Communicating Quality Improvement

When things are better, say so.

by Praveen Gupta

During the last couple of years, I've interacted with several United Auto Workers (UAW) associates. Irrespective of what the former Big Three do, they're all trying to do a good job.

I've had the chance to teach some classes to UAW members. It always amazes me how people make money in the auto industry knowing what goes on there and without taking sides. Take the relationship between workers and management for example. The lack of trust among them keeps the entire organization from moving forward efficiently. It's like having two front wheels always trying to go in different directions while driving the car.

Auto industry executives have tried Phil Crosby, Deming, Taguchi, Six Sigma, lean and whatever other quality-management tool they have come across. From the workers' perspective, it seems as though nothing works.

Actions such as right-sizing or layoffs are seen as improvement measures. Lean, for example, has become a synonym for layoffs. A manager who talks about lean principles is considered an adversary by auto workers. We have improved quality significantly over the past 20 years, and every time we improve quality we lose people. Is quality improvement meant to achieve growth in productivity or reduction of staff?

I remember teaching lean and Six Sigma classes at Motorola University in the 90s. Additional available resources from lean and Six Sigma implementation could be deployed to support growth, help other areas to catch up, or perform housekeeping. Why was lean seen as a downsizing measure? One reason for downsizing is downward trends in sales. Therefore, the plan to grow the business must accompany lean or Six Sigma implementation. Growing revenue and improving processes create excitement in a company. That's when communicating quality improvement to consumers becomes an issue.

One of the comments commonly made by employees in the auto industry is that quality is about 80 percent better than it used to be several years ago—cars are built way better than before. In one production line, the same workers make two different brands of cars, and one brand always performs better than the other one. Management of the poorly performing brand has made decisions to buy mediocre parts, specify marginal performance limits and continues to expedite the work. This causes waste. This management then wants to implement lean principles, which sounds absurd to workers. Is this issue related to the quality of work or the quality of management? It's important to identify whether this is a production quality issue, a management policy issue, or design target issue. Because customers experience poor quality (a defective headlamp, or an engine noise), it's difficult to realize that this is an issue not related to production. Such issues are directly related to corporate policies, normally designed by senior management.

When implementing Six Sigma or lean, corporations must plan to communicate improvement internally as well externally. The first principle of sales I learned is that being the best isn't good enough. It's not effective if you're the best and nobody knows about it. Corporations must exploit improvement to grow the business.

Lean has been gaining a lot of recognition lately, and it's also creating anxiety among workers. It's seen as an axe to trim the livelihoods of employees. If the executives' jobs were at stake, lean would never get implemented. Therefore, the focus for implementing lean must change, and resources must be simultaneously dedicated to grow sales and to utilize experienced workers.

One of the perceived byproducts of lean implementation is outsourcing jobs. General Motors Corp. recently cut 30,000 jobs in the United States and created 500 new jobs in India. Employees who were laid off as well as the remaining employees, may missunderstand these simultaneous actions. In this global business environment, it's crucial to maximize the use of global resources in a balanced social and financial manner. Otherwise, short-term financial gains will adversely affect social aspects, which would adversely affect financial performance. Corporations still make decisions to improve their bottom line without addressing the root causes of their problems. I've found that corporate profitability is related more to stronger selling, general and administrative (SG&A) expenses than the cost of goods sold (COGS). But when it's time to improve profitability, the COGS is reduced first, irrespective of its good performance. It seems like corporations are trying to manage numbers instead of processes. They forget that they can only manipulate numbers, not manage them.

It's time for corporate leadership to focus on multiple issues simultaneously and optimize their performance. The equation to manage growth and profitability has become complex and nonlinear. The big automakers must focus on improving marketing, quality, innovation, employee satisfaction, waste reduction and communication, to name a few areas. Managers must become good at leading multiple initiatives. It takes more than just quality or lean tools to make their car best in class. Most importantly, communicating their gains creates customer excitement and opens an opportunity for sales growth.

A car works well only when all parts work well. Chopping off an arm that hurts from holding crutches because of a foot injury is bound to make your life more miserable than it was. So perform your root-cause analysis at the highest level, act and then communicate the results to all concerned.

About the author
Praveen Gupta, president of Accelper Consulting, helps clients in the areas of Six Sigma, performance improvement and innovation. He has authored several books on business scorecards and Six Sigma. Praveen writes monthly for Quality Digest's *Inside Six Sigma.*

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