

Measurement = Facts = The Best results

The advent of “Big Data” has focused companies on measuring all aspects of how things are produced. The goal of continuous improvement, based on facts from systematically measuring, results in greater cost effectiveness, improved inventory control and higher quality products and services.

TQM

While it seems obvious today that a clearer picture of what works and what doesn't work produces better results, its current widespread use in business didn't happen until the 1960s and 1970s with the adoption by U.S. companies of Total Quality Management (TQM.) TQM, the brainchild of W. Edwards Deming, focuses on continuous improvement through objective measurement of the processes of production. Deming implemented TQM in the USA's war effort in WWII, where it proved highly effective in increasing both the rate of production and the quality of war material.

Japan Buys In to TQM

The Second World War wrecked Japan's economy and destroyed its manufacturing infrastructure. For a number of years after the war, the label “Made in Japan” was generally understood to mean “cheap junk,” and this included the automobiles that they were exporting to the U.S.

The use of TQM by Japanese manufacturers that had been introduced shortly after the war gradually began to have an effect. With TQM's focus on continuous improvement through objective measurement of processes the quality of Japan's cars grew from year to year.

Fast-forward to the 1970's. At that time, about 5% of American cars (5 of every 100) of were called "lemons" by their owners. The reason for that label is that these cars could only be kept running with continuous maintenance. And Detroit swore that a 5% "lemon" rate was as low as humanly possible to achieve.

Nevertheless, by that time the Japanese auto industry had a "lemon" rate of one half of one percent (1 of every 200 cars) and they swore they could lower it further still.

Detroit Buys In to TQM

Through the 1980s, Detroit auto manufacturers finally began to use TQM to objectively measure how to improve the quality of their cars. Their cars began to run better with less maintenance and fewer "lemons." By objectively measuring each aspect of production and making continuous improvements to the processes that were based on objective data, American automakers began to produce some of the highest quality cars in the world.

How Does TQM Affect Employee Selection and Development?

For years companies, relied mainly on the interview to make hiring decisions. Even the best interviewer, however, is influenced by outside events, limited time, or pre-conceived notions. That means that there was often a higher than desirable "lemon rate" of hiring decisions – that is, more people hired who were not well-suited for the job.

About the same time that TQM began to be used in businesses to increase productivity, one of its offsprings, pre-employment testing, began to be used as a more objective means of measuring the personality traits, attitudes and skills that directly affected job performance. Today the majority of U.S. companies, large and small, use some form of pre-employment testing.

Moral of the Story

Whether you want to put together a quality team, reduce turnover, or develop key employees, backing up subjective impressions (i.e., from the interview) with objective measures (i.e., from pre-employment tests) produces the best results.