Quality Programs Show Shoddy Results

By Gilbert Fuchsberg
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The "total quality" movement, one of the biggest fads in corporate management, is floundering, a broad study suggests.

Despite plenty of talk and much action, many American companies are stumbling in their implementation of quality-improvement efforts, says the study, being released today. A key reason, the study concludes: Many quality-management plans are simply too amorphous to generate better products and services.

"Rather than diffusing effort by addressing quality problems across the board, the report proposes that companies should focus on a small number of decisive changes."

A lot of companies read lots of books, did lots of training, formed teams and tried to implement 2,000 new practices simultaneously, says Terence J. O'Gara, a partner with PricewaterhouseCoopers, which ran the study with the American Quality Foundation. "But you don't get results that way. It's just too much."

Little Involvement

The study represents one of the most comprehensive and critical reviews to date of quality-management programs. In recent years, thousands of organizations have embraced such efforts in a quest for improved performance, based on a survey of 584 companies in the U.S., Canada, Germany and Japan. The study details findings across a range of quality-improvement activities in the auto, computer, banking and health-care industries.

Among its findings:

- Computer companies involve only 12% of their employees in idea-suggestion programs. Auto makers, whose rate highest in this area, involve just 23% of their workers.
- Customer complaints are of "major or primary" importance in identifying new products and services among only 19% of banks and 26% of hospitals.
- Quality-performance measures - such as defect rates and customer-satisfaction levels - play a major role in determining pay for senior managers among fewer than one in five companies across all four industries surveyed. Profitability still matters most.
- The results seem even worse when compared with quality programs abroad. Some 75% of surveyed computer makers in Japan and 69% in Germany use customer complaints to help identify new products, compared with 26% in the U.S. Foreign employee-suggestion programs, meanwhile, include larger proportions of workers - 34% among Canadian banks, for instance, and 78% among Japanese car makers.

To be sure, there are some bright spots in the U.S.: More than half of all workers in the surveyed companies participate in at least occasional meetings about quality. And the study reports marked increases in quality-related activities during the past three years. But among most U.S. companies, virtually no quality-boosting practices have reached what survey organizers...