THE FISHER GRADUATE SCHOOL OF INTERNATIONAL BUSINESS MONTEREY INSTITUTE OF INTERNATIONAL STUDIES

Master of Business Administration Program Spring Semester 1999

Course: IM 665 Total Quality Management and Business Process

Improvement

Instructor: Dr. Luis Ma. R. Calingo

Credits: Three (3)

Class Schedule: Mondays & Wednesdays, 2:00-3:30 p.m.

Office Location: McCone 306

Office Hours: Mondays & Wednesdays, 12:30-1:30 p.m.

Other days and times by appointment

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1. Course Description

IF 99.9% IS GOOD ENOUGH, THEN:

- 12 babies will be given to the wrong mothers each day.
- 107 incorrect medical procedures will be performed by the end of the day today.
- 20,000 incorrect drug prescriptions will be written in the next 12 months.
- The IRS will lose 2 million documents this year.
- 22,000 checks will be deducted from the wrong bank accounts in the next 60 minutes.
- 55 malfunctioning ATMs will be installed in the next 12 months.
- 2,200 gallons of coffee assumed to be caffeinated will turn out to be decaffeinated instead.
- 5,517,200 cases of soft drinks produced in the next 12 months will have a taste that is flatter than a faulty tire.
- 114,500 mismatched pairs of shoes will be shipped this year.
- 315 entries in Webster's Third New International Dictionary of the English Language will turn out to be misspelled.

Total Quality Management (TQM) is a comprehensive and fundamental rule or belief for leading and operating an organization, aimed at continually improving performance over the long term by focusing on customers while addressing the needs of all stakeholders. It is both a philosophy and a set of guiding principles that represent the foundation of a continuously improving organization. bottom line of TOM is results: increased productivity, efficiency, customer satisfaction/delight, and world-class performance. This course will present the various TQM frameworks, concepts, and quality improvement tools necessary for implementing the quality culture that characterizes world-class organizations of the 21st century. The course will revolve around the core values and the criteria for performance excellence embodied in the Malcolm Baldrige National Quality Award, the highest award for performance excellence in U.S. organizations and which is increasingly being adopted worldwide as the operational definition of a world-class enterprise. We will, therefore, explore the key actions necessary for transforming business and not-for-profit organizations into world-class organizations that deliver ever-improving value to their customers, clients, and constituents.

2. Course Objectives

By the end of this course, you should be able to:

- 1. Implement the principles and concepts inherent in a Total Quality Management (TQM) approach to managing a manufacturing or service organization.
- 2. Understand the philosophies--including similarities and differences--of the gurus of TQM in order to better evaluate TQM implementation proposals offered by quality management organizations and consultants.
- 3. Successfully implement process improvement teams trained to use the various quality tools for identifying appropriate process improvements.
- 4. Assess exactly where an organization stands on quality management with respect to the ISO 9000 quality management standard and the Baldrige Award criteria.
- 5. Develop a strategy for implementing TQM in an organization.

Accomplishment of Course Objectives

In order to achieve the above objectives, you will engage in a variety of activities:

- Attend lectures.
- Read the text and other instructional materials.
- Keep up-to-date regarding TQM trends and developments in North America and overseas by reading quality-oriented periodicals published in print and in the Internet.

- Participate in discussions of case studies of organizations implementing TQM.
- In your study group, conduct comprehensive analyses of two (2) case studies, present the analyses in class, and submit at least one written report documenting at least one of the case analysis your group presented.
- In your study group, conduct a Laboratory to Achieve Organizational Excellence project on a real-life organization by applying the various TQM tools and techniques, as appropriate, learned in class.
- Write at least two (2) of three (3) full-period examinations.

3. Resources

3.1 Required Textbook

Evans, James R., and William M. Lindsay. *The Management and Control of Quality*. 4th ed. Cincinnati, Ohio: South-Western College Publishing, 1999. [hereafter referred to as "Text."]

3.2 Library References

Camp, Robert C., ed. Global Cases in Benchmarking: Best Practices from Organizations Around the World. Milwaukee, Wis.: ASQ Quality Press, 1998. [HD62.15.G558 1998]

Crosby, Philip B. *Completeness: Quality for the 21st Century.* New York: Dutton, 1992. [HD62.15.C76 1992]

Deming, W. Edwards. *Out of the Crisis*. Cambridge, Mass.: Massachusetts Institute of Technology, Center for Advanced Engineering Study, 1986. [HD70.U5D45 1986]

Harrington, H. James, and James S. Harrington. *Total Improvement Management: The Next Generation in Performance Improvement.* New York: McGraw-Hill, 1995. [HD62.15.G558 1998]

Juran, Joseph M., and Frank M. Gryna. *Juran's Quality Control Handbook.* 4th ed. New York: McGraw-Hill, 1988. [TS156.J87 1988]

3.4 Other Recommended Books

Aguayo, Rafael. Dr. Deming: The American Who Taught the Japanese About Quality. New York: Fireside Book, 1990.

Camp, Robert C. Business Process Benchmarking: Finding and Implementing Best Practices. Milwaukee, Wis.: ASQC Press, 1995.

Crosby, Philip B. *Quality is Free: The Art of Making Quality Certain.* New York: McGraw-Hill, 1979.

Harrington, H. James. *Business Process Improvement: The Breakthrough Strategy for Total Quality, Productivity, and Competitiveness.* New York: McGraw-Hill, 1991.

Ishikawa, Kaoru. What is Total Quality Control?: The Japanese Way. Translated by David J. Lu. Englewood Cliffs, N.J.: Prentice-Hall, 1985.

Juran, J. M., and Frank M. Gryna. *Quality Planning and Analysis*. 3rd ed. New York: McGraw-Hill, 1993.

Mahoney, Francis X., and Carl G. Thor. *The TQM Trilogy: Using ISO 9000, the Deming Prize, and the Baldrige Award to Establish a System for Total Quality Management.* New York: AMACOM, 1994.

Rust, Roland T.; Anthony J. Zahorik; and Timothy L. Keiningham. *Return on Quality: Measuring the Financial Impact of Your Company's Quest for Quality.* Chicago: Probus Publishing Co., 1993.

Tingey, Michael O. Comparing ISO 9000, Malcolm Baldrige, and the SEI CMM for Software: A Reference and Selection Guide. Upper Saddle River, N.J.: Prentice-Hall, 1996.

3.5 Selected WWW Resources

3.5.1 Directories

Quality Resources Online [Bill Casti's "Mother of all Quality pages"] http://www.quality.org//

Mr. Bill's Quality Bookmark Page [updated until 16 March 1998] http://www.iserv.net/~mrbill/tqm/

International Business Resources on the World Wide Web http://ciber.bus.msu.edu/busres.htm

3.5.2 TQM Principles

Malcolm Baldrige National Quality Award http://www.quality.nist.gov/

Quality Management Principles Site http://www.wineasy.se/QMP/

3.5.3 Benchmarking and Other TQM Tools

International Benchmarking Clearinghouse http://www.ibc.apqc.org/

Business Process Reengineering & Innovation http://www.brint.com/BPR.htm

Quality Function Deployment (QFD) Institute http://www.qfdi.org/

Hoshin Planning http://www.tqe.com/tqehelp/hoshin.html

3.5.4 Databases

Continuous Quality Improvement (CQI) Server, Clemson University http://deming.eng.clemson.edu/

Public Sector Continuous Improvement Guide http://deming.eng.clemson.edu/pub/psci/online.html

Healthcare Quality Assessment Page http://www.qserve.com/hcass/

3.5.5 Consulting Firms

Philip Crosby Associates II, Inc. http://www.philipcrosby.com/home.htm

The W. Edwards Deming Institute http://deming.org/

Juran Institute http://www.juran.com/

4. Instructional Methodology

The course will be based on the lecture and case methods and, in view of its small class size, will be a participative seminar in design. Hence, it is expected that each student will have read the assigned material and/or case and be prepared to discuss them and answer related questions in class. The assigned reading load is heavy, as the breadth of the TQM field necessitates. Your registration in this course is a commitment to do a careful, critical reading of all required materials prior to each class. Discussions and individual contributions are encouraged, expected, and shall count toward your final performance evaluation.

You are requested to keep notes on the strengths and areas for improvement of the class and communicate these to the instructor via the interim course evaluations and the official Course Evaluation Form completed on the last day of class. I am committed to continuous improvement and all comments are most welcome. You should feel free to write, fax, phone, or e-mail during the semester regarding any classroom issues which require immediate attention.

5. Performance Evaluation

Upon successful completion of the course, you will receive three (3) semester hours of graduate credit. Your grade will be based on your performance on the following:

Class Participation (see Note in 6.1 below)	35%
Examinations (see 6.2)	25%
Laboratory to Achieve Organizational Excellence (see 6.3)	40%

Letter grades shall be based on the following levels of performance:

A:	90-100%	Excellent
B:	80-89%	Good
C:	70-79%	Satisfactory
D:	60-69%	Poor
F:	0-59% Fail	

Grades will be awarded with plus and minus designations when your numerical score is in the very top or bottom end of the grade ranges described above. For example, 80-83% will be a B-, 84-87% will be a B, and 88-89% will be a B+.

6. Notes on Course Requirements

6.1 Class Participation (35%)

6.1.1 Individual Class Participation (20%)

Each course participant shall be expected to participate fully in class discussions. You will be expected to contribute significantly to in-class analysis and discussion of readings and case studies. Further, in analyzing each case study, you are to confine your analysis to solely the information given in the case material and associated reading assignments; that is, you are not to gather outside information on the subject company.

Ways to effectively contribute include:

- Responding to questions.
- Making observations that link and integrate concepts or discussion.
- Asking perceptive questions or one that lead to revealing discussions.
- Presenting alternative positions, ways of looking at problems (e.g., Devil's advocate).
- Providing extensions, e.g., novel application of a tool or technique.
- Providing insights, e.g., motivation for the use of a tool or technique.
- Providing illustrations, e.g., examples of "real world" applications.
- Providing feedback on the readings.
- Bringing current relevant material to class, e.g., *Business Week, Fortune* or *Wall Street Journal* articles.
- Recapitulating and summarizing.

Grades for class participation will be allocated as follows:

- Failing on the above ways of contributing to the classroom experience. This includes being absent from case discussions.
- 1 For only occasional positive contributions to the classroom experience.
- 2 For showing an active interest in class activities and participating in classroom discussions; for fairly making insightful or helpful comments.
- 3 Consistently enhancing the quality of class discussion.
- 4 Going above and beyond the call of duty.

Your grade on class participation is something you should earn via consistent, daily contribution to class discussion. Preparation of cases and class discussion provide a key learning component of this course. You should, therefore, make a conscientious effort to attend class discussions of readings and cases and to be sufficiently prepared to contribute to the discussions. Merely coming to class is not sufficient. I will do my best to ensure that each student who is willing to contribute to discussions is able to do so. If you are unable to prepare for a case discussion or will be out of town for a class, please let me know in advance.

6.1.2 Group Case Analysis and Oral Presentations (15%)

You will be divided into groups of 3-4 students. Your group will perform a comprehensive analysis and oral presentation of two (2) case studies. Your group will also submit a written analysis of <u>at least one</u> of the cases your group will have presented. The written case analysis is a memorandum that recommends action to the case study's decision maker(s). Each oral case presentation will involve a comprehensive analysis in which the group will be expected to identify, evaluate and recommend; it is essential that your group present an in-depth diagnosis and recommend a realistic, workable plan of action. <u>Ideally, the presentation should demonstrate a systematic analysis of the company's situation, appropriately incorporate TQM concepts and tools from the readings and lecture materials, and propose specific, actionable recommendations.</u>

In planning your oral presentation, your group should assume the role of a team of management consultants presenting their findings to the company's Chief Executive Officer (CEO). The rest of the class will assume the role of company executives and employees. By the end of your presentation, the company's CEO should: (a) have a clear action agenda, and (b) equally importantly, know precisely what directives to give during the next management meeting.

The oral presentation itself will take the form of a 30-minute (strictly enforced time limit) presentation to the class of your group's analysis and recommendations. The 30-minute limit is a strictly enforced time limit; the grade assigned to your group presentation will be decreased by one percentage point for every minute in excess of the time limit. I encourage you to use visual aids (slide show presentation, overhead-projector transparencies, flip-charts, handouts, or some combination of these), your imagination, resourcefulness, and originality to help you in communicating the points you wish to make. A hard copy of presentation

slides (MS PowerPoint, 3/page handout format preferred) should be handed to me prior to the presentation. Reading from notes will be frowned upon. Following the presentation will be a question-and-answer period, with questions being posed by your classmates and your instructor. It is important that each member of the group contribute equally not only in the preparation for the presentation, but also in the actual class presentation and the question-and-answer period.

6.2 Examinations (25%)

There will be three (3) 1½-hour examinations, with each exam including case study and essay/short answer questions. The examinations will be closed-book, closed-notes, and non-cumulative in terms of topic coverage. Each exam will focus on the TQM tools and concepts covered in the readings, cases, and lecture materials during the prior class meetings. Only the two highest grades on the three examinations shall be considered in the calculation of the final course grade.

6.3 Laboratory to Achieve Organizational Excellence (40%)

Your group will assume the role of a Quality Improvement Team of business consultants hired to demonstrate to the top management of a real-life client-organization how TQM will add value to the organization's performance improvement efforts. The team will draw on ideas and tools of TQM to help the participating client-organization attain specific performance improvement objectives and deliver ever-improving quality of produces and services to its customers/clients/constituents. For purposes of this course, the client organization shall be the Fisher Graduate School of International Business or any of its subunits. Further specifications of this group project will be provided later during the semester.

The report will be due on Day 25. Your paper should not exceed thirty (30) typewritten double-spaced pages. Exhibits such as tables, illustrations and appendices are not included in these page limits. **No late papers will be accepted**, except under highly unordinary circumstances and only with my prior consent.

The breakdown of your grade on the group research project shall be as follows: progress reports (25%), written report (60-65%), and final oral presentation to the client and the class (10-15%). You will also be required to evaluate the performance of your group and that of your groupmates using a Peer Evaluation Form. Both your self- and peer-evaluations will be considered in determining your final grade for this project.

7. Course Schedule

The following planned semester schedule is <u>tentative</u> and is subject to change as the course progresses.

DAY	LECTURE TOPIC/READINGS	CASE STUDY
1 (1/25)	Orientation and Course Preview READ: (1) Text, Chapter 1	
2 (1/27)	Overview of Quality and Total Quality Management READ: (1) Text, Chapter 2	Quality in Practice: Service Quality at the Ritz-Carlton Hotel Company [Text, 64-65]. Answer the three (3) "Key Issues for Discussion."
3 (2/1)	The TQM Gurus: Crosby, Deming, and Juran READ: (1) Text, Chapter 3 FFR¹: (1) Crosby, Completeness (2) Deming, Out of the Crisis (3) Juran & Gryna, Juran's Quality Control Handbook	Quality in Practice: Ford Becomes a "Deming Company" [Text, 102-104]
4 (2/3)	The Malcolm Baldrige National Quality Award (MBNQA): Overview, "Quest for Excellence" Video, and Criteria for Performance Excellence READ: Text, Chapter 4	Quality in Practice: The Payoff from Baldrige at Texas Instruments [Text, 152-153]
5 (2/8)	MBNQA: Criteria for Performance Excellence (Continued) and "Winning Through Baldrige" Video READ: NIST, "MBNQA Criteria for Performance Excellence"	
6 (2/10)		Gateway Estate Lawn Equipment Company [Text, 159-164]
7 (2/15)		Modern Steel Technology, Inc. [157-158]
8 (2/17)	Customer and Market Focus READ: (1) Text, Chapter 4 (2) Hunter & Van Landingham, "Listening to the Customer Using QFD"	Western America Airlines [Text, 213-214]
9 (2/22)		Gold Star Chili: Customer and Market Focus [Text, 214-217]
10 (2/24)	Tools for Process Management READ: Text, Chapter 9	

¹FFR = For Further Reading (recommended, but not required, for those who wish a more in-depth treatment of the subject matter).

DAY	LECTURE TOPIC/READINGS	CASE STUDY
11 (3/1)		(1) Quality in Practice: Quality Function Deployment at Digital Equipment Corporation [Text, 446-449]
		(2) Quality in Practice: Applications of Quality Improvement Tools at Rotor Clip [Text, 449-451]
12 (3/3)	EXAM # 1	
13 (3/8)	Leadership and Strategic Planning	Quality in Practice: Strategic Quality
	READ: (1) Text, Chapter 5	Planning at The Stroh Brewery Company [Text, 263-265]
	(2) Calingo, "The Evolution of Strategic Quality Management"	
	(3) Alexander & Serfass, "Beyond Vision"	
14 (3/10)		Gateway Estate Lawn Equipment Company—Strategy Development Process [Text, 269-272]
15 (3/22)	TQM/BPI GROUP PROJECTS: PROGRESS REPORT PRESENTATIONS	
16 (3/24)	Process Management READ: Text, Chapter 8	The State University Experience [Text, 389-390]
17 (3/29)		Quality in Practice: Process Improvement at Boise Cascade [Text, 381-384]
18 (3/31)	Human Resource Focus READ: Text, Chapter 7	Quality in Practice: Taking Care of People at FedEx [Text, 323-325]
19 (4/5)		TVS Partnership Properietary, Limited, Brisbane, Australia [Text, 331-333]
20 (4/7)	Measurement and Strategic Information Management	Quality in Practice: Measurement and Data Management at Xerox [Text,
	READ: Text, Chapter 10	501-503]
21 (4/12)		Ultra-Productivity Fasteners, Parts I and II [Text. 514-519]
22 (4/14)	EXAM # 2	
23 (4/19)	The ISO 9000 Standard for Quality Management Systems	
	READ: Text, Chapter 11 [523-537]	

DAY	LECTURE TOPIC/READINGS	CASE STUDY	
24 (4/21)	Building and Sustaining Total Quality Organizations	Quality in Practice: Xerox 2000— Sustaining Leadership Through	
	READ: (1) Text, Chapter 11 [537-548]	Quality [Text, 548-559]	
	(2) Lackritz, "TQM Within Fortune 500 Corporations"		
	(3) Raiborn & Payne, "TQM: Just What the Ethicist Ordered"		
25 (4/26)	SPECIAL TOPIC (TO BE ASSIGNED)		
26 (4/28)	INTEGRATIVE LECTURE		
	GROUP RESEARCH PROJECTS DUE TODAY.		
27 (5/3)	GROUP RESEARCH PROJECT: ORAL PRESENTATION		
28 (5/5)	GROUP RESEARCH PROJECT: ORAL PRESENTATION		
29 (5/10)	GROUP RESEARCH PROJECT: ORAL PRESENTATION		
	COURSE EVALUATION TO BE CONDUCTED TODAY.		
30 (5/12)	OPTIONAL FINAL EXAM		

8. About the Instructor

Luis Ma. R. Calingo (Ph.D., University of Pittsburgh, 1984) is Professor of International Management at the Monterey Institute of International Studies. He was immediate past Dean and Professor of Management at the Sid Craig School of Business at California State University, Fresno, and previously held visiting appointments at the University of the Philippines and Universiti Kebangsaan Malaysia. He is a member of the 1997 Boards of Examiners for the Malcolm Baldrige National Quality Award and the California Governor's Golden State Quality Award. He is also American Society for Quality (ASQ) certified quality auditor and Asian Productivity Organization (Japan) expert on the establishment of national quality awards in its 18 member-countries in the Asia Pacific region. He has published and delivered conference presentations in North America, Europe, and Asia in the areas of strategic management, quality management, and international business. He has also served as a consultant in quality management benchmark assessment, strategic planning, and managing cultural differences to numerous business and not-for-profit organizations in the United States and East Asia.

LIST OF ADDITIONAL REQUIRED READINGS

- (1) Alexander, William, and Richard Serfass. "Beyond Vision: Creating and Analyzing Your Organization's Quality Future." *Quality Progress*, July 1998, 31-36.
- (2) Calingo, Luis Ma. R. "The Evolution of Strategic Quality Management." *International Journal of Quality and Reliability Management* 13:9 (1996): 19-37.
- (3) Hunter, Michael R., and Richard D. Van Landingham. "Listening to the Customer Using QFD." *Quality Progress*, April 1994, 55-59.
- (4) Lackritz, James R. "TQM Within Fortune 500 Corporations." Quality Progress, February 1997, 69-72.
- (5) Raiborn, Cecily, and Dinah Payne. "TQM: Just What the Ethicist Ordered." *Journal of Business Ethics* 15 (1996): 963-972.
- (6) U.S. National Institute of Standards and Technology. *Baldrige National Quality Program 1999: Criteria for Performance Excellence*. Gaithersburg, Md., 1998.