practice, however, they are not given this latitude because their immediate supervisors are still held accountable for their department's labor percentage and

bottom-line.

Culture Element Number 3, the exchange of rewards for results, may be manifested through a host of different programs--including gainsharing, profit sharing, and merit pay. Rewards must be material and symbolic to reinforce the values attached to the reward. All too frequently, rewards are manifested through symbolic gestures (such as a certificate of appreciation), which may breed cynicism among employees. Ultimately, valuable contributions by employees must receive valuable recognition to facilitate a TQM culture.

Culture Element Number 4, cooperation not competition, includes ideas such as breaking down department walls, teamwork, and rewarding team efforts toward quality. Cooperation can be encouraged through a fundamental shift in job designs that emphasizes teamwork. These teams must be allowed to act with a high level of authority and autonomy, with little direct supervision.

Culture Element Number 5, job security, rests on open communication between line employees and management. A full disclosure of an organization's financial reports can add to an employee's feeling of security. Also, organizations "can emphasize that job security depends not on individual assessment but on organizational performance."⁴³ A sense of

job security actually encourages employees to take the risks that may lead to quality improvement.

Culture Element Number 6, a climate of fairness, is difficult to define since the term fairness embodies some ambiguity. Sashkin and Kiser provide a list of ten areas of action that demarcate an organization's overall climate of fairness. These areas are: trust, consistency, integrity, explicit expectations, equitable treatment among employees, granting an employee a meaningful influence over his own work, adhering to just and reasonable standards, respect, and due process. A climate of fairness not only contributes to a TQM culture, but to reduced employee accidents and sick-leave expenses.⁴⁴

Culture Element Number 7, equitable compensation, recognizes that the line employees comprise the heart of any organization. Typically, American corporations pay their CEOs 50 to 100 times the amount of their line employees. In contrast, Japanese firms pay their CEOs about 17 times the amount of their line employees. While it is unlikely that this disparity will decrease, American organizations can compensate their workers through improved benefit packages, and other perks.

Culture Element Number 8, employee ownership, posits that employees who have a personal stake in the company

demonstrate a higher interest in the company's overall performance. Employee stock ownership programs (ESOPs) have been a very successful method of redistributing a company's profits among its workers. In government agencies where ownership programs are not possible, management can provide ways to instill employees with a "sense of ownership over their work and actions."⁴⁵

This core culture is necessary for a TQM program's staying power in an organization. As the organization's peripheries revolve around the core culture, the entire organization develops a shared sense of values which management and other personnel will gravitate to. Omachonu and Ross assert that "without this central core, the energy of members of the organization will dissipate as they develop plans, make decisions, communicate, and carry on operations without a fundamental criteria of relevance to guide them."⁴⁶ This is especially problematic in decisions regarding quality.

Summary

Chapter 2 provided an overview of the TQM philosophy as well as its 5 most influential architects. Each TQM theorist contributed a unique set of perspective to the TQM movement. Deming is considered the founder of the American

quality movement after his successful performance with the Japanese industrial-economic renaissance. Juran's major contributions to the TQM philosophy includes his quality trilogy (planning, control and management) and his quality-planning road map. Kaoru Ishikawa developed a distinctively Japanese approach to quality with its focus on the lifespan of the production process. His development of the fishbone diagram allowed laymen to statistically measure the lifespan of their product for the first time. Philip Crosby established the concept of zero defects, with its emphasis on providing a product or service correctly the first time. Finally, Feigenbaum developed a process of total quality control that is arguably the forerunner of the contemporary concept of the TQM philosophy.

Through the writings of these five authors, a distinct TQM philosophy emerged which can be reduced to 5 core principles. The successful implementation of these principles also requires a fundamental change in an organization's culture. If a TQM program is to have staying power, 8 different manifestations of organizational culture must develop.

NOTES

1. "If Japan Can . . . Why Can't We?". Broadcast by NBC on June 24, 1980. Written by Lloyd Dobyns and Reuven Frank, produced by Clare Crawford-Mason and Ray Lockhart, and narrated by Lloyd Dobyns. Source, Lloyd Dobyns and Clare Crawford-Mason, *Thinking About Quality: Progress, Wisdom, and the Deming Philosophy*, (New York: Times Books, 1994), 199, and Sashkin and Kiser, 25.
2. Mary Walton, *Deming Management at Work*, (New York: G.P. Putnam's Sons, 1990), quoted in Voehl, *Deming: The Way We Knew Him*, (Delray Beach: St. Lucie Press, 1995), 1.
3. Dobyns and Crawford-Mason, 200.
4. Voehl, 2.
5. J. Richard Hackman and Ruth Wageman, "Total Quality Management: Empirical, Conceptual and Practical Issues," *Administrative Science Quarterly* 40 (1995): 309.
6. Ibid.
7. Ibid.
8. Vincent K. Omachonu and Joel E. Ross, *Principles of Total Quality*, (Delray Beach: St. Lucie Press, 1995), 15.
9. Ibid.
10. Hackman and Wageman, 310.
11. William M. Lindsay and Joseph A Petrick, *Total Quality and Organizational Development*, Total Quality Series, ed. Frank Voehl, no. 6 (Delray Beach: St. Lucie Press, 1997), 73.
12. Nancy R. Mann, "W. Edwards Deming: 1900-1993," *Journal of the American Statistical Association* 89 (June 1994): 365.
13. Matt Laszlo, "Quality Expert W. Edwards Deming Dies at 93," *Industrial Engineering* 26 (February 1994): 14.

14. R. Aguayo, *Dr. Deming: The American Who Taught the Japanese About Quality*, New York: Carol Publishing Group, 1990.

15. Howard S. Gitlow, "A Comparison of Japanese Total Quality Control and Deming's Theory of Management." *American Statistician* 48 (August 1994): 198.

16. Sashkin and Kiser, 55, 70.

17. Ibid., 68.

18. Edward E. Lawler, III., *High-Involvement Management: Participative Strategies for Improving Organizational Performance*, (San Francisco, London: Jossey-Bass Publishers, 1987), 45.

19. Ibid., 69.

20. This uniquely Japanese strategy sought to create a thought revolution through the implementing new ideas of quality that would revitalize industry. Source, ASQC, "Kaoru Ishikawa: Developing a Specifically Japanese Quality Strategy." Available from <http://www.asqc.org/about/history/ishikawa.html>; Internet; accessed 18 March 1997.

21. Ibid.

22. Sashkin and Kiser, 23.

23. Tim Stevens, "Quality is Still Free," *Industry Week* 244, no. 12 (19 June 1995): 13.

24. Omachonu and Ross, 10.

25. ASQC, "Kaoru Ishikawa: Developing a Specifically Japanese Quality Strategy." Available from <http://www.asqc.org/about/history/ishikawa.html>; Internet; accessed 18 March 1997.

26. Stevens, 14.

27. Omachonu and Ross, 9.

28. Andrea Gabor credited Feigenbaum with a more "nuts and bolts" approach as apposed to Deming's visionary approach in a television documentary about Deming called, "The Man Who Discovered Quality." Source, Lindsay and

Petrick, 76.

29. A. V. Feigenbaum, *Total Quality Control*, (New York: McGraw-Hill Book Company, 1961), vii.

30. Sashkin and Kiser, 37, 41.

31. Omachonu and Ross, 9.

32. Ronald W. Butterfield, "Quality Hall of Fame," in *Quality Dynamics for the Service Industry*, ed. William F. Drewes, (Milwaukee: ASQC Quality Press, 1991), 8.

33. Ibid., 9.

34. Sashkin and Kiser, 56.

35. Lindsay and Petrick, 76.

36. A customer who receives a positive experience will typically only tell 8 people. Source, Ronald W. Butterfield, "The Need for a Quality Assurance System: A Universal Approach," in Drewes, 7.

37. TQMs concept is explained in Omachonu and Ross, 5.

38. W. Edward Deming, "Report to Management," *Quality Progress*, (July 1972): 2, quoted in Sashkin and Kiser, 8.

39. Edgar H. Schein, *Organizational Culture and Leadership*, (San Francisco: Jossey-Bass, 1988), 1-120, in Lindsay and Petrick, 26.

40. Lindsay and Petrick, 36.

41. Sashkin and Kiser, Chapter 5.

42. Ibid., 80.

43. Ibid., 101.

44. Ibid., 104.

45. Ibid., 109.

46. Omachonu and Ross, 32.

Chapter 3

TIDYMAN'S CASE STUDY

This Chapter presents a case study of the Missoula Tidyman's grocery store. In early 1995, Tidyman's Inc. implemented a TQM and "Ownership" program in each of its stores. This case study will discuss the implementation and eventual demise of Tidyman's TQM and Ownership programs.

The Unchained Worker

Tidyman's Inc. is a small grocery chain composed of 12 stores in Washington, Idaho and Montana. The chain boasts an employee stock ownership plan with assets totaling \$32,586,838 with a fair market value of \$140.75 per share in the fiscal year ending June 30, 1996.¹ Tidyman's operated as a discount warehouse grocer until the late 1980s. In the wake of increased competition from national grocery chains and club warehouses (such as Price Club/Costco), Tidyman's geared its marketing strategy toward customer service (See Table 3.1). In an effort to reduce shrink and inventory costs, Tidyman's implemented a just-in-time inventory program (called Northwest Fresh) in the early 1990s. The

Table 3.1**Tidyman's Mission Statement**

We offer people food and other products and services needed for daily living. We do this by listening carefully to our customers, anticipating needs and supplying the highest quality products, services and information. We welcome opportunities to enhance the quality of life for everyone living in the communities we serve.

The whole community is our customer. We are committed to earning trust and to building long-term relationships based on trust. We do this by:

- Continually improving our products, our services and ourselves.
- Constantly searching for new products and services that better meet people's needs.
- Partnering with suppliers in ways that constantly build value for the Tidyman's customer.
- Working actively in our communities to improve the quality of life.
- Cultivating a fun working environment in which Tidyman's people can find great satisfaction in being with, and serving, everyone who comes into our stores.
- Creating new opportunities for learning and growth which encourage all at Tidyman's to explore their potential.

In everything we do, we will be guided by our shared sense of what is right.

Adapted from: Petkevicius, Jeffrey C. *The Unchained Worker*.
Mead: Braige Books, 1995, xi.

Northwest Fresh program sought to achieve a new industry standard of freshness and quality. This program emphasized rapid product turnover rates in the perishable departments to reduce the amount of time a product sat on a display shelf (See Table 3.2).

This just-in-time method of merchandising products ensured a fresher inventory. The Missoula Tidyman's produce department achieved a complete department turnover rate of 3.2 times per week (The industry standard is typically less than one turnover per week).² Tidyman's retired president, Jack Heuston, summed up the chain's progressive history in an open letter to Tidyman's employees:

The company was founded in 1965 by Bob Buchanan and Jim Tidyman when they opened their first warehouse grocery store in Billings, Montana. The first stores carried only dry line groceries, required customers to mark their own prices and box their own groceries. This no-frills approach allowed them to sell groceries cheaper than regular supermarkets. Over time, customer needs began to change and the stores were remodeled to offer perishable departments, scanning checkout, and a variety of other services. In August 1986, the employees' profit sharing plan purchased the company from Bob and Jim. This means everyone participating in the profit sharing plan is now an owner of the company. When I say our company and our customers, I mean exactly that. We all have a stake in the success of the company.³

In 1992, the Tidyman's corporate office in Greenacres, Washington began a TQM program to capitalize on their position as a market leader.

Table 3.2**Principles of the Northwest Fresh Program**

Purpose

To serve customers better than anyone else. Success and profits are simply elements of the process.

Quality

To earn a degree of merit with our customers on the nine items listed below.

Customer Service

To serve customers better than anyone else does.

Selection

To serve customers what they want, when they want it.

Cleanliness

Having systems in place that ensure organization and sanitation for the entire department.

A Fair Profit

Profits that reflect a long-term constancy of purpose.

Freshness

High standards in the department and a focus on maximizing sales on display items.

The Vital Few

A strong focus on the 20% of the items that do 80% of our volume.

Value

To offer desirable products at a fair market price.

Consistency

Constantly striving for progress in all areas.

Training

Having systems in place that ensure the process of teaching these philosophies.

Adapted from: Petkevicius, Jeffrey C. *The Unchained Worker*.
Mead: Braige Books, 1995, xii-xxiii.

Assistance with a TQM strategy was sought from the consulting firm, Effective Management Systems, based in Spokane, Washington.

Tidyman's also commissioned Jeffrey C. Petkevicius to write *The Unchained Worker: Principles of Ownership in the Workplace*. This book demarcated a program to incorporate TQM principles into the Tidyman's organizational dynamic. This program, called Ownership, provided a means for the cultural transformation necessary to properly sustain the TQM program. Petkevicius also hoped to launch a career in TQM consulting upon the successful completion of the Tidyman's Ownership program. In the beginning of 1995, every employee was required to read *The Unchained Worker* as a prelude to the Ownership program's implementation.

Several fundamental changes were made in the Tidyman's managerial hierarchy to facilitate the Ownership program. In an attempt to transform Tidyman's traditional managerial roles, all department managers attended training seminars to familiarize them with their new roles as department coaches. Their new role was changed in name and practice. The 12 department coaches formed the Tidyman's management council on the premise that the knowledge and abilities of 12 different people were superior to the knowledge and

abilities of one person. Concurrently, the Missoula Store Manager's title changed to Store Director. The Store Director's new responsibilities included dividing his time facilitating the management councils in the Missoula and Kalispell stores.

The changes in Tidyman's managerial structure accompanied an emphasis on employee empowerment. New name tags were issued devoid of any formal titles and a new dress code was implemented. This dress code consisted of identical attire for managers and line employees. These changes anticipated a rise in employee empowerment through an equalization of traditional managerial and line functions. A standard uniform was intended to allow employees greater autonomy when handling customer concerns. Often, the line employees' familiarity with their work process places them in a better position than a supervisor to effectively address customer concerns. Since the customer is unable to distinguish the line employee from the managerial staff, an empowered employee is able to assume the authority and accountability required to meet these concerns.

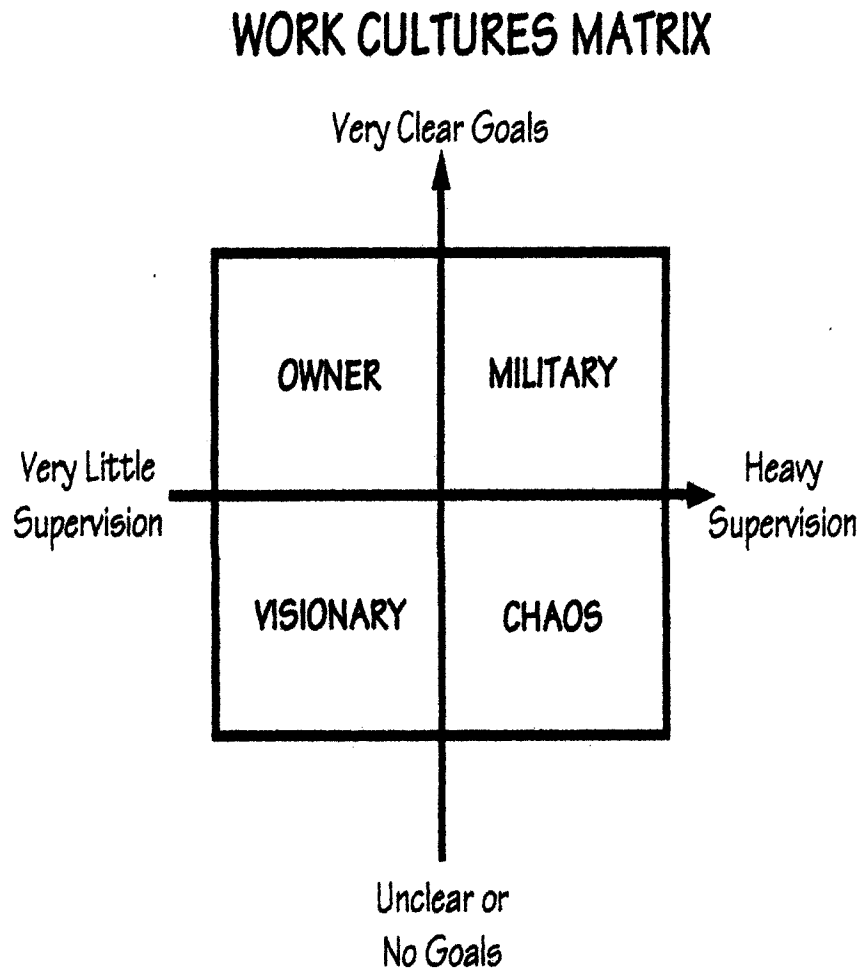
A peer appraisal system, called "Learn to Earn" was implemented in the 1994-1995 fiscal year to offer employees a fair and impartial evaluation process. Learn to Earn also

removed department coaches from the undesirable position of evaluating the performance of their department personnel and put them in charge of facilitating a peer-based performance appraisal according to a pre-determined set of categories. In addition to removing the superior-subordinate relationship from the performance appraisal, Learn to Earn teams were expected to produce a more reliable assessment than a supervisory appraisal.

The Unchained Worker also called for a cultural transformation to an ideal called the "Owner Zone." Figure 3.3 illustrates Petkevicius' work culture matrix which is made up of 4 distinct cultures: chaos, military, visionary, and owner. Chaos represents a culture with heavy supervision that lacks clear objectives. The ramifications of this culture include unpredictable performance, high turnover and reduced productivity.⁴ Military cultures are synonymous with clear objectives and heavy supervision. This culture is often manifested in factory and unskilled jobs and usually produces an atmosphere devoid of personal accountability. Visionary work cultures lack clear objectives and supervision. Generally, this culture manifested in entrepreneurial or new business environments. Finally, the Owner culture possesses clear goals and operates with minimal supervision.

Figure 3.1

Work Cultures Matrix



Adapted from: Petkevicius, Jeffrey C. *The Unchained Worker*.
Mead: Braige Books, 1995, 52.

Petkevicius argues that an Owner culture is necessary to promote a TQM program. Indeed, many of the cosmetic changes at Tidyman's (i.e. uniform policy) were intended to facilitate the transformation to an Owner culture.

Tidyman's employed many statistical tools during their TQM program. Prior to the implementation of Ownership, the Missoula store utilized activity based costing (ABC) groups to monitor costs and affect quality changes. These programs targeted issues such as bag costs and costs associated with damaged merchandise due to razor cuts. Ultimately, Tidyman's changed over to a more expensive, yet stronger plastic sack (due to its higher resin content and thicker composite). The new sack was preferred by Tidyman's clientele and ultimately saved money due to the decreased need of double bagging. Its durability also reduced the number of damaged returns inherent to the "blowouts" caused by the previous, weaker plastic sacks.

Another ABC project sought to minimize the costs involved with merchandise damaged by box knife razors. Damaged merchandise is sent back to the warehouse at a loss--including the time and labor needed to process returns. This group also sought to reduce other, less tangible costs, such as the frustration a customer feels when making a special trip back to the store to return or exchange a razor

cut item. The group ultimately recommended that cardboard boxes must be opened by hand and that only a limited number of personnel could carry box knives.

In May 1995, a quality functional deployment QFD program was implemented in the Missoula store to track and award employee merits. The human resource division of the management council was entrusted with the responsibility to maintain the recognition program and award points based on an employee's performance. Employees could earn points in any 1 of 11 categories: attendance, anniversary date, covering shifts, coming in to work early/staying late, internal customer comments, external customer comments, community projects, store projects, safety, personal goal achievements, and personal development (i.e. reading business related books). Employees who reached 100 points could choose a \$100 gift certificate or a day off with pay.

Ultimately, the Ownership and TQM programs fell by the wayside. In May of 1996, 83 employees were laid off from the chain (approximately 8 percent of the total workforce) to bring the labor percentage in line with industry standards.⁵ In an open letter to employees after the layoffs, Ric Odegard, interim Chief executive Officer, wrote:

Let's start with the staff reductions. When we

reviewed our financial performance it was clear that we were not going to repeat our record performance last fiscal year when we had a net profit of 1.1% or \$2,263,000. Our financial performance this year indicates that we are below our expectations. What had gone wrong? Clearly competition had increased and sales were weak when compared to last year. But a key problem was high expenses, particularly labor expenses.⁶

After the layoffs, the labor percentage averaged approximately 8.7 percent of total sales, compared to the prior average of 9.4 percent. This cut represented an annual savings of approximately 1.5 million dollars.⁷

The principles of Learn to Earn became effectively checked due to new stringent labor requirements for each department. These new requirements also frustrated any progress made toward tearing down department walls. A final defeat for TQM and Ownership coincided with the April 15 announcement of Jack Heuston's retirement (effective June 30, 1996), and the subsequent changeover of management. Although there were no formal announcements regarding the demise of Ownership and TQM, they were clearly defunct programs by May 1996.

Summary

This case study presented a chronological profile of the Tidyman's TQM implementation progress. Tidyman's began its commitment to quality management in 1992 through the

implementation of quality measurement tools. In an attempt to implement a work culture conducive to a quality environment, Tidyman's launched its Ownership program, with the help of author Jeffrey C. Petkevicius, in early 1995. The effects of a competitive market cutting into Tidyman's profit margins, chain wide increases in labor expenses and the retirement of Tidyman's President, Jack Heuston, lead to the two programs' demise in May 1996.

NOTES

1. Stocks are calculated annually through an independent audit by Ernst and Young. Source: Ernst and Young, "Tidyman's Summary Annual Report: July 1, 1995 through June 30, 1996," Chicago: Ernst and Young, 1996.
2. Gerald Doty, Missoula Tidyman's Store Director, interview by author, 23 May, 1997.
3. Jack Heuston, to Tidyman's employees, correspondence contained in "Tidyman's Personnel Policies and Procedures," Greenacres: Tidyman's 1993.
4. Jeffrey C. Petkevicius, *The Unchained Worker*, (Mead: Braige Books, 1995), 53.
5. *Missoulian*, April, 1996.
6. Ric Odegard, Tidyman's Interim Chief Executive Officer to Tidyman's Employees, 26 April, 1996.
7. Lee Clark, Tidyman's Chief Financial Officer, telephone interview by author, 23 May 1997.

Chapter 4

UNITED STATES POSTAL SERVICE CASE STUDY

This Chapter presents a case study of the United States Postal Service and its employee involvement\quality of work life program. It traces the history of the EI\QWL program between the USPS and the National Association of Letter Carriers from its inception in 1992 to its termination in 1996. Although the American Postal Workers Union (APWU) chose not to participate in the EI\QWL program, it played an important part in the EI\QWL process and merits a discussion.

Employee Involvement

Quality author, David Levine, attributes the rise of employee involvement programs to the demise of quality circles. He writes:

By the late 1980s the term *quality circle* became unfashionable, as managers realized that quality circles were but one aspect of Japanese success. Total quality management (TQM), along with variants such as total quality control and continuous improvement, arose as a replacement. Employee involvement is a key aspect of total quality management, which recreates quality circles under new names such as quality improvement teams.

Levine stresses that public sector organizations should pursue employee involvement, as substantive innovations in government services often originate from a customer service orientation. Unlike the private sector, the customers of a government agency are often difficult to define. Taxpayers in general may be considered the customers of a any given government agency, whether or not they directly benefit from the agency's service.¹ Any improvements in service requires an organization in the public sector to identify its specific customers. This customer focus provides a common framework which policy makers, management, labor and unions can work toward.

Typically, unions play a significant role in any public sector EI program. Although unions may resist initial attempts at employee involvement, Levine asserts that an enthusiastic union can effectively thwart management attempts to let EI programs fall by the wayside.² The best way to foster union commitment to an EI program is to "include organized labor at all stages in the process so that union leaders understand what is planned and can support the effort."³

Thus, the development of the Postal EI\QWL program was realized by a formal agreement between the USPS and the National Association of Letter Carriers in 1982. A

statement signed by Vincent R. Sombrotto, NALC President and William F. Bolger, Postmaster General on September 22, 1982 affirmed their mutual support of EI\QWL and authorized the creation of a "joint committee on the national level to develop objectives, guidelines, and ground rules for the implementation of the process."⁴

The Joint EI Committee established 5 structural divisions of the EI process: the National Joint EI Committee, the Management Sectional Center Committee/Joint Steering Committee (MSC), Facilitators, and Workteams. The National Joint EI Committee consisted of 4 NALC and 4 management representatives whose responsibilities included overseeing the national EI process and ensuring the jointness of the EI process through published guidelines and accords. The Regional Steering Committees were established in each Postal Service Region and consisted of Postal Service Managers and NALC National Business Agents (NBAs). Committee members (under the close supervision of the National Joint EI Committee) were charged with diffusing the EI process throughout their respective regions.

A Local Joint Steering Committee represented an MSC-wide area. These MSC committees were composed of 5 NALC members (chosen by the NBA) and five postal managers (MSC Manager, MSC Directors for Customer Services, Employee and

Labor Relations, Mail Processing and the Manager of Delivery and Collection). MSC committees selected the number and locations of the Workteams from their regions and were responsible for the dissemination of information to their aggregate EI participants. The MSC's support functions included the establishment of a climate conducive to a successful EI process, the development of EI guidelines and policies, the promotion of EI benefits throughout the Postal Service and the general public and continued reports of any MSC level implementation or diffusion problems to the regional and national committees.

Each MSC includes a pair of labor-management facilitators selected by the NALC\NBA and MSC management, respectively. Initially, the facilitators trained and served as an on-call resource for the Workteams within their MSC. Ultimately, the Facilitators' duties were allocated between the MSC committee and the area's Workteams. A Facilitator's commitment to the MSC committee included 4 primary duties:

1. Provide assistance with the definition of the MSC committee's role in the EI process
2. Continue education and research to keep committee members up-to-date on EI issues
3. Encourage exchanges of information between participants of, and groups influenced by (but not directly affiliated with) the EI process

4. Keeping the committee apprised of EI's problems and progress

A Facilitator's commitment to the Workteams includes 5 primary duties:

1. Provide training sessions
2. Start-up consultation
3. Contribute needed information and resources
4. Trouble shooting when crises or process problems occur
5. Help Workteams acquire the tools to monitor and review their progress toward EI Process goals

Workteams made up the smallest division of the EI structure. Each team consisted of a small number of workers and managers (typically 8-12) who convened regularly to assess and correct workplace problems, build communication channels and facilitate a cooperative climate. The optimum Workteam consisted of 2 NALC Stewards and 1 or 2 managers. Letter carriers filled the remaining positions and alternates were typically chosen to fill any vacancies created in the Workteam.

Table 4.1 illustrates EI's structural start-up procedure. Once a Workteam is established, it should meet on-the-clock once a week to identify problems within the workplace and consider solutions.

Table 4.1

Employee Involvement Start-Up Procedure

Step 1: Site Selection

The Regional Joint Steering Committee selects a MSC as a site for IE and announces the selection to appropriate NALC and USPS officials.

Step 2: Formation of the MSC Committee

The MSC committee is formed. It consists of:

Management

- MSC Manager
- Director, Employee & Labor Relations
- Director, Mail Processing
- Director, Customer Services
- Manager of Deliver Collection

NALC

The NALC National Business Agent selects the five union members of the Committee.

Step 3: Facilitator Selection

NALC's NBA and the MSC Manager each appoint a Facilitator.

Step 4: MSC Committee Orientation

Two members of the Regional Joint Steering Committee conduct a 2-3 hour orientation of the MSC committee. All members of the MSC Committee should attend.

Step 5: MSC Committee and Facilitators Workshop

Trainers sponsored by the Regional Committee conduct a 16-hour workshop for the MSC Committee and the Facilitators.

Step 6: management Training

A management Trainer or team of Trainers from USPS Headquarters or from a field unit outside the MSC being trained conducts a 16-hour workshop for the top 20-30 managers within the MSC.

Step 7: Facilitator Workshop

The National Joint EI Committee sponsors a 40-hour workshop for a group of Facilitators from various MSCs. The workshop is usually at a location central to the Facilitators being trained.

Step 8: MSC Orientation

The Facilitators and the MSC Committee conduct a 1-2 hour orientation for NALC representatives and Station Managers and Associate Office Postmasters within the MSC. This may be done either as a single meeting or as several meetings held in various places.

Step 9: Local Site Selection

The MSC Committee selects one or more stations or associate offices as initial MSC EI sites.

Step 10: Additional Management Training

Either the MSC management Facilitator or other qualified management individual conducts training for those managers and supervisors who will have contact with the initial Workteams, but who have not otherwise received EI training. Note: this step should be repeated each time a new station or associate office is selected as a site if there are managers and supervisors who have not been trained.

Step 11: Station (Associate Office) Orientation

The Facilitators conduct a 1-2 hour orientation for the letter carriers, supervisors and managers of those stations or associate offices chosen by the MSC Committee as EI sites. Note: This step should be repeated each time a new station or associate office is selected for implementation.

Step 12: Workteam Selection, Training and Start-Up

The Workteam is chosen, attends a 16-hour workshop conducted by the Facilitators and starts-up.

Adapted From: "Employee Involvement Guidelines: NALC-USPS National Joint Employee Involvement Committee."
(Washington, D.C.: USPS. Pamphlet).

If a Workteam agreed to an acceptable problem-solving remedy, their recommendation was forwarded to the appropriate level of management for review.

Quality Through Improved Relations

Carl C. Ulsaker, Senior Assistant Postmaster General, lead into his explanation of the EI\QWL Process with a summary of the organizational philosophy of the USPS.⁵ Although the Post Office lacks an official mission statement, its "mission" is governed by the Postal Reorganization Act of 1970, and the guidelines developed by the Board of Governors in 1972. The cornerstone of the Postal Service's philosophy is "prompt, reliable and economical service."⁶ The second and third goals are fiscal integrity and employee satisfaction. EI specifically targets improved employee satisfaction through a QWL focus. Ulsaker notes the problems of low employee satisfaction:

Despite good pay, working conditions, and improved career opportunities, grievances are too numerous and increase every year. EEO complaints are too high and the backlog to be processed is horrendous. Unscheduled absenteeism is a problem, and errors cause unnecessary costs and service delays.⁷

Employee involvement sought to improve the overall quality of work life through a change in the traditional authoritarian system of Postal management to a system of

participative management.⁸ Empowered employees should display an increased level of employee satisfaction which should lead to improved relations between labor and management.

Ultimately, improved labor relations should bring about quality improvements and enhanced customer service. Other objectives of the EI\QWL program were:

1. To create a management environment
2. To foster a collaborative working relationship within the Postal Service
3. Improve the quality of life at work for all employees
4. Increase involvement and participation in the solution of workplace problems
5. Build a more effective organization
6. Enhance communication and cooperation at all levels of the organization
7. Actively develop in all people the capacity to accept and manage change.⁹

The foundations of change regarding these objectives rested in a fundamental transformation of attitudes. The employee involvement process was expected to "increase the degree of thinking in the organization, along with the quality of what is being thought about, while improving the thinking process."¹⁰ The EI process also encouraged creative thinking by opening up the communications channels between labor and management. Indeed, the EI handbook described the

counterproductive norms prior to EI: "The Postal Service gives us mixed signals by soliciting creative thinking, yet it promotes and encourages analytical, systematic and automatic thinking."¹¹

The Costs of Quality

A successful TQM program requires a considerable commitment of time and revenue. Typically, a fledgling quality program will enact many cosmetic changes (such as remodeled breakrooms or new equipment). Once the novelty of these cosmetic changes wear off, it may be a year or more before any substantive process changes are implemented. It may be even longer before any appreciable savings are reflected in the bottom line. During this critical juncture of a TQM program, management may abandon its commitment due to revenue concerns. Rank-in-file employees may also lose interest if their efforts are not met with substantive changes within a reasonable amount time.

The Postal Service recognized the tremendous costs involved with their EI/QWL program. In a 1986 memorandum, Albert Casey of the Postmaster General's office, wrote:

We were cautioned in the beginning by both union and management from General Motors, Ford Motor Company, AT&T, and other corporations which have successful EI/QWL quality circles and workteams, that this is a long-term organizational change process; that there

would be some up front costs; and that we should not expect short-term bottom line benefits.¹²

The quality returns from the EI process far exceeded its expectations by 1986. For example, a Workteam in San Diego, California developed a computer forwarding service (CFS) program which cut the CFS error rate from approximately 13-15 percent to less than 8 percent.

Innovative programs were often implemented nationwide. One Workteam developed a yellow label that carriers apply to forwarded mail to remind their customers to inform correspondents of their new address. This label reads: "CORRECT ADDRESS PROVIDED BY YOUR LOCAL LETTER CARRIER. PLEASE INFORM CORRESPONDENTS OF YOUR CORRECT ADDRESS." Other Workteams developed programs that increased revenue by targeting large accounts which had previously conducted business with United Parcel Service (UPS) or Federal Express. A Workteam based in Somerville, NJ originally estimated an additional \$70,000 in revenue when it convinced the area's largest company (Ingersoll-Rand) to use the USPS's Express Mail instead of Federal Express (the Workteam's primary selling point was the implementation of a new Express Mail pick-up service). The actual revenue generated from this account amounted to \$220,000 with an additional \$70,000 from other customers who were impressed

by this new service.

By 1986, the EI\QWL process was credited with improved safety records and a reduction of grievance filing and sick leave usage. Grievances filed by the NALC dropped to 650 in 1985, from 980 in 1984 and 1200 in 1983. John Nolan, a New York Sectional Center Manager asserted that the EI\QWL process was a significant factor in this reduction.¹³ The EI\QWL process facilitated other intangible benefits such as an improvement in work attitudes and morale, higher levels of trust and cooperation, and an increased availability of information.¹⁴

The Beginning of the End

David Levine asserts that an EI process implementation may have positive or negative effects on union-management relations. He writes: "When union and management leaders jointly participate to solve problems on a nonadversarial basis, the improved relationship may spill over to improve union-management relations."¹⁵ Conversely, Levine contends that "Sharing information with unions raises their bargaining power, so companies may lose. Cooperating with management may lower unions' legitimacy with members, so they may lose as well."¹⁶

Ultimately, the EI\QWL was terminated due to Union and management differences. The American Postal Workers Union (APWU) charged the Postal Service with using EI\QWL to circumvent union functions and thwart labor law regulations. Moe Biller, President of the APWU, wrote regarding EI:

I am proud to say that both APWU members and their union leaders have consistently and vigorously rejected EI since it was first introduced into the Postal Service in 1982. Our members have seen EI for what it truly is: a scheme to set workers up in competition with each other and to convince them that they, the workers, will get a better deal by forgetting the union and by dealing directly with management to solve their problems. No matter what postal officials call it. We know EI when we see it. APWU says, "Union Involvement, Not EI!"¹⁷

The APWU's position stated that any unilateral changes to wages, hours or working conditions as a result of the EI\QWL process illegally bypassed the union's right to collective bargaining procedures. This issue was one of 50 labor law violation charges brought against the USPS by the National Labor Relations Board regarding the EI\QWL program in 1992. Table 4.2 outlines the Postal Services responsibilities under the terms of this settlement.

Between 1992 and EI's demise in 1996, the Postal Service implemented a host of new quality programs. Moe Biller called these programs "a way to bring APWU bargaining-unit members into the Employee Involvement\Quality of Worklife program through the back door."¹⁸

Table 4.2
Responsibilities of the USPS Under the Terms
of the NLRB's 1992 Decision.

Under the terms of the agreement, the USPS will post in conspicuous places, nationwide notices which state that the USPS:

- Will not refuse to provide the APWU with copies of relevant portions of EI\QWL minutes upon request so that the union can perform as the exclusive bargaining representative for those employees represented by the union.
 - Will not unilaterally change the terms and conditions of employment in the unit without first giving APWU notice and an opportunity to bargain over said changes.
 - Will not bypass the APWU and deal directly with our employees in the unit by meeting with them regarding terms and conditions of their employment in the context of committees in which the APWU has chosen not to participate.
 - Will not bargain with an EI\QWL committee regarding terms and conditions of employment of the employees in the unit.
 - Will provide the APWU with copies of the EI\QWL minutes which were alleged to be unlawfully denied in the subject cases, from the date of our refusal to supply the requested information until a date six months following approval of this agreement.
 - Will exclude employees in the unit from participating in EI\QWL committees...which are not created or approved by the APWU and which deal with us regarding terms and conditions of employment...
 - Will dissolve, if they are still in existence, any employee committees composed exclusively of APWU members in the following locations: Littleton, Colorado; Akron, Ohio; Albany, New York; Los Angeles, California; and Omaha, Nebraska.
-

Adapted from: Patrick J. Nilan, ed., "USPS Forced to Remedy Nationwide Violations in Its EI\QWL Program," *American Postal Workers Union: News Service*. April 22, 1992.

By September 1993, at least 14 different quality committees were in operation. These quality programs included: focus groups, employee advisory councils, employee satisfaction committees, employee opinion survey groups and quality first teams.¹⁹ Biller also remarked that the "latest USPS corporate buzzword is 'Total Quality Management--TQM.'"²⁰

Shut Up! Do What We Tell You!

On April 18, 1996, Vincent Sombrotto, NALC President, unilaterally terminated the NALC's role in the EI\QWL process after the Postal Service withdrew its voluntary participation in and funding for the EI\QWL process on April 15, 1996. In letters to Senate Post Office Subcommittee Chairman Ted Stevens (Republican, Alaska); ranking Senator on the Government Affairs Committee, John Glenn (Democrat, Ohio); ranking Democrat on the Post Office Subcommittee, Senator David Pryor (Arkansas); House Postal Service Subcommittee Chairman John McHugh (Republican, New York); ranking Democrat on the House government Reform Committee, Cardiss Collins (Illinois); and Comptroller General, Charles A. Bowsher, Sombrotto wrote that the Postal Service is saying:

Shut up! Do what we tell you..."We don't care if better ideas and better service can come from working together in a good labor-management atmosphere. We're going to

be in control, and the American public be damned."²¹ Sombrotto further stated that EI\QWL was the "height of employer arrogance," and committed the 320,000 member union to still pursue quality and productivity concerns without the assistance of the formal EI\QWL process.²²

Conversely, Joseph J. Mahon, Jr., Vice President, Labor Relations, USPS wrote regarding the USPS's withdrawal from EI\QWL:

the Postal Service believes that our formal Process, and most particularly its structure, no longer serves the parties' needs or mutual goals. In our view, the process has become an entrenched bureaucracy that is unresponsive to the mainstream goals of the Postal Service...despite our long-term participation and investment in the Process, national productivity has gone down while grievance activity has gone up. We are concerned that the appointment of facilitators has increasingly been driven by the political objectives of the NALC...²³

Moreover, Mahon stated that the USPS remains committed to the fundamental "principles and practices" of EI\QWL, and that the USPS will continue to pursue the achievement of labor and management's mutual goals.²⁴

Summary

A chronology of the USPS's EI\QWL program was traced from its inception in 1982 until its termination in 1996. Chapter 4 focused on how the EI\QWL structure channeled communication between the rank-in-file employee and the

upper-management. The roles of management and the NALC were also outlined. The EI\QWL process was not embraced by everyone in the Postal Service--the APWU consistently resisted commitment to the EI\QWL process. In 1992, the NLRB upheld the APWU's allegations that the EI\QWL process operated in violation of labor laws. Four years after this settlement, the USPS withdrew its voluntary participation in the EI\QWL Process. The NALC reciprocated by unilaterally terminating its involvement in the process.

NOTES

1. David I. Levine, *Reinventing the Workplace: How Business and Employees Can Both Win*, (Washington D.C.: Brookings Institution, 1995) ,157.
2. Ibid., 159, 160.
3. Federal Quality Institute, "Introduction to Total Quality Management in the Federal Government," US GPO 299-9960 (1991), 12, quoted in Levine, 159.
4. USPS and NALC "Employee Involvement Guidelines: NALC-USPS National Joint Employee Involvement Committee" (Washington, D.C.: USPS. Pamphlet).
5. Carl C. Ulsaker, "A concept for Working Life/Employee Involvement in the U.S. Postal Service." In: M.O.R. Associates, "EI/QWL Handbook," 1982, A -17.
6. Ibid.
7. Ibid., A -18.
8. Ibid.
9. Albert V. Casey of the Postmaster General's office to Mr. Harris of the Office of Regional Postmaster General. 21 May, 1996.
10. Although there is a note in this manual that says it is not the official manual of the USPS's EI\QWL program, it contains many official documents issued by the USPS and the NALC. The credit for preparing this manual was given to Brian Mc Donald, President of M.O.R. Associated, Consultant to the NALC-USPS National Joint Employee Involvement Committee. This case study will refer to this compilation as the EI\QWL handbook. Source, EI\QWL handbook page B-T2.
11. Ibid., B-T7.
12. Albert V. Casey of the Postmaster General's office to Mr. Harris of the Office of Regional Postmaster General.
13. Ibid., 11.

14. Ibid., 11.
15. Levine, 39.
16. Ibid.
17. Moe Biller, "Union Involvement, Not EI!", *The American Postal Worker*. February, 1989.
18. Moe Biller, "Let's Keep Our Union's Role In Focus!", *The American Postal Worker*. August 1993, 2.
19. Moe Biller, "We Reject All USPS Company Unions!", *The American Postal Worker*. September, 1993, 2.
20. Moe Biller, "Let's Keep Our Union's Role In Focus!", *The American Postal Worker*. August 1993, 2.
21. NALC, "Letter carriers President Sombrotto accuses Postal Service of Fomenting Militaristic Control by Ending Innovative Employee Relations Program," Washington D.C.: NALC Press Release, 18 April 1996.
22. Ibid.
23. Joseph J. Mahon to Vincent R. Sombrotto, 15 April 1996.
24. Ibid.

Chapter 5

ANALYSIS OF CASE STUDIES

This Chapter assesses the Tidyman's TQM and Ownership program and the USPS's EI\QWL Process related to the evaluative criteria: the 5 core principles of TQM and the 8 cultural manifestations required to sustain a TQM system. It also explores the limitations of this inquiry and presents the concluding remarks.

TQM and TQM cultures Analyzed

The first question to be addressed is: were the programs Tidyman's and the USPS implemented really TQM initiatives? To flesh out a definitive answer, Tidyman's TQM and Ownership programs and the USPS's EI\QWL Process must be evaluated against the five core principles of TQM.

If the programs implemented by Tidyman's and the USPS are determined to embody the core principles of TQM, then the manifestations of TQM culture exhibited during the implementation process must be analyzed. Positive culture aspects in each of the eight cultural manifestation categories increase the staying power of a TQM program.

Core Principles of TQM--Tidyman's

Was there a customer focus?

Tidyman's adopted TQM as an attempt to increase the quality of customer service. Tim Metcalf, Vice President for Human Resources, said that as a program TQM ultimately endeavored to "increase sales, reduce the cost of making those sales [while] doing it with a new customer service imperative."¹ The Tidyman's corporate office actively searched for new and innovative approaches to customer service. In 1993, Tidyman's signed on with Advanced Promotion Technologies Inc.'s Vision Value network, a purchase activated coupon and database service.² Gary Rippee, Tidyman's marketing Director explained: "what we hope to get out of it [the Vision Value network] is promotions and shelf placement and item procurement that more closely resembles the needs and wants of our customers. We will have different promotions for different customers."³

The Northwest Fresh program also applied a customer-oriented philosophy to merchandising. Northwest Fresh implemented the labor-intensive process of preparing meat and deli items fresh-to-order and emphasized a partnering of vendors and suppliers. For example, the produce department began receiving shipments 7 days a week (they previously received only 3 shipments), so they could receive fresher

produce and liquefy assets that were previously tied up in inventory. Tidyman's realized that in order to receive fresher produce, they must create partnerships with their distributor, and their distributor's distributor and so on down the line (after all, if the produce sat for a week in a distributor's cooler, it would not be any fresher than if it sat in the Tidyman's produce cooler). Ultimately, Tidyman's was able to change the ordering structure throughout the distribution line--including the farms and orchards that supply their distributors.

Were Continuous Improvement Processes in Place?

Tidyman's had many continuous process improvements systems in place since the inception of TQM. One of the very first TQM tools was activity based costing (ABC). Scott Lenz stated that an ABC group's objective is to inquire "which steps you are taking that do not add value for your customer...[so] you can take them out of the system."⁴ Lenz also described his role in a QFD program that was established to determine if there was a market for a leaner, higher quality and more expensive cut of beef (marketed under the Tidyman's label, Limousin Beef). Lenz noted that the Limousin QFD project determined whether or not Limousin Beef was a viable product, and a separate Limousin ABC project laid out the steps required to produce

and market the product.⁵

Tidyman's also used Quality Circles in the form of customer focus groups. Every store invited about a dozen customers to solicit their ideas of how a grocery store should operate. The feedback generated by these focus groups has been so valuable that Store Director Scott Lenz still meets regularly with his original focus group.

Did the Program Foster a Sense of Teamwork?

The creation of a Management Council in favor of a single Store Director sought to create an environment of cooperation and teamwork among its members. The change of uniform and name tags also attempted to foster a sense of camaraderie to the work environment by creating an equity among employees and management. Competition between departments was also discouraged through slogans such as "tear down department walls."

The Ownership program also encouraged teamwork by calling an end to overlapping responsibilities. The Management Council responded by creating an "expertise list" that spanned common store operations. An employee who ran into a problem outside of his expertise could call a manager from the list for guidance. Since there were three managers listed for each operation, at least one manager should have been in the store at any given time. The creation of this

expertise repository gave empowered employees a reliable means to follow up on their questions and concerns.

Were There Data-Based Decision making Processes in Place?

Many data-based decision processes were utilized during the implementation of TQM. The most visible were the ABC, QFD and QCs discussed earlier. Another tool, Learn to Earn, measured the extent to which an employee understood his position's required vocational skills, could utilize his vocational skills, and could properly teach others to use these vocational skills.⁶ The emphasis on teaching other employees created a continuous improvement component to the Learn to Earn program and encouraged teamwork among employees.

Learn to Earn also utilized the Plan-Do-Check-Act cycle made popular by W. Edwards Deming's mentor Walter Shewhart. The process required peer reviewers to set up a learning schedule for the person under review. This learning schedule would list the steps needed to correct a problem and determine a reasonable learning time. After the specified time, the employee's performance would be re-evaluated.

Was Proactive Management Practiced?

Proactive management implies that managers try to solve problems and complaints before they occur, by anticipating

their root causes. Since the cashier is generally the last employee a customer comes into contact with before leaving the store, management reasoned that the cashiers should receive education in customer service and conflict resolution techniques.

By virtue of their position, rank-in-file employees are often the most qualified employees to address customer concerns. Tidyman's established 3 criteria to define the scope of an employee's empowerment. If his actions were good for the customer, good for the store and good for profitability, the empowered employee had the authority and accountability to remedy problems without managerial approval. This proactive approach to conflict resolution provided the employee the capacity to provide a customer with immediate satisfaction.

Cultural Manifestations--Tidyman's

Was quality information used for process improvement and not to judge or control people?

Sashkin and Kiser write "Measurement systems designed to support TQM must be focused on improvement of processes, not on those responsible for work processes...The aim is to assess and improve work processes by identifying and correcting factors that cause undesired variation."⁷ The

results obtained from the TQM tools were frequently utilized to improve the process. For instance, the ABC program which focused on damaged merchandise corrected the process of opening boxes rather than the individual employees who opened boxes.

Was authority perceived as equal to responsibility?

Employee empowerment sought to integrate all employees to an equal level and make "all the employees think like business owners."⁸ The underlying principles of Ownership sought to empower employees. Petkivicius asserts that the Ownership program functions as a bridge between responsibility and authority. He writes: "When you have authority, you're an expert and you own the responsibility. Therefore, you're empowered."⁹

In practice, Tidyman's learned that the concept of empowerment was not so easily applied. Tim Metcalf observed that an ingrained sense of entrepreneurialship within the organization conflicted with the principles of TQM and Ownership. Metcalf stated:

This entrepreneurial spirit was being done at the same time we were trying to say "let's flatten the organization, let's create this equity among people, let's treat people as teams, let's empower." Yet we were doing this the same time we were saying "all right, do your own thing." Well, the [Store] Director --who was doing his own thing--was hardly going to let that *thing* go to all the employees.¹⁰

Were there rewards for results?

Although the redistribution of profits through the employee stock ownership plan constituted the greatest potential to reward organizational successes, the benefits of profit sharing cannot provide the immediate gratification required to encourage goal-oriented behavior. Since profits are redistributed on the basis of wages rather than merit, employees with a low-stake in the organization may be less willing to contribute to the ultimate success of the organization.

The issue of merit was addressed by the Employee Recognition Program. While previous recognition programs had rewarded employees with silver and gold name tags, this program sought to provide substantive material rewards to complement symbolic rewards.

Was cooperation, not competition, the basis for working together?

Although Ownership attempted to foster cooperation and teamwork, a competitive attitude among department heads and employees prevailed. The organizational hierarchy sent mixed messages about cooperation and teamwork. Instead of considering a store's *overall* labor, all the mechanisms for evaluating departmental labor were still in use. Departmental labor was scrutinized the same time Tidyman's

encouraged its management council members to act in the interests of the store over the interests of their respective departments.¹¹

Lee Clark suggested that Store Directors should have been integrated into Management Council. He stated that many teams were unable to hold themselves accountable for achieving overall financial results.¹² A team leader could have brought direction and focus to the individual teams. Tim Metcalf also suggested that the deterioration of teamwork may have been related to the elimination of the Store Director. The Store Director may have viewed the perilousness of his position and turned against the team concept.¹³

Did employees have secure jobs?

Employment at Tidyman's had traditionally been perceived as secure by its employees. However, the announcement of company-wide layoffs in April 1996 drastically altered that perception. Also during this time, rumors of a company-wide buyout circulated throughout the organization. This rumor was reinforced by an article that ran in the Coeur d' Alene newspaper, which stated:

Tidyman's Food Stores is in the midst of corporate downsizing, and the company founder believes it could be the first step toward selling the grocery chain. However, some company employees think the downsizing may be a way to buy down their stock ownership. Jim

Tidyman said the corporation has grown too fast over the last 10 years and now management may be trying to get things back in shape in order to sell the business.¹⁴

Ric Odegard, Interim CEO, asserted that these layoffs were necessary to provide greater job security to employees in the future. He stated "we must not risk reducing the value of our employee owned stock and jeopardize our retirement and investment in the company."¹⁵ Odegard also denied any intent to sell the company.¹⁶

Did a climate of fairness exist?

An accurate definition of fairness in the workplace is problematic at best. This stems from the fact that "fairness is in the eye of the beholder. Two people can look at the same situation and one can judge it as grossly unfair while the other finds nothing amiss."¹⁷

Interestingly, a survey conducted at 10 Tidyman's locations uncovered working conditions in the Missoula store that could be viewed as inherently unfair. The survey's summary stated that "Missoula employees were more likely than average to feel that they were run ragged, they were in a dead end job, their facilities were not up-to-date, the area was noisy, and that their pay was not in keeping with the costs of living in the area."¹⁸

Was compensation equitable?

Sashkin and Kiser argue that "pay should be equitable across organizational levels; this means top executive pay should not be much more than about twenty times the pay of the lowest-paid full-time permanent employee."¹⁹ Typically, compensation among the company was not equitable. The Store Director alone receives a salary (including bonuses) that equals approximately 10-15 times that of the lowest-paid full-time employee. The wage differential between states also became a point of contention among employees. Since Tidyman's bases its employees' wages on the union negotiated pay scale of each state, Tidyman's employees are paid higher wages in Washington than in Idaho and Montana. For example, a Journeyman Checker earns \$10.04 in Missoula, Montana, whereas a Journeyman Checker earns \$12.06 in Spokane, Washington. An independent survey conducted in December of 1995 underscored this wage disparity when it summarized the findings: "In Missoula, the positive statement 'My pay is adequate, considering what it costs to live here' ranked dead last, compared to 119th on the ten store composite."²⁰

Did employees have an ownership at stake?

All Tidyman's employees who had been employed for over a year had a literal stake in the company. Sashkin and Kiser laud this arrangement: "American organizational

management has discovered that employees' capitalistic economic stake in the firm seems to strengthen the other cultural factors."²¹ The performance of Tidyman's Employee stock ownership plan from 1991 to 1996 should have been an incentive to sustain the operation of a TQM program. The fair market value of Tidyman's stock rose from \$88.50 per share in 1991 to \$93.50 per share in 1992. The shares had a value of \$100.00 in 1993, \$115.00 in 1994, \$133.00 in 1995 and \$140.75 in 1996.

Observations

Tidyman's implemented a viable TQM program with the added benefit of the Ownership program to aid in its organizational integration. The question remains: if the program was so viable, why did it not succeed? An answer to this question may lie in an analysis of the underlying culture present in the organization during its TQM implementation process.

Although Tidyman's had very positive elements ingrained into its culture (such as the ESOP program), these elements were not strong enough to overcome the negative cultural elements (such as the layoffs and a change of management unsupportive of the TQM and Ownership initiatives). Scott Lenz attributed the failure of a TQM culture to the minute margins grocery stores operate by (typically only 1 to 2

percent of the total sales). He stated that the grocery business does not "allow the time to invest in a culture change like that."²² Any program that does not provide an immediate return on the bottom line is short-lived.

Lee Clark attributed the failure to implement a TQM conducive culture to the mixed messages sent by top management. Clark stated:

I do believe that this [program] was very well planned, I think it was poorly executed, however...The treatment of it being ancillary to the operation as opposed to integral to the operation really lead to its ultimate demise.

As a result, management never really bought into the program, and Tidymen's was unable to achieve an overall culture able to sustain a TQM system.

Core Principles of TQM--USPS

Was there a customer focus?

As noted in chapter 4, the advances in customer service exceeded all expectations by 1986. Albert V. Casey wrote regarding the success of the Workteams: "Almost simultaneously, these workgroups turn[ed] their attention toward improving customer service. These teams realize the importance of customer satisfaction, and have a genuine concern for finding better ways to serve our customers."²³

Were continuous improvement processes in place?

Continuous improvement processes were inherent to the structure of the EI\QWL program. Workteams were responsible for identifying problems and working out equitable solutions to those problems. The Employee Involvement Guidelines pamphlet recognized that Workteams "must take care to accurately identify and document problems, to systematically consider potential alternatives and to persuasively recommend the most appropriate solution to the problem."²⁴ In turn management was charged with the responsibility to seriously consider Workteam recommendations. The pamphlet warned not to take this responsibility lightly:

If a manager has good reasons not to accept a recommendation, it is absolutely essential to the proper function of EI that the manager promptly and fully explain those reasons to the Workteam. Unless full explanations are given, the Workteam will reject EI as a meaningless exercise, and the venture will fail.²⁵

If a recommendation failed, the Workteam had the option to re-work and re-submit the recommendation.

Did the Program Foster a Sense of Teamwork?

The structure of EI thrust management and craft workers into an environment where both parties needed to cooperate in order to achieve common goals. Rick Spencer observed that in the beginning of Missoula's EI\QWL involvement, the craft employees began to understand management's point of view, which opened up many lines of communication.²⁶

Ultimately, the cooperation of management and craft workers in Workteams contributed to:

bottom line benefits directly attributable to EI\QWL efforts, particularly in the areas of: vehicle safety, reduced grievance filing, improved Express Mail performance, work flow improvements, earlier starting times for carriers, carrier route adjustments, reduced unscheduled absences, reduction in sick leave usage, training and improved customer satisfaction.²⁷

Were there data-based decision making processes in place?

Historically, the USPS has utilized statistical tools to measure work processes. Examples include productivity reports, financial reports, and a host of measurements that analyze the flow of mail.

Was proactive management practiced?

Proactive management was applied in the areas of customer service, operations, safety issues and employee-management relations through the recommendations of EI\QWL workteams. Although the Missoula Local NALC terminated its voluntary EI participation prior to Win Hubrich's instillation as the Missoula Postmaster, he actively applied the principles he learned from EI to the Missoula Post Office (He remained very active in the Western Montana MSC committee). During this time, Hubrich saw improved communications between the Missoula management and craft workers, and a sharp decline in the number of grievances filed by Missoula craft workers.²⁸

Cultural Manifestations--USPS

Was quality information used for process improvement and not to judge or control people?

Margaret Williams indicated that productivity analyses of carrier routes ultimately lead to an increased workload for the faster carriers. In contrast, Win Hubrich said he understood why employees might think that quality information could be used to control individuals. Hubrich clarified that he monitored whole units and never used the information to target individuals.²⁹ Rick Spencer pointed out that this information was often used to target the middle-line managers. Much of the labor used to finance QWL meetings was added to the total labor resulting in an overall decrease in productivity. Spencer stated that it was difficult to convince upper-management that a supervisor was actually making progress with the EI\QWL program.

Was authority perceived as equal to responsibility?

Under the operating principles section of EI\QWL handbook, operational principle number 1 states:

*EI\QWL Process is a line delegated responsibility. For EI\QWL to become a way of doing business in the Postal Service, it is imperative that the Process become a mainstream activity and this can best happen if it is a line management responsibility with staff support and not the other way around.*³⁰

The delegation of EI\QWL to the line-management was a

violation of EI\QWL principles. Participation from every level of management is required to properly implement an EI process. Williams, Spencer, and Hubrich each identified the lack of upper-managerial commitment as a fundamental problem with the Process. Margaret Williams observed that union and USPS management were too entrenched at the top to effectively effect any changes.³¹ Rick Spencer commented that upper-management did not give him enough latitude or resources to effect any changes on the lower level. As a line-supervisor, he was still held very accountable for productivity rates.³² Win Hubrich observed the problems on both sides. Carriers were trying to send a message regarding customer service concerns to upper-management. Unfortunately, upper management never caught that vision. Hubrich also noted that "upper management at the very top in Washington D.C. said 'this is what we want to achieve,' but their actions didn't support their words. In other words, they didn't walk the talk." Hubrich indicated that many employees and managers on the bottom level agreed with this observation and subsequently became discouraged by the Process.³³

Were there rewards for results?

Employees who introduced innovative ideas to the organization were eligible to receive gainsharing rewards,

provided that their supervisor nominated them. During the EI\QWL program, the USPS did provide rewards for employees. However, Win Hubrich stated that they were never adequate and often amounted to "trinkets," such as cups and hats. Hubrich attributed the Postal Service's limited reward budgets to the mentality of the Public Sector--where taxpayers may not approve of tax dollars being used for individual rewards. Fortunately, Hubrich possessed a small degree of latitude on the local level and was occasionally able to provide dinner certificates as rewards.³⁴

Was cooperation, not competition, the basis for working together?

Although the EI\QWL Process advocated a teamwork approach between the craft employees and management, the adversarial relationships between the union and management was never resolved. Joseph J. Mahon wrote regarding the termination of the EI\QWL Process: "We are concerned that the appointment of facilitators has increasingly been driven by the political objectives of the NALC..."³⁵ In turn, Sombrotto Replied to Mahon, "postal management appears determined to attempt to reassert its long-discredited effort to dominate its workforce through an authoritarian, unilateral system of top-down controls."³⁶

Did employees have secure jobs?

David Levine writes that "Most high-involvement workplaces have implicit or explicit long-term employment contracts with their workers, contracts that stress reciprocal commitments and management's pledge to minimize the need for layoffs."³⁷ Indeed, the NALC EI\QWL handbook cited job security as a factor behind the EI\QWL process.³⁸

Interestingly, a perception exists among the general public that government workers are secure in their jobs. This stereotype posits that the combined effects of unions and bureaucracy prevent even the most inept workers from losing their jobs. However, layoffs in the USPS are a very real concern for its employees. For instance, Margaret Williams discussed the privatization of rural carrier routes. As rural areas expand, their growth is absorbed by contracting out mail service. Increased automation is also a threat to job security. William Burrus, APWU Executive Vice President, writes:

It would be difficult even under the optimum conditions to instill a sense of security during this period of transformation from mechanization to automation, but workers would appreciate an effort. The only effort taken by management has been a slick public relations campaign of personal letters and "Frank Talk" seeking to credit contractual benefits to management cooperation.³⁹

Rick Spencer and Win Hubrich observed that job security for management was also very perilous during the early

1990s. As the USPS underwent downsizing and restructuring projects, many managers were given early retirement incentives, relocated or laid off. Spencer also noted that many managers had to address the problems of "no tomorrow" budgets doled out by upper-management.⁴⁰

Was there a climate of fairness?

Again the concept of fairness is difficult to ascertain within an organization. For this case study, the number of grievances filed will serve as an indication. Within the first 4 years of the EI\QWL program, grievances were cut by as many as 40 percent in certain locations.⁴¹ Win Hubrich also acknowledged a substantial drop in grievances during the time he spent as the Missoula Postmaster. However, national grievance activity went up prior to the termination of the EI\QWL Process.⁴²

Was compensation equitable?

Compensation was not really an issue in the Postal Service. Perhaps this is due to the rigid pay scale classifications employed by Federal agencies. Win Hubrich stated that most Postal employees feel they are fairly paid for their jobs and view the compensation system as equitable and comparable to the private sector.⁴³

Did employees have an ownership at stake?

Although a stake in the organization is rarely applicable in the public sector, Sashkin and Kiser contend that public sector employees must "have a sense of ownership over their work and actions."⁴⁴ Postal-craft workers were rarely provided with the opportunity to take control of their work processes. Margaret Williams observed that the craft employees were never able to believe that they were actually empowered.⁴⁵

Observations

Although the EI\QWL process embodied all the principles of the TQM philosophy, it was not able to sustain itself in spite of a sustained investment endorsed by both the union and management. Furthermore, the enormous time commitment combined with imperceptible incremental changes (opposed to the sweeping changes seen immediately following EI\QWL's inception) slowly eroded EI\QWL's cultural base of support. As time passed, substantive improvements were not as visible and enthusiasm for the Process waned.

Levine argues that because managers are typically punished for any appreciable decline in organizational profits, long-term investments in human resources areas are often neglected.⁴⁶ Rick Spencer elaborated that the USPS was unwilling to provide enough monetary support for a change of culture. Many craft-workers had viable ideas

consistent with the EI\QWL Process, but the middle-line managers were not empowered to empower the craft-workers.⁴⁷

Win Hubrich also observed funding problems:

[There were] systematic problems in allowing people to go to meetings. You gave up part of your workforce, and if you were not staffed right, that was really hard to do. A lot of supervisors and managers struggled with letting people go for a couple of days to a meeting on a monthly basis when they were short of help already anyway.⁴⁸

This situation also fostered a sense of resentment among craft workers. When craft workers attended meetings, their job duties had to be completed by other employees. Win reflected that a system of rotating craft workers through these meetings might have given them a more complete understanding of the process.⁴⁹

Conclusion

This inquiry addressed the research question: Why did the TQM related programs fail in Tidyman's and the USPS? This Chapter evaluated 8 TQM cultural manifestations against the cultural elements in place during the Tidyman's TQM and Ownership and the USPS's EI\QWL implementation process. This inquiry found that there were not enough positive cultural elements in place to overcome the effects of negative cultural elements. The lack of an overall TQM culture within the Tidyman's and USPS organizational

settings ultimately contributed to the breakdown of the implementation process.

Limitations

Limitations to this inquiry include informational limitations and subjective evaluation limitations. Since the implementations of the TQM and Ownership programs and the EI\QWL Process were not well documented, this inquiry relied on employee handbooks, correspondences and personal interviews to compile historical case studies. The evaluative criteria were also subjective. However, open-ended interview questions from three different persons from the USPS and Tidyman's should have minimized the possibility of individual bias.

NOTES

1. Tim Metcalf, Tidyman's Vice President Human Resources, interview by author, tape recording, Greenacres WA., 20 March, 1997.
2. Lisa A. Tibbits, "Race for Shopper Data, Loyalty Hits High Gear," *Supermarket News*, 20 May, 1996, 12.
3. Ibid.
4. Scott Lenz, Tidyman's Store Director, interview by author, tape recording, Post Falls, ID., 20 March, 1997.
5. Ibid.
6. Interview with Tim Metcalf.
7. Sashkin and Kiser, 80.
8. Lee Clark, Tidyman's Chief Financial Officer, interview by author, tape recording, Greenacres, WA., 20 March, 1997.
9. Petkivicius, 17.
10. Interview with Tim Metcalf.
11. Ibid.
12. Interview, Lee Clark 20 march, 1997.
13. Ibid.
14. *Coeur d' Alene Press*, 5 April, 1996.
15. Ric Odegard to Tidyman's employees, 26 April 1996.
16. *Missoulian*, 27 April 1997.
17. Sashkin and Kiser, 104.
18. Source, an independent company-wide survey conducted by Robinson Research in December of 1995. Note: at the time of the survey, Tidyman's Inc. consisted of only 10

stores.

19. Sashkin and Kiser, 106.
20. Source, an independent company-wide survey conducted by Robinson Research in December of 1995.
21. Ibid., 109.
22. Interview with Scott Lenz.
23. Albert V. Casey to Mr. Harris. 21 May 1986.
24. EI\QWL handbook.
25. Ibid.
26. Rick Spencer, retired Postal supervisor, interview by author, tape recording, Missoula, MT., 6 May, 1997.
27. Albert V. Casey to Mr. Harris. 21 May 1986.
28. Win Hubrich, retired Postmaster, interview by author, tape recording, Missoula, MT., 23 May 1997.
29. Ibid.
30. EI\QWL Handbook, A-23.
31. Margaret Williams, President of the NALC, interview by author, tape recording, Missoula, MT., 26 April, 1997
32. Interview with Rick Spencer.
33. Interview with Win Hubrich.
34. Ibid.
35. Joseph J. Mahon. to Vincent R. Sombrotto. 15, April 1997.
36. Vincent R. Sombrotto to Joseph J. Mahon, 18 April, 1997.
37. Levine, 55.
38. EI\QWL Handbook, A-10.

39. William Burrus, "What's the Score on Employee Involvement?" *The American Postal Worker*, February, 1991.
40. Interview with Rick Spencer.
41. Albert V. Casey to Mr. Harris.
42. Joseph J. Mahon. to Vincent R. Sombrotto.
43. Interview with Win Hubrich.
44. Sashkin and Kiser, 109.
45. Interview with Margaret Williams.
46. Levine, 167.
47. Interview with Rick Spencer.
48. Interview with Win Hubrich.
49. Ibid.

Chapter 6

CONCLUSIONS

This chapter offers concluding remarks about the failure of Tidyman's TQM and Ownership programs and the Postal Service's EI\QWL process. Although Tidyman's and the USPS implemented programs that met all 5 of the core TQM principles, neither Tidyman's nor the USPS could sustain a culture conducive to the survival of a TQM system. An analysis of the case studies revealed distinct factors which prevented the formation of a TQM culture.

Tidyman's

Tidyman's introduced their TQM and Ownership programs during a time when an adequate TQM culture was already in place. For instance, employees had a substantial stake in the company and the quality information previously collected demonstrated an appreciable effect on quality improvements and the bottom-line. Although Tidyman's had a clear direction in which to guide their TQM and Ownership programs, there were identifiable underlying causes that eroded the company's strong cultural support base.

One principal cause was the disparity that existed between teamwork and individualism. By virtue of the TQM

and Ownership programs, a sense of teamwork was encouraged throughout the company. Despite the organizational changes instituted to encourage teamwork in each store, an incompatible sense of entrepreneurial spirit remained.

Tidyman's previous success rested on the innovations this sense of entrepreneurialship had produced. In spite of a new commitment to teamwork, entrepreneurialship was still fostered by a system that rewarded individual initiative. The corporate office still held store directors and department heads accountable for established productivity standards. This only advanced a sense of competition between departments (hindering cooperation on the store level) and a sense of competition between stores (hindering cooperation on the company level). Store directors and department heads were also compelled to exercise their personal initiative to avoid the punitive measures associated with not meeting proscribed productivity standards.

Perhaps the continued presence of measurement standards incompatible with a team-oriented environment was due to upper-management's inability to understand the scope of their TQM and Ownership programs fully. Team accountability rather than individual accountability should have been exercised for deviate productivity measures. Furthermore,

empowerment was never truly realized as the middle-level managers were never really given the authority to empower their subordinates.

Finally, the staff reductions dealt the most diminishing blow to Tidyman's underlying TQM culture. This move affected the equity and job security cultural elements. While the reductions were intended to return profitability to industry standards, many employees viewed the decision as an attempt by management to bolster their own profit-sharing accounts. This view was reinforced by an asymmetrical reduction of staff from the top end of the pay scale.

In the end, TQM and Ownership were viewed by many employees with contempt and mistrust. In contrast, many members of upper-management viewed TQM and Ownership as an unnecessary expense. Had upper-management been willing to ride out the short-term profit losses, the existing culture may have been enough to allow these two programs to flourish. Incidentally, Tidyman's (a company that is considered an industry leader) could have set the standard for TQM in the grocery industry. The company's status as an employee-owned company placed the company in the unique position to ride out a short term loss in profitability, since the employees were only accountable to themselves as

shareholders.

United States Postal Service

The Postal Service had the benefit of strong managerial support and financial backing for their EI\QWL process. The underlying culture was also conducive to a TQM system in that there typically exists a strong sense of equitable compensation and job security within the Postal Service. One goal of the EI\QWL process was enhanced quality through an improved relationship between craft-workers and management. It was hoped that EI\QWL could foster improved relations through union-management cooperation.

The greatest success stories of the EI\QWL process resulted from the collaboration of craft-workers and management. While many appreciable results were documented, NALC management and Postal management were never able to truly iron out their differences. The inability of each side to resolve their differences undermined the sense of teamwork the EI\QWL process tried to build. This conflict also eroded the underlying TQM culture enough to destabilize the staying power of the EI\QWL process.

The missing cultural element in this case study was a sense of ownership. Although conferring employees in the public sector with a financial stake in their workplace is

implausible, the EI\QWL process could have benefitted by giving employees an ownership of their positions. Unfortunately, upper-Postal management rarely allowed their middle-line managers the latitude to empower their employees. While special dispensation was supposed to be allotted to allow employees to attend monthly EI\QWL meetings, middle-line managers were still held accountable for the apparent loss of productivity.

Ultimately, the inability of the NALC management and upper-Postal management to resolve their differences placed lower level managers and craft-workers in a position where they could not carry out EI\QWL imperatives. Furthermore, teamwork and cooperation were impeded since union members were obliged to abide by their union's decisions and middle-level managers were compelled to abide by upper-management's directives.

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