

## Module-2

- Leadership: Definition, characteristics of quality leaders,
- Leadership
- concept,
- characteristics of effective people,
- ethics,
- the Deming philosophy,
- role of TQM leaders,
- implementation, core values,
- concepts and framework,
- strategic planning communication,
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## MODULE – 2 Leadership

### **Definition:**

Leadership according to James Mac Gregor Burns describes a leader as one who instills purposes, not one who controls by brute force. A leader strengthens and inspires the followers to accomplish shared goals. Leader shape the organization's values, promote the organization's values, protect the organization's values and exemplify the organization's values.

### **Characteristics of Quality Leaders:**

There are 12 behaviors or characteristics that successful quality leaders demonstrate.

1. *They give priority attention to external and internal customers and their needs.* Leaders place them-selves in the customers' shoes and service their needs from that perspective. They continually evaluate the customers' changing requirements.
2. *They empower, rather than control, subordinates.* Leaders have trust and confidence in the performance of their subordinates. They provide the resources, training, and work environment to help subordinates do their jobs. However, the decision to accept responsibility lies with the individual.
3. *They emphasize improvement rather than maintenance.* Leaders use the phrase "If it isn't perfect, improve it" rather than -If it isn't broke, don't fix it. There is always room for improvement, even if the improvement is small. Major breakthroughs sometimes happen, but it's the little ones that keep the continuous process improvement on a positive track.

4. *They emphasize prevention.* –“An ounce of prevention is worth a pound of cure” is certainly true. It is also true that perfection can be the enemy of creativity. We can't always wait until we have created the perfect process or product. There must be a balance between preventing problems and developing better, but not perfect, processes.

5. *They encourage collaboration rather than competition.* When functional areas, departments, or work groups are in competition, they may find subtle ways of working against each other or withholding information. Instead, there must be collaboration among and within units.

6. *They train and coach, rather than direct and supervise.* Leaders know that the development of the human resource is a necessity. As coaches, they help their subordinates learn to do a better job.

7. *They learn from problems.* When a problem exists, it is treated as an opportunity rather than something to be minimized or covered up. "What caused it?" and "How can we prevent it in the future?" are the questions quality leaders ask.

8. *They continually try to improve communications.* Leaders continually disseminate information about the TQM effort. They make it evident that TQM is not just a slogan. Communication is two way ideas will be generated by people when leaders encourage them and act upon them. Communication is the glue that holds a TQM organization together.

9. *They continually demonstrate their commitment to quality.* Leaders walk their talk their actions, rather than their words, communicate their level of commitment. They let the quality statements be their decision-making guide.

10. *They choose suppliers on the basis of quality, not price.* Suppliers are encouraged to participate on project teams and become involved. Leaders know that quality begins with quality materials and the true measure is the life-cycle cost.

11 *They establish organizational systems to support the quality effort.* At the senior management level a quality council is provided, and at the first-line supervisor level, work groups and project teams are organized to improve the process.

12. *They encourage and recognize team effort.* They encourage, provide recognition, and reward Individuals and teams. Leaders know that people like to know that their contributions are appreciated and important. This action is one of the leader's most powerful tools.

### **Leadership Concept:**

In order to become successful, leadership requires an intuitive understanding of human nature the basic needs, wants and abilities of people. To be effective, a leader understands that:

1. People, paradoxically, need security and independence at the same time.
2. People are sensitive to external rewards and punishments and yet are also strongly self-motivated.
3. People like to hear a kind word of praise. Catch people doing something right.
4. People can process only a few facts at a time; thus, a leader needs to keep things simple.
5. People trust their gut reaction more than statistical data.

6. People distrust a leader's rhetoric if the words are inconsistent with the leader's actions.

Leaders need to give their employees independence and yet provide a secure working environment—one that encourages and rewards successes. A working environment must be provided that fosters employee creativity and risk taking by not penalizing mistakes.

A leader will focus on a few key values and objectives. Focusing on a few values or objectives gives the employee the ability to discern on a daily basis what is important and what is not. Employees, upon understanding the objectives, must be given personal control over the task in order to make the task their own and thereby, something to which they can commit. A leader, by giving the employee a measure of control over an important task, will tap into the employee's inner drive. Employees, led by the manager can become excited participants in the organization.

### **The 7 Habits of Highly Effective People:**

Stephen R. Covey has based his foundation for success on the character ethic things like integrity, humility, fidelity, temperance, courage, justice, patience, industry, simplicity, modesty, and the Golden Rule. The personality ethic—personality growth, communication skill training, and education in the field of influence strategies and positive thinking is secondary to the character ethic. What we are communicates far more eloquently than what we say or do.

A paradigm is the way we perceive, understand, and interpret the world around us. It is a different way of looking at people and things. To be effective we need to make a paradigm shift. Most scientific breakthroughs are the result of paradigm shifts such as Copernicus viewing the sun as the center of the universe rather than earth. Paradigm shifts are quantum changes, whether slow and deliberate or instantaneous. A habit is the intersection of knowledge, skill, and desire. Knowledge is what we to do and the why; skill is the how to do; and desire is the motivation or want to do. In order for something to become a habit you have to have all three.

#### **Habit 1: Be Proactive**

Being proactive means taking responsibility for your life the ability to choose the response to a situation. Proactive behavior is a product of conscious choice based on values, rather than reactive behavior, which is based on feelings. Reactive people let circumstances, conditions, or their environment tell them how to respond. Proactive people let carefully thought-about, selected, and internalized values tell them how to respond. It's not what happens to us but our response that differentiates the two behaviors. The language we use is a real indicator of our behavior. Comparisons are given in the table below.

##### **Reactive**

There is nothing I can do.  
She makes me so mad.  
I have to do that.  
I cannot.  
I must.  
Things are getting worse.

##### **Proactive**

Let us look at our alternatives.  
I control my own feelings.  
I will choose an appropriate response.  
I choose.  
I prefer.  
What initiative can we use?

**Comparison between reactive and proactive behavior of an individual.**

## Habit 2: Begin with the end mind first

The most fundamental application of this habit is to begin each day with an image, picture or paradigm of the end of your life as your frame of reference. Each part of your life can be examined in terms of what really matters to you-- a vision of your life as a whole.

All things are created twice-- there is a mental or first creation and a physical or second creation to all things. To build a house you first create a blueprint and then construct the actual house. You create a speech on paper before you give it. If you want to have a successful organization, you begin with a plan that will produce the appropriate end. Thus, leadership is the first creation and management is the second. Leadership means doing the right things and management means doing things right.

In order to begin with the end in mind, develop a personal philosophy or creed. Start by considering the examples mentioned below:

- Never compromise with honesty
- Remember the people involved
- Maintain a positive attitude
- Exercise daily
- Do not fear mistakes
- Facilitate the success of subordinates
- Seek divine help
- Read a leadership book monthly

By centering our lives on correct principles, we create a solid foundation for the development of the life support factors of security, guidance, wisdom and power. Principles are fundamental truths. They are tightly interwoven threads running with exactness, consistency, beauty and strength through the fabric of life.

## Habit 3-- Put First Things First

Habit one says, "You're the creator. You are in charge." Habit two is the first creation and is based on imagination-- leadership based on values. Habit three is practicing self-management and requires habits one and two as prerequisites. It is the day-by-day, moment-by-moment management of your time.

	Urgent	Not Urgent
Important	<b>I</b> Crises, firefighting Pressing problems Deadline driven projects	<b>II</b> Prevention, PC Relationship building Recognizing new opportunities Planning, recreation
Not Important	<b>III</b> Interruptions, pressing matters Some mail, calls, report Some meetings, proximate Popular activities	<b>IV</b> Trivia, busy work Time wasters Pleasant activities

Urgent means it requires immediate attention and important has to do with results that contribute to your mission, goals and values. Effective, proactive people spend most of their time in quadrant II, thereby reducing the time spent in quadrant I. Four activities are necessary to be effective. First, write down your key roles for the week (such as research manager, United Way Chairperson and parent). Second, list your objectives for each role using many quadrant II activities. These objectives

should be tied to your personal goals or philosophy developed in habit 2. Third, schedule time to complete the objectives. Fourth, adapt the weekly schedule to your daily activities.

### **Habit 4-- Think Win-Win**

Win-win is a frame of mind and heart that constantly seeks mutual benefit in all human interactions. Both sides come out ahead. In fact, the end result is usually a better way. If win-win is not possible, then the alternative is no deal. It takes great courage as well as consideration to create mutual benefits, especially if the other party is thinking win-lose.

Win-win embraces five interdependent dimensions of life-- character, relationships, agreements, systems and processes. Character involves the following traits:

- Integrity
- Maturity-- a balance between being considerate of others and the courage to express feelings
- Abundance mentality (there is plenty out there for everyone)

Relationship means that the two parties trust each other and are deeply committed to win-win. Agreements require the five elements of desired results, guidelines, resources, accountability and consequences. Win-win agreements can only survive in a system that supports it-- you cannot talk win-win and reward win-lose. In order to obtain win-win, a four-step process is needed. It is as follows:

1. See the problem from the other viewpoint.
2. Identify the key issues and concerns.
3. Determine acceptable results.
4. Seek possible new options to achieve those results.

### **Habit 5-- Seek First to Understand, then to be Understood**

Seek first to understand involves a paradigm shift since we usually try to be understood first.

Empathic listening is the key to effective communication. It focuses on learning how the other person sees the world, how they feel etc. The essence of empathic listening is not that you agree with someone. It is that you fully and deeply understand the person, emotionally as well as intellectually. Next to physical survival is the greatest need of a human being of psychological survival-- to be understood, affirmed, validated and appreciated.

The second part of the habit is to be understood. Covey uses three sequentially arranged Greek words-- ethos, pathos and logos. Ethos is your personal credibility or character, pathos is the empathy you have with the other person's communication and logos is the logic or reasoning part of your presentation.

### **Habit 6-- Synergy**

Synergy means that the whole is greater than the parts. Together, we can accomplish more than any of us can accomplish alone. This can best be exemplified by the musical group "The Beatles." They as a group created more music than each individual created after the group broke up. The first five habits build toward habit six. It focuses the concept of win-win and the skills of empathic communication on tough challenges that bring about new alternatives which did not exist before. Synergy occurs when people abandon their humdrum presentations and win-lose mentality and open themselves up to creative cooperation. When there is a genuine understanding, people reach solutions that are better than they could have achieved acting alone.

### **Habit 7-- Sharpen the Saw (Renewal)**

Habit seven is taking time to sharpen the saw so that it will cut faster. It is personal PC-- preserving and enhancing the greatest asset you have, which is you. It is renewing the four dimensions of your nature-- physical, spiritual, mental and social/emotional. All four dimensions of your nature should



be used regularly in wise and balanced ways. Renewing the physical dimension means following good nutrition, rest and relaxation, and regular exercise. The spiritual dimension is your commitment to your value system. Renewal comes from prayer, meditation and spiritual reading. The mental dimension is continuing to develop your intellect through reading, seminars and writing. These three dimensions require that time be set aside-- they are quadrant II activities. The social and emotional dimensions of our lives are tied together because our emotional life is primarily, but not exclusively, developed out of and manifested in our relationship with others. While this activity does not require time, it does require exercise.

### **Ethics**

Ethics is not a precept that is mutually exclusive from quality. Indeed, quality and ethics have a common care premise, which is to do the right things right.

#### **Definition**

Ethics is the body of principles or standards of human conduct that govern the behavior of individuals and organizations. It governs the actions and helps one to decide what the right thing to do is. Some people learn it while growing up and some do it during an organization's ethics training program. Ethics can mean differently to different people, especially when given an organization's international workforce and the varying cultural norms. Because individuals have different concepts of what is right, the organization will need to develop the standards or code of ethics for the organization.

#### **The Root Causes of Unethical Behavior**

Much of the unethical behavior in organizations occurs in the following cases:

1. Organizations favor their own interests above the well-being of their customers, employees or the public.
2. Organizations reward behavior that violates ethical standards, such as increasing sales through false advertising.
3. Organizations encourage separate standards of behavior at work than at home, such as secrecy and deceit versus honesty.
4. Individuals are willing to abuse their position and power to enhance their interests, such as taking excessive compensation for themselves off the top before other stakeholders receive their fair share.
5. Managerial values exist that undermine integrity, such as the pressure managers exert on employees to cover up mistakes or to do whatever it takes to get the job done, including cutting corners.
6. Organizations and individuals overemphasize the short-term results at the expense of themselves and others in the long run. For example, behavior is good based on the degree of utility, pleasure or good received, regardless of the effect on others.
7. Organizations and managers believe their knowledge is infallible and miscalculate the true risks, such as when financial managers invest organizational funds in high-risk options trading.

### **The Deming Philosophy**

Deming's philosophy is given in the 14 points. Most of these points were given in a seminar for 21 presidents of leading Japanese industry in 1950. The rest were developed and the original ones were modified over a period of three decades.

#### **1. Create and Publish the Aims and Purposes of Organization**

Management should demonstrate constantly their commitment to this statement. It should include investors, customers, suppliers, employees, community and a quality philosophy. The statement is a

forever-changing document requiring input from everyone. Organizations should develop a long-term view of at least ten years and plan to stay in business by setting long-range goals. Resources should be allocated for research, training and continuing education to achieve the goals. Innovation is promoted to ensure that a product or service does not become obsolete. A family organizational philosophy is developed to send the message that everyone is the part of organization.

### **2. Learn the New Philosophy**

Top management and everyone should learn the new philosophy. The organizations should seek never-ending improvement and refuse to accept non-conformance. Customer satisfaction should always be the number one priority because dissatisfied customers will not continue to purchase non-conforming products and services. An organization should concentrate on defect prevention rather than on defect detection. By improving the process, quality and productivity will also improve. Everyone in an organization including union should be involved in quality journey and change his or her attitude regarding quality. A supplier should be helped to improve quality by providing statistical evidence of conformance and shared information relative to customer expectations.

### **3. Understand the Purpose of Inspection**

Management should understand that the purpose of inspection is to improve the process and reduce its cost. For most of the part, mass inspection is costly and unreliable. Where appropriate, it should be replaced by never-ending improvement using statistical techniques. Statistical evidence is required of self and supplier. Every effort should be made to reduce and then eliminate acceptance sampling. Mass inspection is managing for failure and defect prevention is managing for success.

### **4. Stop Awarding Business based on Price Alone**

An organization should stop awarding business based on the low bid because price has no value without quality. The goal is to have a single supplier for each item to develop a long-term relationship between loyalty and trust, thereby providing improved products and services. Purchasing agents should be trained in statistical process control and require it from suppliers. They should follow the materials throughout the entire life cycle in order to examine how customer expectations are affected and provide feedback to the suppliers regarding the quality.

### **5. Improve Constantly and Forever the System**

Management should take more responsibility for problems by actively finding and correcting problems so that quality and productivity could be continually and permanently improved and costs could be reduced. The focus is on preventing problems before their occurrence. Variation is expected but there should be a continual striving for its reduction using control charts. Responsibilities are assigned to teams to remove the causes of problems and continually improve the process.

### **6. Institute Training**

Each employee should be oriented toward the organization's philosophy of commitment to never-ending improvements. Management should allocate resources to train employees to perform their jobs in the best possible manner. Everyone should be trained in statistical methods and these methods should be used to monitor the need for further training.

### **7. Teach and Institute Leadership**

A responsibility of management is to improve supervision. It should provide supervisors with training in statistical methods and these 14 points so the new philosophy can be implemented. Instead of focusing on a negative and fault-finding atmosphere, supervisors should create a positive and supportive one where pride in workmanship can flourish. All communication should be clear from top management to supervisors to operators.

### **8. Drive Out Fear, Create Trust and a Climate for Innovation**

Management should encourage open and effective communication and teamwork. Fear is caused by a general feeling of being powerless to control important aspects of one's life. It is caused by a lack of job security, possible physical harm, performance appraisals, and ignorance of organization goals, poor supervision and not knowing the job. Driving fear out of the workplace involves managing for success. Management can begin by providing workers with adequate training, good supervision and proper tools to do the job as well as removing physical dangers. When people are treated with dignity, fear can be eliminated.

### **9. Optimize the Efforts of Teams, Groups and Staff Areas**

Management should optimize the efforts of teams, work groups and staff areas to achieve the aims and purposes of the organization. Internally, barriers do not exist not only within departments but also among the following:

- Levels of management
- Departments
- Shifts

Externally, they exist between the organization and its customers and suppliers. These barriers exist because of the following reasons:

- Poor communication
- Ignorance of the mission of organization
- Competition
- Fear
- Personal grudges or jealousies

To break down the barriers, management needs a long-term perspective. It should opt for the following changes in order to break down the barriers:

- All the different areas should work together
- Change in attitude
- Opening of communication channels
- Project teams organized
- Training in teamwork implemented

Multi-functional teams such as used in concurrent engineering are an excellent method.

### **10. Eliminate Exhortations for the Work Force**

Exhortations that ask for increased productivity without providing specific improvement methods can handicap an organization. They do nothing but express desires of management. They do not produce a better product or service because workers get limited by the system. Those goals should be set that are achievable and are committed to the long-term success of the organization. The improvements in a process cannot be made without the availability of tools and methods.

### **11a. Eliminate Numerical Quotas for the Work Force**

Instead of quotas, management should learn and institute methods for improvement. Quotas and work standards focus on quantity rather than quality. They encourage poor workmanship in order to meet their quotas. Quotas should be replaced with statistical methods of process control. Management should provide and implement a strategy for never-ending improvements and work with work force to reflect new policies.

### **11b. Eliminate Management by Objective**

Instead of management by objective, management should learn the capabilities of processes and the procedure to be employed for their improvement. Internal goals set by management without a method are a burlesque. Management by numerical goal is an attempt to manage without knowledge of what to do. An excellent analysis supporting this point is given by Castellano and Roehm.

### **12. Remove Barriers That Rob People of Pride of Workmanship**

Loss of pride in workmanship exists throughout an organization because of the following reasons:

- a. Workers do not know how to relate themselves to the organization's mission.
- b. They are being blamed for system problems.
- c. Poor designs lead to the production of junk.



- d. Inadequate training is provided.
- e. Punitive supervision exists.
- f. Inadequate or ineffective equipment is provided for performing the required work.

Restoring pride will require a long-term commitment by management. When workers are proud of their work, they will grow to the fullest extent of their job. Management can perform the following tasks to restore the pride of their workers:

- a. Giving their employees operational job descriptions.
- b. Providing the proper tools and materials.
- c. Stressing on a workers' understanding regarding his/her role in the total process

By restoring pride, everyone in the organization will be working for the common good. A barrier for people on salary is the annual rating of performance.

### **13. Encourage Education and Self-Improvement for Everyone**

An organization needs people who improve with education. Management should commit itself to continuously train and educate people. Deming's 14 points and the organization's mission should be the foundation of education program. Everyone should be retrained because of the fact that an organization's requirements change to meet the changing environment.

### **14. Take Action to Accomplish the Transformation**

Management has to accept its primary responsibility for the never-ending improvement of the process. It has to create a corporate structure to implement the philosophy. A cultural change is required from the previous "business as usual" attitude. Management should be committed, involved and accessible if the organization is to succeed in implementing the new philosophy.

### **Role of TQM Leaders**

#### *1. Everyone is responsible for quality, especially senior management and the CEO*

- The General Electric training courses taught leadership approaches and models and provided the opportunity for teams to develop solutions for real business problems.
- Jack Welch supported the development of a leadership system whereas quality control leaders were developed at all levels and in all functions of the organization including research, marketing, manufacturing, sales, finance and human resources.
- Senior managers need to be provided with the skills to implement quality control techniques and actively participate in the quality council.

#### *2. Management by Wandering Around (MBWA)*

Management should get out of the office and visit customers, suppliers, departments within the organization and plants within the organization. That way, managers learn what is happening with a particular customer, supplier or project. MBWA can substantially reduce paperwork. Encourage subordinates to write only important messages that need to be part of the permanent record.

#### *3. Push problem solving and decision making to the lowest appropriate level by delegating authority and responsibility*

The idea is to let employees think for themselves. Senior management's role is no longer to make the final decision, but to make sure the team's decision is aligned with the quality statements of the organization.

#### *4. Should have better knowledge of TQM to guide others*

## Total Quality Management

- Senior managers should stay informed on the topic of quality improvement by reading books and articles, attending seminars and talking to other TQM leaders.
- The needed resources should be provided to train employees in the TQM tools and techniques, the technical requirements of the job and safety.
- Resources in the form of the appropriate equipment to do the job should also be provided.

### 5. *Recognition and rewarding employees.*

- Senior managers should find time to celebrate the success of their organization's quality efforts by personally participating in award and recognition ceremonies.
- This activity is an excellent opportunity to reinforce the importance of the effort and to promote TQM.
- One of the duties of the quality council is to establish or revise the recognition and reward system.
- Also, provisions should be made to reward teams as well as creative individuals.

### 6. *Coaching teams and teaching seminars*

Senior managers should be visible and actively engaged in the quality effort by serving on teams, coaching teams and teaching seminars. They should lead by demonstrating, communicating and reinforcing the quality statement. As a rule of thumb, they should spend about one-third of their time on quality.

### 7. *Listening to internal and external customers*

A very important role of senior managers is listening to internal and external customers and suppliers through visits, focus groups and surveys. This information is translated into core values and process improvement projects

### 8. *Communication*

The objective is to create awareness of the importance of TQM and provide TQM results in an ongoing manner. The TQM message should be "sold" to personnel, for if they do not "buy" it, TQM will never happen. In addition to internal efforts, there should be external activities with customers and suppliers, media and advertising in trade magazines and interaction with the quality community.

## **Implementation**

The TQM implementation process begins with senior management and, most importantly, with the CEO's commitment. Leadership is essential during every phase of the implementation process and particularly at the start. Delegation and rhetoric are insufficient. Instead, involvement is required.

Senior management needs to be educated in the TQM concepts. In addition to formal education, managers should visit successful TQM organizations, read selected articles and books and attend seminars and conferences. The next step is for senior management to develop an implementation plan.

Timing of the implementation process can be very important. Is the organization ready to embark on the total quality journey? There may be some foreseeable problems, such as a

reorganization, change in senior management personnel, interpersonal conflicts, a current crisis, or a time-consuming activity. These problems may postpone implementation to a more favorable time.

The next step is the formation of the Quality Council. Initiation of these duties is a substantial part of the implementation of TQM. The development of core values, a vision statement, a mission statement and a quality policy statement, with inputs from all personnel, should be completed first.

The active involvement of middle managers and first-line supervisors is essential to the success of the TQM effort. They are accountable for achieving many of the organization's performance goals and objectives. They form enduring links in the communication chain from senior management to the front-line workers. Without middle management's early and active support, the TQM effort could fail. The retreat will focus on TQM training, leadership skills and active involvement in the development of the organization's statements.

If there is a union, there should be early discussions with the representatives on TQM. Managers should involve union leaders by sharing with them implementation plans for TQM. As the quality effort progresses, managers and union leaders should work together on quality improvement activities.

At this stage of the implementation process, it is important to communicate TQM to the entire organization. Communication is important throughout the implementation stage and is necessary to create TQM awareness, interest, desire and action. Everyone needs to be trained in quality awareness and problem solving. This training is conducted when the employee is placed in a project team or the work group is ready for the training.

### **Core Values, Concepts and Framework**

Unity of purpose is a key to leadership system. Core values and concepts provide that unity of purpose. The core values and concepts enable a framework for leaders throughout the organization to make the right decisions. They foster TQM behavior and define the culture. Each organization will need to develop its own values. Given here are the core values, concepts and framework for the Malcolm Baldrige National Quality Award. They can be used as a starting point for any organization as it develops its own.

#### **Visionary Leadership**

An organization's senior leaders need to set directions and high expectations and create a customer-oriented clear and visible quality values. Values, directions and expectations need to address all stakeholders. The leaders need to ensure the creation of strategies, systems and methods for achieving excellence. Strategies and values should help guide all activities and decisions of the organization. Senior leaders should commit to the development of the entire workforce. Further, they should encourage participation, learning, innovation and creativity by all employees. Through their personal roles in planning, communications, review or organization performance and employee recognition, senior leaders serve as role models, reinforcing the values and expectations and building leadership and initiative throughout the organization.

#### **Customer-Driven Excellence**

Quality is best judged by the customers. All product and service characteristics that contribute value to the customer and lead to customer satisfaction, preference and retention should be the focus of an organization's management system. Customer-driven excellence has both current and future components-- understanding today's customer desires and marketplace offerings as well as future innovations. Value and satisfaction may be influenced by many factors throughout the customer's overall purchase, ownership and service experiences.

#### **Organizational and Personal Learning**

Organizational learning can result in the following:

- Enhancing value to customers through new and improved products and services
- Developing new opportunities
- Reducing errors, defects, waste and related costs
- Improving responsiveness and cycle time performance
- Increasing productivity and effectiveness in the use of all resources
- Enhancing your organization's performance in fulfilling its public responsibilities and services as a good citizen.

Personal learning can result in the following:

- More satisfied and versatile employees who stay with the organization
- Organizational cross-functional learning
- An improved environment for innovation

### **Valuing Employees and Partners**

An organization's success depends increasingly upon the skills, knowledge, creativity and motivation of its employees and partners. Valuing employee's means committing to their satisfaction, development and well-being. Increasingly, this involves more flexible, high performance work practices tailored to employees with diverse workplace and home life needs. Successful internal and external partnerships develop longer-term objectives, thereby creating a basis for mutual investments and respect.

### **Agility**

Success in global markets demands agility. All aspects of e-commerce require and enable more rapid, flexible and customized responses. Organizations face ever-shorter cycles for the introduction of new and improved products and services, as well as for faster and more flexible response to customers. Major improvements in response time often require simplification of work units and processes and the ability for rapid changeover from one process to another. Cross-trained and empowered employees are vital assets in such a demanding environment.

### **Focus on the Future**

Focus on the future requires understanding the short- and long-term factors that affect an organization and the marketplace. Pursuit of sustainable growth and market leadership requires a strong future orientation and a willingness to make long-term commitments to key stakeholders.

An organization's planning should anticipate many factors such as the following:

- Customers' expectations
- New business and partnering opportunities
- The increasingly global marketplace
- Technological developments
- The evolving e-commerce environment
- New customer and market segments
- Evolving regulatory requirements
- Societal expectations
- Strategic moves by competitors

### **Management by Fact**

Organizations depend on the measurement and analysis of performance. Such measurements should derive from business needs and strategy, and should provide critical data and information about key processes, outputs and results. Many types of data and information are needed for performance management. Performance measurement should include the following:

- Customer, product and service performance
- Comparisons of operation, market and competitive performance

- Supplier, employee and cost and financial performance

### **Public Responsibility and Citizenship**

An organization's leaders should stress the need to practice good citizenship. Basic expectations to adhere to business ethics and protection of public health, safety and the environment should be maintained. Protection of health, safety and the environment includes an organization's operations as well as the life cycles of products and services. Also, organizations should emphasize resource conservation and waste reduction at the source. Planning should anticipate adverse impacts from production, distribution, transportation, use and disposal of products .

### **Focus on Results and Creating Value**

An organization's performance measurements need to focus on key results. Results should be used to create and balance value for key stakeholders-- customers, employees, stockholders, suppliers and partners, public and community. By creating value for key stakeholders, an organization builds loyalty and contributes to growing the economy. To meet the sometimes conflicting and changing aims that balancing value implies, organizational strategy should explicitly include key stakeholder requirements. This will help ensure that actions and plans meet differing stakeholder needs and avoid adverse impacts on any stakeholder. The use of a balanced composite of leading and lagging performance measures offers an effective means to communicate short- and long-term priorities, monitor actual performance and provide a clear basis for improving results.

### **Systems Perspective**

The Baldrige criteria provides a systems perspective for managing an organization to achieve performance excellence. The core values form the building blocks and the integrating mechanism forms the system. However, successful management of overall performance requires organization-specific synthesis and alignment. Synthesis means looking at an organization as a whole and build upon key business requirements, including strategic objectives and action plans. Alignment means using the key linkages among requirements given in the Baldrige categories, including the key measures/indicators.

### **Strategic planning**

Goals and objectives

Goal for long-term planning, objective for short-term planning.

Goals must be based on statistical evidence

Goals must be definitive, specific and understandable, using concrete results rather than behaviors or attitudes.

### **Seven steps to Strategic Planning**

1. *Customer needs*
2. *Customer positioning*
3. *Predict the future*
4. *Gap analysis*
5. *Closing the gap*
6. *Alignment*
7. *Implementation*



- 1 . *Customer Needs*. The first step is to discover the future needs of the customers. Who will they be? Will your customer base change? What will they want? How will the organization meet and exceed expectation?
- 2 . *Customer- Positioning*. Next, the planners determine where the organization wants to be in relation to the customers. Do they want to retain, reduce, or expand the customer base? Products or services with poor quality performance should be targeted for breakthrough or eliminated. The organization needs to concentrate its efforts on areas of excellence.
- 3 . *Predict the future*. Next, the planners must look into their crystal balls to predict future conditions that will affect their product or service. Demographics, economic forecasts, and technical assessments or projections are tools that help predict the future. More than one organization's product or service has become obsolete because it failed to foresee the changing technology. Note that the rate of change is continually increasing.
- 4 . *Gap Analysis*. This step requires the planners to identify the gaps between the current state and the future state of the organization. An analysis of the core values and concepts, given earlier in the chapter, is an excellent technique for pinpointing gaps.
- 5 . *Closing the Gap*. The plan can now be developed to close the gap by establishing goals and responsibilities. All stakeholders should be included in the development of the plan.
- 6 . *Alignment*. As the plan is developed, it must be aligned with the mission, vision, and core values and concepts of the organization. Without this alignment, the plan will have little chance of success.
- 7 . *Implementation*. This last step is frequently the most difficult. Resources must be allocated to collecting data, designing changes, and overcoming resistance to change. Also part of this step is the monitoring activity to ensure that progress is being made. The planning group should meet at least once a year to assess progress and take any corrective action.

### **Communication:**

All organizations communicate with their employees in one manner or another. Communications deliver the organization's values, expectations, and directions; provide information about corporate developments; and allow feedback from all levels. It is very important to keep information flowing back and forth between employees and various levels of management. For instance, managers at different levels communicate messages much in the same way as the head football coach communicates to the assistants who call the plays. The assistants assess what is happening on the field and communicate that back to the head coach, who further directs and motivates. In order for the communication system to be effective, there must be feedback. The culture must encourage two-way communication so that information flows up the ladder as well as down. A formal system to communicate employee concerns to the appropriate person can be instituted. Improving quality will be hampered if poor communications impedes the flow of information to and from the employees. Communications must be effective and not just information overload. Communications must be evaluated to determine that the message was understood and changed attitudes and behaviours. Surveys can be conducted periodically to determine if the organization's key messages are being understood and supported by the employees.

### **Interactive**

The primary communication tool used by XEROX, The Ritz-Carlton Hotel, IBM, Texas Instruments and many more is face-to-face communications supplemented by newsletters.

**Motorola** uses immediate managers to communicate company goals. Communications training programs can be helpful for supervisors. Managers can communicate one-on-one or in a group setting. The group setting would most likely occur at the beginning of the shift and would cover topics such as quality, productivity, schedule and cost. Effective communication technique is to have

team meetings. This can occur at an informal breakfast or lunch. Interactive communication also occurs electronically by instant messaging and video conferencing.

### **Formal**

Formal communication can occur using the printed page or electronics, such as e-mail or a weekly newsletter. Graphics in the form of charts and diagrams can be used to enhance e-mail and publications.

In MNCs messages must be tailored for different cultures and languages. Internet can be used for external communications and intranet for internal communications. Large multi-site organizations have found that satellite television can be effective medium. The presentations can be videotaped and replayed at other times for the convenience of the employees.

## **Decision Making**

It can be regarded as a mental process (cognitive process) resulting in the selection of a course of action among two or several alternative scenario .Every decision making process produces a final choice. The output can be an action or an opinion of choice. A major part of the decision making involves the analysis of a finite set of alternatives described in terms of some evaluating criteria.

### **Decision Making Process**

1. Outline goal and outcome. These keep one in a specific path.
2. Gather data- will have actual evidence to come up with a solution.
3. Brain storm alternatives- coming up with more than one solution will be able to see which can actually work.
4. List pros and cons of each alternative.
5. Make the decision.
6. Take action.
7. Learn from action and reflect on the decision making.