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TQM at GAO

*How—and why—the General Accounting
Office plans to change the way it works.*

THE U.S. GENERAL Accounting Office is adopting a new agencywide management system—a version of total quality management (TQM) specifically adapted to the character and mission of GAO. Experts have visited GAO to explain quality management and the ways in which other organizations have made it work; a GAO Quality Council meets regularly to determine how to make it work here; and pilot projects have been under way since the fall of 1990 in two GAO divisions. And in November 1991, GAO adopted a plan to guide the first two years' implementation of quality management in the agency.¹

Change on this scale takes time, effort, and

commitment. But GAO already produces high-quality products, enjoys a superb reputation, and attracts and retains some of the best people in government. So why should it turn to a new management approach?

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The basis of this decision lies in GAO's observation of the private sector. Recently, in response to a congressional request, GAO studied the adoption of quality management in private-sector companies.² As GAO staff visited these organizations and met with their managers and employees, they saw that these companies had significantly increased productivity and raised the quality of

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products and services, without hiring more people or spending more money. (Please see the accompanying article, "The Private Sector's Experience with Total Quality Management," written by John E. Watson and Thomas W. Hopp.) In addition, the companies enjoyed revitalized organizational cultures that drew on the skills and abilities of all their employees. The more GAO learned about their experiences, the more interested GAO became in trying quality management here.

GAO, of course, is a government agency, not a private-sector company. But that may be all the more reason for it to explore promising new management technologies. GAO recognizes its obligation to the taxpayers to get the most out of its resources. This need is especially potent at a time when GAO must respond to more congressional requests than ever before, while the size of its work force remains fairly constant.

We at GAO have worked hard in recent years to

improve our efficiency while maintaining our quality, and we have made progress. We recognize, however, that in order to keep up with our responsibilities and ensure high-quality products—all without hiring more people—we will have to take a new approach to our work. Those who have been involved in the new effort so far feel that GAO has a chance not just to improve its own performance, but also to help demonstrate the practicality of this new approach to other government organizations.

A complete approach

GAO has undertaken many efforts in the past to increase its efficiency. What makes quality management different?

To begin with, past efforts to improve operations have not been systematic. We at GAO have always been good at identifying problems, but we tend to jump too eagerly to solutions. Those solutions, however, may not solve the underlying causes of the problems.

Quality management is far more comprehensive than most earlier initiatives. It requires the involvement and commitment of the full GAO work force. And it is based on a management concept that has proven its validity in organizations across the world: Give employees an understanding of their customers' needs, a culture that recognizes the employees' ability and worth, and the power to improve their way of working, and they will accomplish tremendous things for their organization.

UNDER THE TQM APPROACH, MANAGEMENT'S LONG-TERM RESPONSIBILITY IS TO CREATE AN ENVIRONMENT IN WHICH EVERY EMPLOYEE CAN CONTRIBUTE.

Under quality management, the never-ending quest for improvement becomes the primary goal of everyone in the organization. The process begins with top leaders, but it does not stop with them. Management's long-term responsibility is to create an environment in which every employee can contribute to the quality effort.

First, management must define a clear and constant vision of where the organization is going—complete with specific goals—and communicate

that vision to the entire organization. The next step is to give all employees the training they need to enable them to carry out that vision. Once employees understand their roles in the total effort and have the skills to perform those roles, management then gives them the authority to do it. That means encouraging all employees to apply their own talents and ideas to improving the organization.

This approach rests on the idea that problems are caused not by people, but by flawed processes. An individual's performance can be only as effective as the procedures that govern his or her work. Because the people who actually do a job know the most about the way it is done, managers must give the employees themselves the power to improve the procedures that limit performance.



GAO's VISION, MISSION, AND GUIDING PRINCIPLES

VISION

We aspire to be the world's leading organization engaged in audit, evaluation, and public policy analysis.

MISSION

We seek to achieve honest, efficient management and full accountability throughout government. We serve the public interest by providing members of Congress and others who make policy with accurate information, unbiased analysis, and objective recommendations on how best to use public resources in support of the security and well-being of the American people.

Guiding Principles

Commitment to quality is the single most important principle governing our work. We define quality as work that is:

- objective and independently derived,
- accurate, timely and meaningful, and
- presented in a way that is most useful to responsible officials.

We value our people and the diversity they bring. We are committed to continuing self-examination to achieve organizational, procedural, and individual improvement.

Because TQM requires that people at all levels play a role, making continuous improvement a way of life at GAO means working both from the top down and from the bottom up. During the past year, GAO has done some of both. In April 1991, GAO established a Quality Council of leaders in the agency, chaired by the Comptroller General. These managers, working with people from every part of the agency, developed a detailed plan for launching quality management at GAO. At the same time, the two units involved in pilot projects trained their managers and executives, established teams consisting of staff from all levels, and trained team leaders.

Together, these actions have helped pave the way for GAO to implement quality management agencywide. Until now, most of the training, discussion, and planning has involved a relatively small number of people—most of them managers. As the new plan takes effect, GAO can begin to bring everyone into the effort.

Planning for quality

The newly adopted plan sets out steps for a two-year period ending November 1993—the first stage in a longer process. It begins by stating GAO's vision (where the organization is headed) and its mission (the "business" GAO is in). It also sets forth guiding principles to help all of GAO's people focus their efforts. (These statements and principles appear in the accompanying box.)

The plan then describes three major goals for the next two years. These goals include surveying GAO's customers, improving certain key processes, and establishing an organizational structure

that will allow GAO's quality management effort to involve more units and employees. The first two goals are primarily "top-down" efforts. The third will lay the groundwork for "bottom-up" activities to occur across the agency.

Goal 1: Determine our customers' needs

One of the first things we at GAO need to do is to determine the needs of our customers, by which we mean anyone, inside or outside of the agency, who uses or is affected by GAO's products and services.

BBETTER PROCESSES MEAN BETTER PRODUCTS, SO EXAMINING THE WAY WE WORK WILL HELP US SERVE OUR CUSTOMERS EVEN AS IT MAKES GAO A MORE PRODUCTIVE AND REWARDING WORKPLACE.

Because our customers' requirements help define just what we mean by "quality," this step will set the course for much of the rest of the quality management process.

GAO's primary customers are the specific congressional committees or Members of Congress who request GAO's best-known products—our blue-covered reports and our congressional testimony. Yet in a broader sense, GAO's real customer

is Congress as a whole, and by extension, the people of the United States. GAO's products also prove useful to other people and groups—for example, executive branch officials and the media.

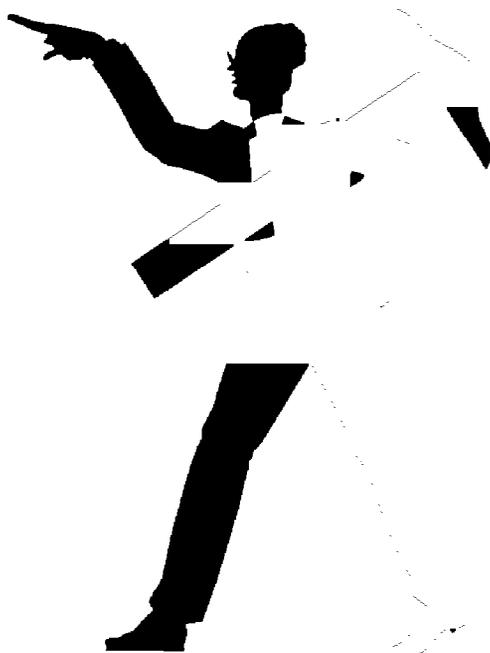
Our first step will be to find out what our primary customers expect from GAO. In May and June of 1992, teams from GAO will interview all 535 Members of Congress. GAO staff will also contact the staff directors and minority staff directors of all congressional committees and subcommittees, as well as a sample of the committee staffers. Later, we plan to survey representatives from executive branch agencies and from the media. The result, we hope, will be solid information on what our customers need and expect.

Our customers' needs, however, are not the only factor by which we can define the quality of our products; that definition must also take into account GAO's stated vision, mission, and guiding principles. Sometimes this may force us to disappoint an individual customer. An objective audit or evaluation may not yield the findings expected, or hoped for, by the committee or Member who requested it. GAO must maintain its objectivity, its accuracy, and its other values to preserve its integrity as an organization useful to *all* its customers.

Goal 2: Analyze work processes

Our second goal will be to analyze our key processes—those that are essential to our work. Because better processes mean better products, this effort will help us serve our customers even as it makes the agency a more productive and rewarding workplace.

After our surveys give us a better sense of our customers' needs, we will use that understanding to determine which of our processes most affect our



ability to meet those needs. We will then focus our analysis in those areas. Even during the months before the survey results are available, however, we will have plenty to work on.

Our top priority is to look at a process that has often been a source of some distress to people inside and outside GAO: report development, or the entire range of activities from the start of a job to the publication of a report. Problems anywhere in this cycle can delay our products and frustrate both our staff and our customers.

We will also examine the planning process, which governs how we decide what work to do—that is, how much of our work should concentrate on broad, high-impact issues (such as the budget deficit), how much should cover narrower issues, and how we should set these priorities. In addition, the plan calls for us to look at GAO's process of determining rewards, recognition, and compensation, which may need to be adjusted to fit the quality management philosophy.

Goal 3: Expand implementation

The plan also sets out an approach for expanding quality management throughout GAO over the next two years. The shift will be gradual, involving only a few units at a time and following a systematic

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approach within each unit. There are several reasons for this measured pace: First, GAO must maintain its regular level of activity even as it makes these changes. Second, GAO is not equipped to provide complete training in quality

management to its entire staff simultaneously; training will be more manageable if it is staggered.

Most important, however, is the fact that the move to quality management represents a complete retooling of the organization and its culture. The approach is not a makeover that can be applied once and be done with; it is a comprehensive system that requires considerable time and effort to put into place. Such broad-based change cannot be imposed overnight.

In the short term, GAO must convert its existing organizational structure into one that will help units take steps toward the new system. That structure will evolve as we gain experience; ultimately, quality management will be an integral part of regular operations across the agency.

Some parts of this structure are already in place. GAO's Quality Council provides overall leadership; other teams now forming at various levels will eventually be part of an agencywide network. In addition, the two pilot projects, which have been under way for more than a year, are serving as a proving ground for quality management practices. Other GAO units will be able to learn from the pilot programs' experiences.

Additional goals

In addition to the three major goals, the plan also establishes seven other objectives for the next two years. These include:

- *Educating ourselves in quality principles and methods.* GAO plans to develop a comprehensive program to teach the quality process, problem-solving methods, and other skills people need in order to participate. Practical training will be provided on a "just-in-time" basis—that is, as each unit is ready to use the knowledge. At the same time, quality management concepts will be added to existing courses for supervisors and managers.

- *Communicating throughout GAO.* GAO must work to create a communication system that encourages its people to offer ideas freely and candidly. Over the long term, we will analyze other organizations' methods and consider new technology that might help communications within GAO.

THE IDEA OF MEASURING QUALITY IS STILL NEW. GAO WILL EXPERIMENT WITH ALTERNATIVE APPROACHES IN THE HOPE OF DEVELOPING A RELIABLE, USEFUL STANDARD OF MEASUREMENT.

- *Recognizing and rewarding quality efforts.* GAO must determine how best to adapt existing reward, recognition, and compensation programs to the philosophy and principles of quality management. To guide our efforts, we will survey all GAO employees—as well as outside organizations—about what kinds of rewards and recognition they value most, and we will assess the impact of the existing compensation system on the success of quality management.
- *Building quality concepts into our planning processes.* Ideally, planning translates the organizational vision and mission into practical operations. We will examine GAO's planning process to find out whether we truly make this link.
- *Using employee suggestions.* GAO hopes to set up an employee suggestion system that enables all employees to share their ideas for improving operations. This will provide another opportunity for everyone to play a role in the agency's continuous improvement.
- *Measuring quality.* GAO's traditional measurements have served as yardsticks for assessing individual or unit performance, not as tools for understanding and improving our methods. Nearly all the organizations we studied told us that the

idea of measuring quality is still new and that few standards exist. GAO will experiment with alternative approaches in the hope of developing a reliable, useful system of measurement.

- *Using "benchmarking" to learn from others.* Benchmarking is a formal technique for identifying practices from other organizations that may offer examples for one's own. To do this, we must first understand our own operations well enough to know what approaches from elsewhere might apply. GAO employees who plan to use benchmarking will receive training in this technique.

Real changes

At GAO, most of us have a strong but vague sense that "we already do quality work." We work hard and well, and we consistently push to work even harder and better. So how will quality management efforts help improve performance that is already high quality?

To begin with, it will sharpen our understanding of what "quality" means. Once we begin to define quality as how well our products serve our customers and ourselves, we will be able to focus on improving the procedures that make a real difference in our work.

The key point here is that we need to think broadly and creatively about new ways to change the way we work every day. Leaders in quality management agree that organizations achieve significant improvement not just by finding better workers, but by finding better ways of working.

For example, consider GAO's long-standing "report review" process—the gauntlet of fact-checking, supervisory clearances, editing, and re-editing that every GAO audit or evaluation must run on its way to being issued as a blue-covered

GAO report. Report review, which affects virtually all of GAO's written products, reflects the time-honored tradition of ensuring quality by inspecting products after they are created. Under the present system, a draft report may undergo dozens of separate readings by officials at various levels. After each critique, the evaluators working on the project revise the draft to incorporate the reviewer's comments. The underlying premise seems to be that the quality of the report increases with the amount of review.

Sometimes, however, the most obvious results of the process are delay and frustration. We routinely inform customers that it will take six months for GAO's findings—findings on which they may already have been briefed by GAO staff—to make their way into blue covers. No matter how reasonable the delay may appear to GAO, to the customer it's just that: a delay.

is understandable. W. Edwards Deming, one of the formative thinkers in quality management, has noted that the results of stable systems tend to vary around a mean. By definition, then, results will be above the mean half the time and below it half the time—but within upper and lower limits, as the GGD experience demonstrates. Attempts to work harder while using the same processes may make a slight difference, but results will still fall within the same range of variation. The only way to lower the mean itself, Deming explains, is to make fundamental changes in the system.

Accordingly, both of the pilot projects are looking at ways to improve the process of report review. The pilot program in GAO's National Security and International Affairs Division (NSIAD) is working on getting blue-cover reports written and out the door, not six months after the audit work is completed, but within four *weeks*. And one of the teams in the GGD pilot program has set a goal of shortening the average time between the presentation of a briefing and the appearance of the formal report from 94 days to seven.

ATTEMPTING TO WORK HARDER WHILE USING THE SAME PROCESSES WILL MAKE ONLY A SLIGHT DIFFERENCE IN RESULTS. REAL IMPROVEMENT REQUIRES FUNDAMENTAL CHANGES IN THE SYSTEM.

GAO has not ignored this dilemma under its traditional system of management. For instance, GAO's General Government Division (GGD) has worked for years to cut down the time it takes for issuing a report once the audit work is done. Despite the division's best efforts, however, no breakthroughs have occurred. For five years, GGD's annual average processing time has hovered around a mean of 175 days—sometimes a little more, sometimes a little less, but always within a week or two of that average.

From a TQM perspective, this lack of progress



NSIAD's streamlined version of report review puts into practice another TQM tenet: the idea of "building in" quality from the start, rather than relying on a series of after-the-fact inspections. Under the procedure being tested, all the people involved in a project—workers as well as reviewers—meet early on to determine, first, the content and direction of the report, and later, its message, structure, and tone. After the report's authors produce a draft, the reviewers see it simultaneously—instead of in succession, which often leads to conflicting advice and repetitive efforts. All participants then iron out their differences in one last conference, not through marked-up drafts. The pilot project has tested this procedure on several jobs and found that it saves time, effort, and frustration.

An investment of time

The shift to quality management will hardly be easy for us at GAO. Such a sweeping overhaul requires major changes not only in the way we do things, but also in the way we look at things. We

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will need to learn how to break out of our old habits and traditions.

The basic methods of TQM are similar in many ways to the audit work with which we are already familiar: Decisions are based on facts, and progress requires thoughtful analysis by trained evaluators. But the approach also requires that we

apply a discipline to solving internal problems that has not traditionally been a part of GAO's culture. That means we must restrain our tendency to seek immediate solutions.

In fact, the difference that will probably prove the most challenging for GAO's people to accept is that quality management requires patience. Success will not come quickly or suddenly. Organizations that have successfully adopted TQM tell us that while some improvement may be evident within a fairly short period, it can take five years or longer to realize the full benefits of the changes in principles and philosophy.

We must take a lesson from organizations that have tried to implement quality management too quickly, without the necessary knowledge and commitment. Experts tell us that 90 percent of the organizations that decide to adopt TQM quit too soon—abandoning the effort before it has had a chance to take root and make a difference.

GAO has planned to take two years to accomplish the first steps of implementing quality management; some organizations take longer. In developing the plan, GAO's leaders tried to balance the desire to involve all employees as soon as possible against the need to proceed realistically, considering the constraints of our resources and work load. We hope GAO's people, the customers we serve, and the other agencies that are watching our example will view the plan for what it is—a good-faith effort to chart the initial steps of what will be a long journey. What is important is that GAO's leaders have taken those first steps, by acknowledging that a good organization can, and must, be made even better. •

1. *Quality Improvement Plan: Early Implementation* (GAO/QMG-92-1, November 1991).

2. See *Management Practices: U.S. Companies Improve Performance Through Quality Efforts* (GAO/NSIAD-91-190, May 2, 1991).

