

Atandt's use of total quality management

[Business](#), [Management](#)



The following is an attempt to analyze AT&T's use of Total Quality Management throughout its organization. Since AT&T is an elaborately enormous corporation I will focus my study to AT&T Power Systems/Lucent Technologies. This division of AT&T has been the industry standard for excellence since TQM was first introduced to the company. AT&T Power Systems has become one the world's most dynamic companies because of its use of TQM. I will provide a brief description of who AT&T Power Systems is, a description of the events that lead up to its use of TQM, AT&T's TQMphilosophy, and how this philosophy was implemented.

Finally I will discuss the benefits AT&T Power Systems realized through their use of Total Quality Management. AT&T Power Systems provides a verity of power products for the data processing and telecommunications industries. Power System and its 4, 200 employee's design, develop, manufacture, and market electronic power systems, components, and power supplies to an increasingly international marketplace. In the past ten years AT&T as a whole has gone through a dramatic metamorphous.

It was forced to change from a large telecommunications monopoly providing universal telephone service, to a competitive global corporation roviding a full range ofcommunicationservices and technologies. The " new" AT&T is a potpourri of smaller, highly focussed entities. Each entity has its own customers, competitors, and operational functions. Power Systems is the pinnacle of the " new" AT&T. In less than five years Power Systems has become the prototype for successfully implementing the cultural and organizational revolution know as Total Quality Management.

It has not only received internal recognition, but external achievement as well. In 1994 Power Systems was the first American company to win Japan's prestigious Deming Prize for Quality Management. In the same year AT&T's long distance division won America's Malcolm Baldrige National Quality Award. AT&T's TQM philosophy made it the first corporation to win these two awards. Why did Power Systems change to TQM? Prior to 1990 Power Systems provided equipment for only its parent company AT&T. Power Systems was a lackluster division of AT&T that reported losses in numerous quarters.

As the scope AT&T and business as a whole changed Power Systems was forced to survive on its own. No longer would losses be tolerated, if the work couldn't be completed in a cost-effective manner the division would be sold and the work would be given to an A. M. (Andy) Guarriello, Vice President & COO of Power Systems, was given the job of implementing TQM. Guarriello along with Power Systems management team launched the "Dallas Vision" project, an initiative involving physical, organizational, and philosophical changes that soon led to the adoption of Total Quality Management as the management system for the future.

Power Systems consolidated several of its locations into several small internal business units. These units would become the foundation that Power Systems operated on. Each unit is given the resources to develop, engineer, manufacture, and its products. Functions such as human resources, finance, marketing, and sales are provided by smaller organizations developed to support the internal Power Systems Dallas unit was completely redesigned.

This 900, 000 square foot facility was rearranged into what AT&T calls " focused factories.

Each " focused factory" has the capability to accept incoming material, manufacture, and ship finished products. This layout was designed much within the guidelines of the Japanese JIT system. Power Systems took the Japanese approach to TQM and modified to fit the AT&T culture. The TQM criteria developed within Power Systems were selected to ensure the company's ongoing focus on high standards for customer orientation, process excellence, employee involvement and continuous improvement. AT&T's TQM philosophy has three main components Quality Policy Deployment, Daily Work Management, and Quality Improvement.

These three components combine to ensure robust solutions and continuous improvements. Quality Policy Deployment is the process of aligning the company's attention and resources on a few high-priority, customer-focused issues. This is done to achieve to realize vast improvements in performance. Daily Work Management is a process of defining, measuring, and managing the day-to-day work of individuals and groups to obtain incremental improvements. This gives individual employees the opportunity to see improvements in measures they understand.

Quality Improvement is a team-based problem-solving methodology that uses the seven-step process known as the " QI story process. " The " QI story process" is designed to detect and eliminate errors that cause defects. Together these three concepts formed an effective solution to Underlying these three concepts are four principles that are the foundation of AT&T's

TQM philosophy. These four are customer satisfaction, management-by-fact, respect for people, and P-D-C-A. P-D-C-A is Plan-Do-Check-Act developed by Shewhart.

These four principles helped Power Systems implement its cultural change. Without any one of these TQM will not work, so Power Systems' management instituted a training regiment that had every employee had at least two full days of training within the first year of implementation. Power Systems has instilled pride in each one of its employees, which perpetuates outside the business to their customers. Each manager, worker, team member, and internal group believe that they can make a difference in the operation of the company.

Each also believes they have the responsibility to produce a quality product efficiently that not only meets their customer's needs, but also makes profit. This attitude as propelled Power Systems, or as it is now known Lucent Technologies, to the top of its industry. What Benefits did Power Systems see from TQM? Power Systems surpassed the expectations of management to realize colossal growth. Below is a list of improvements from a 1994 AT&T press release. These improvements pertain specifically to Power Systems.