



# TOTAL QUALITY MANAGEMENT GROUP

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"We are all in this together. Quality is everyone's responsibility."

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June 30, 2010

His Excellency

President Benigno S. Aquino III

Malacañang Palace

Manila

Dear Mr. President:

I take this opportunity to present a proposal for the establishment of the Total Quality Management Commission or Authority (TQMC/A), a move that can greatly help in eradicating graft and corruption in our country.

Total quality management is not a management fad, as most people in the academe would say. TQM is an integral, alternative management philosophy that involves continuous improvement of people, technology, systems, business practices and procedures with the ultimate aim of customer satisfaction, both *internal and external customers*. Technically, TQM focuses more on transformation of people and organizations, not reformation. True transformation, however, starts with a deep understanding of the severity of the problem.

The proposed TQM Commission or Authority is now a national imperative given the severity of graft and corruption in the government. The establishment of the TQM Commission or Authority will institutionalize quality management of public service and good governance. It is hoped that many TQM practitioners, consultants, teachers and even our elected officials will come to support this initiative. In the same manner, I humbly seek your support on this initiative. I honestly feel this endeavor will be highly beneficial to our country.

Thank you.

Respectfully yours,

A handwritten signature in black ink, appearing to read "R. P. Fernando".

RAFAEL PABLO M. FERNANDO

# INSTITUTIONALIZE TOTAL QUALITY MANAGEMENT (TQM) IN GOVERNMENT

(Rafael Pablo M. Fernando)

## ABSTRACT.

*The objectives of this proposal are:*

- 1) Establish or create through an Executive Order the Total Quality Management Commission (TQMC).
- 2) After a year or two of the creation of the TQM Commission, create through Legislation, the TOTAL QUALITY MANAGEMENT AUTHORITY (TQMA).

*Quality in government is not an oxymoron or “falsely true”. An oxymoron is a figure of speech in which two contradictory words are placed together for effect, as **sad pleasure**. Quality is fast becoming one of the competitive issues for the past thirty years or so, even up to now. A wave of imports, national programs and increased customer sensitivity has combined to give it new visibility and strength. Companies and organizations are now pressured to continually improve their systems and performance, or else, take the risk of closing down. The result is a heightened interest and seriousness in quality management both by the private and government sectors, and a growing recognition of quality’s strategic importance. Total quality management (TQM) is now a national imperative, a global requirement, and even a call as a personal ethic.*

*The challenge is vast for the Philippine government, particularly the new administration of President Benigno S. Aquino III. It is interesting to acknowledge that many countries are taking heed of the challenge called for by total quality management, as a working philosophy, if not a way of life. To institutionalize quality inside the Government, it is imperative that a Total Quality Management Commission be immediately established leading to the formation of it as an Authority through legislation.*

## RATIONALE:

The institutionalizing of Total Quality Management emanates from the Administrative Order by the President of the Philippines, Her Excellency Gloria M. Arroyo. This is Administrative Order No. 161 entitled, **Institutionalizing Quality Management System in Government**. The effectivity of AO # 161 was 5<sup>th</sup> October 2006. To strengthen this said Administrative Order, Memorandum Order No. 228 -- **Directing All Departments, Bureaus, Commissions, Agencies, Offices and Instrumentalities of the National Government to Improve Transaction Costs**

**and Flows in Order to Enhance Philippine Competitiveness** -- was officially ordered by the President.

Administrative Order No. 161, Section 1 states: *All government agencies and government owned and controlled corporations (GOCCs) are hereby enjoined to establish an ISO-aligned Quality Management System to be recognized for demonstrated conformity of such quality management system to applicable Philippine National Standards. This shall be achieved through the implementation of a government wide Quality Management Program. Local Government Units (LGUs) are encouraged to likewise establish an ISO-aligned Quality Management System (QMS).*

**Technically, the objectives of the Government Quality Management Program are:**

- Promote and enhance public sector performance through the adoption of ISO 9001:2008-aligned QMS in all government agencies, GOCCs and LGUs;
- Develop an institutional infrastructure that shall provide certification comparable to international certification;
- Recognize customer-driven government organizations that have demonstrated alignment to international standards for other government agencies to emulate.

Section 3 of A.O. #161—Development of Institutional Structures, Systems, and Standards -- states: *The Department of Budget and Management thru its Organization Productivity Improvement Bureau, the Department of Trade and Industry thru its Bureau of Product Standards and Development and the Development Academy of the Philippines are hereby directed to constitute a committee to formulate the appropriate institutional framework, mechanisms and appropriate standards within sixty (60) days from effectivity of this Administrative Order to effectively implement the **GQMP** and to ensure the credibility of all aspects of the system in line with applicable international standards, including the adequacy of the criteria and processes for recognition, and to assess how well the system is serving the national interest. Relevant constitutional bodies such as the Commission on Audit and the Civil Service Commission may be consulted to ensure alignment and integration of the QMS with existing government management systems.*

Total Quality Management (TQM) is a cooperative form of doing business that relies on the talents and capabilities of both labor and management to continually improve quality and productivity. Core values of TQM include the following:

- Methods and processes are designed to meet the needs of internal and external customers.
- Every employee in the company receives training in quality
- Quality is designed into a product or service so that errors are prevented from occurring rather than being detected and corrected.
- The company/organization promotes cooperation with vendors, suppliers, customers, and amongst employees and managers to improve quality and hold down costs.
- Managers measure progress with feedback based on data.

Adopting ISO 9000, on the other hand, should produce the following benefits:

- Improved efficiency of operations
- Optimized company structure & operational integrity
- Improved utilization of time and materials resulting into

clearly defined responsibilities and authorities.

- Improved accountability of individuals, departments, and systems.
- Improved communication and quality of information
- Improved records in case of litigation against the company
- Formalized systems with consistent quality, punctual delivery, and a framework for future quality improvement
- Documented systems with useful reference and training tools
- Fewer rejects; therefore, less repeated work & warranty costs
- Improved relationships with customers and suppliers
- Improved work values and work attitude
- Beginning of corporate culture of quality

Given all these, one thing is clear. That is, quality guides companies and organizations on which opportunity to grab and which problems to solve first. Total quality companies have this constancy of purpose, regardless of global trends and threats. Quality gives direction like a beacon in the conduct of meetings and formulation of strategies. It is not another management fad or fleeting agenda. Quality enables companies to expand, provide enormous employment opportunities, export huge amounts, and pay sizeable taxes. Quality thus helps cut the budget and trade deficits of any country. In addition, quality brings peace and harmony in any organization. It stops turf battles by making the warring departments internal customers and suppliers of one another. A total quality company is at peace with all its stakeholders – customers, dealers, management, employees, suppliers, and the community. All these are the foundational values of ISO 9000. Given an ISO-aligned structure, total quality then is the ultimate goal.

### **FACTUAL VARIABLES:**

Factual variables are identified factors and variables within a given business operational scenario and organizational structures. Clearly these are what top management should pay attention to as far as strategies, organizational structuring, business methodologies and operational objectives are concerned. Executive management bears the ultimate responsibility for the success or failure of the business. Yet this senior team (maybe composed of a Cabinet Secretary, Undersecretaries, Assistant Secretaries, Director Bureau, technical consultants, department heads, among others) must work largely by indirect means: setting goals and communicating strategy; strengthening the organizational culture; recruiting senior talents and building teams; and determining how to allocate capital and resources, especially for long-term priorities.

Technically, executive management faces complexity, uncertainty, time pressures, and constraints in its efforts to lead their organization, and set and deliver on performance expectations. Today, these traditional challenges occur in the context of unprecedented levels of investor/public and regulatory scrutiny. We need to find the proper equilibrium among these pressures, striking the right balance at the top and causing this influence to pervade the organization. In the wake of Executive Order No. 161 and other regulatory initiatives nationwide, corporate governance, risk, and compliance are major focal point for Executive Management. Governance starts with performance, and quality work is the key ingredient for good performance. Institutionalizing the Total Quality Management as a key functional management unit within the organizational structure of every government agency (local or national) is imperative in this regard. As a functional unit, TQM can highly assist in balancing the given and/or identified factual variables which are:

- Highest-level balancing act for top management: *Are we performing to stakeholder expectations?*
- Risk starts with the flip side of performance: *Are we successfully taking and managing the right risks to sustain this performance?*
- Compliance sets the rules by which we must play: *Are we complying with regulatory requirements?*

Management must understand and balance these business forces (factual variables) to ensure long-term success with customers, investors, employees, and the law.

Driving organizational performance is an exercise in balancing:

- Strategic goals and operational objectives
- Financial performance and operational drivers
- Short-term and long-term pressures
- Top-down and bottom-up perspectives

Technically, the TQM office of every government agency shall be very instrumental in balancing the above factors which will ensure quality performance in the government. While many companies or organizations embrace a business philosophy, most lack the quality management system necessary to make it truly successful. There are many business approaches which the TQM office will use to help unlock the right formula: total quality management, six sigma, quality circles, strategic training & development, strategic management, environmental management system, occupational health & safety systems, IS-ICT development programs, to name a few. In short, the TQM office shall apply a holistic approach to management.

### **TQM ORGANIZATIONAL STRUCTURE:**

The proposed organizational structure of TQM is based on the following factors:

- How other companies and government offices formed/institutionalize their quality management or productivity improvement program.
- Benchmarking of organizational practices as far as ISO-QMS and TQM principles are concerned, both here and abroad.
- Optimum organization structure & operational integrity
- Malcolm Baldrige National Quality Awards management practices of selected companies and organizations

There are many ways to structure and organize a Total Quality Management unit or department in an organization. It is, however, imperative to look into the key management areas that TQM would normally interface to serve as criteria of quality management. The Malcolm Baldrige Quality Award used seven major categories which are also key areas covered by total quality management: **LEADERSHIP, STRATEGIC PLANNING, CUSTOMER & MARKET FOCUS, INFORMATION & ANALYSIS, HUMAN RESOURCE FOCUS, PROCESS MANAGEMENT, and BUSINESS RESULTS.**

## **PROPOSED FUNCTIONAL UNITS OF TQM**

### **QUALITY MANAGEMENT SYSTEMS (QMS)**

Since the backbone and foundation of total quality management is ISO, the QMS unit (or department) main goal will be to implement, redesign, manage, sustain, and spearhead the proper implementation and sustenance of **firstly**, ISO 9001: 2008 (QUALITY MANAGEMENT SYSTEM). After ISO 9001:2008, the other ISO standards and version, particularly the Environmental Management System (ISO 14001) and Occupational Health & Safety (OH & S) should be implemented by every government agency as applicable, even down to the local government units (LGUs).

### **STRATEGIC MANAGEMENT SYSTEM (SMS)**

The focus of SMS are the competitive challenges the organization is facing. It shall manage and integrate the organization's goals, policies, and action sequences into a cohesive whole. Its basic role too, is to interface with and assist or mentor the various units and offices of the organization in achieving their respective strategic goals and plans as aligned with the corporate goals of the organization or company. It shall assist in developing operations strategies and improving production or services processes in coordination with the whole TQM team. In strategy development, the focus is on analyzing the capabilities of operations in light of the organization's competitive strategy. Each strategy may well call for different operations capabilities and focus that is why the TQM should work and function as a team with the QMS-SMS-SSS cohesively working together to serve their clients (i.e., the whole organizational structure.)

### **SUPPORT SERVICES SYSTEMS**

Technically, this is the operations management unit of the TQM office. It is called support services systems because it technically identifies, integrates and delivers the technological innovations, resources, and infrastructures needed by the organization to fulfill its vision and mission as a total quality organization. It shall assist management in understanding the different operations capabilities and focus and be able to define the most effective combination of technology and systems to execute the strategy. In process improvement, the focus is on employing analytical tools and methods to help managers enhance performance of their departments.

It is important to note that one key result area of TQM is the alignment between strategy and process dimensions that enhances the business and productivity performance of the organization.

### **TOTAL QUALITY MANAGEMENT AUTHORITY/COMMISSION RESPONSIBILITIES & FUNCTIONS**

- Serve as the key structural and operational initiative of the government to **eliminate graft and corruption in the government.**
- Embody the "quality of servanthood" and/or the principle of servanthood in the whole government structure, that is, putting others ahead of one's own agenda and personal desires, serving *out of love of country.*

- Help lay the foundation for the innovation, economic growth, social improvement of the quality of life that Filipinos have come to expect.
- Promote & recommend national innovation and industrial competitiveness by advancing measurement science, standards (particularly ISO), quality concepts, and technology in ways that enhance economic security and stability, and improve the quality of life.
- Reincorporate and absorb the mandate of the Anti-Red Tape Act, the Government Quality Management Program (GQMP), Administrative Order No. 161 and other similar government orders, laws and requirements covering quality improvement of public services, citizen's charter, and certification with International accreditation, among others.
- Promote, enhance and advocate private sector participation in quality management initiatives and government programs.
- Administer the Philippine Quality Awards (PQA) program and similar quality awards programs of the government.
- Develop a comprehensive strategic human resource development and management program for the entire national government.
- Advocacy and capability-building to promote awareness, generate private sector support, harness resources, and develop organizational capabilities in the establishment, implementation and continuing improvement of total quality management systems in the public sector organizations.
- Continuing advocacy, education and development of a "corporate quality culture", to include fair wages, fair trade, environmental-ecological sanity, transparency, good governance, virtue formation, amongst others.
- Plan, design, re-engineer, monitor and help implement government quality service metrics, standard operating procedures, quality systems, quality policy, among others.
- Monitor and help other concerned government agencies implement programs against graft and corruption.

## **FINAL STATEMENT:**

Quality in government is not an oxymoron or "falsely true". An oxymoron is a figure of speech in which two contradictory words are placed together for effect, as *sad pleasure*. It is without doubt, however, that if the Philippines would want to be globally competitive and get rid of graft and corruption, the national government should institutionalize total quality management inside its machinery. That is, each government line agency and other bureaus, to include the local government units must create a Total Quality Management unit as a management functional structure. This TQM unit shall go beyond creating an ISO-aligned quality management system. The move calls for TQM being part of the organization structure with proper recognition of the Civil Service Commission and the Department of Budget & Management (DBM), as commissioned by the Office of the President. The basic approach to institutionalize Total Quality Management in the government can be two (2) ways: (a) through legislation, that is, by creating a Total Quality Management Authority (TQMA); (b) by an Executive Order from the President creating a Total Quality Management (TQM) Commission, which later on should be restructured to become an Authority by legislation. It is high time total quality management practices and principles be instituted inside the government. Quality governance should be the main concern of every Cabinet member and government official. By the creation of the TQM, whether as an Authority or a Commission, it should incorporate and restructure Administrative Order No. 161 making it a part of the Law that created the TQM Authority or the Executive

Order creating the TQM Commission. Institutionalizing quality management system in government is really part-and-parcel of the creation of the TQM Authority or Commission.

On top of this, the TQM Authority or Commission should encompass and incorporate the current Government Quality Management Program (GQMP). Various executive, managerial and rank-and-file positions should also be created to form the organizational structure of the TQM Authority or Commission and the various TQM units or offices of the whole government structure or machinery. In short, the TQM Authority or Commission should cover the entire government structure and machinery nation-wide. Quality should be a national (and global) priority, a government-organizational imperative, and a personal ethic of all public servants. This is actually the key to eliminate graft and corruption inside the government and even amongst the private sector.

Quality is really everyone's responsibility and it should be clearly seen in the *quality of life* of every Filipino. Every public servant is really called for to serve the public which is considered the external customer. However, under total quality management philosophy one cannot serve the external customer with quality without first satisfying the internal customer. The management of any organization can be improved if the organization is considered a series of inter-related systems. The systems approach of TQM suggests that internal management systems are both intra-related and inter-related with the environment of the organization. Our current situation calls for a new paradigm, a new vision subsuming our old assumptions and values. It is time for someone to do for this age what our national heroes like Bonifacio, Rizal, Marcelo del Pilar, and others did for an earlier period. We have overlooked that part of the need of passing through a watershed of history is the need to find fresh purposes. For the purposes that brought us thus far, by themselves alone, can no longer suffice as guiding theme for our future. This is the *raison d'etre* of total quality management.



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*Rafael Pablo M. Fernando* is currently the Officer-in-Charge of the Total Quality Management group of the Subic Bay Metropolitan Authority (SBMA). He is also connected with *Integral Transformation Group, Inc.*, a transformative management group that offers organizations and its people alternative forms of managing and living life to the fullest. Formed 1992, *ITG-TheGroup* extends management services, education & training, and advocacy activities in the areas of: quality management-ISO implementation, organic agriculture, cooperatives, sustainable development, Vedic culture, good governance, strategic management, institutional development, among others.

A handwritten signature in black ink that reads "R. P. Fernando". The signature is written in a cursive, flowing style.

June 30, 2011