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The Management Accounting Magazine

September 1992

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Gaining a world-class edge

**Synchronous manufacturing:
a measure of excellence.**

**Total quality management in
research and development**

EDI: a practical approach

By John Miller

Selecting areas for improvement

A stumbling block for many companies starting an effort towards Total Quality Management (TQM) is determining where to start, and which areas to improve first. Before teams are formed and people committed to improvement efforts, management needs assurance that resources will be focused on "A" items (those activities and processes that will generate the biggest benefits for improvement efforts). Often times, early efforts flounder and don't get started because managers fear that teams will be working on "B" and "C" items.

We recently worked with a medium-sized company faced with this very situation. Resources were scarce and management was reluctant to commit resources to efforts that wouldn't result in significant increases in quality and productivity. Over a period of several months many ideas were raised, but were rejected on the basis that benefits received would be less than effort expended. While the management team agreed that improvement efforts should have a horizontal orientation of process improvement across the organization, they could not reach consensus on which activities to improve first because they had no structure for objectively evaluating and ranking activities for improvement.

To solve the problem, the company's chief financial officer developed a simple methodology to score and rank the activities and business processes of the company and thereby identify those for improvement. The following criteria were selected to assess the activities:

- cost;
- potential for improvement;
- contribution towards strategic objectives;
- level of interface with customers;
- potential to drive downstream costs; and
- managerial readiness to effect change.

The scoring system used by the com-

pany was relatively simple, with each activity scored on the basis of high, medium, or low ratings for each of the criteria. All criteria were weighed equally. Priorities for improvement were established based on the highest scores. Therefore, activities that were scored high in relation to all or most of the criteria were judged to be "A" items and were selected as TQM projects

The key is to create a structure to objectively evaluate and rank activities and processes for improvement.

to work on first. In this company's case, seven activities were judged to be "A" items where resources should be focused first. The company also found that the completion of the analysis had the added benefits of causing the management team to reach a consensus on each criterion for each activity and the project teams assigned to the improvement effort knew they were working on something of value that would make a difference to the company.

Many companies may find the high, medium, low rating approach to be too simplistic and want to use a point scoring system for each criterion, or to weight the criteria. For example, a company may want to use a 1 to 10 point scale to score activities where 1 is lowest and 10 is highest. The criteria could also be weighted. For example, criteria might be weighed as follows:

	Weighting
Total activity cost	20%
Potential for improvement	30%
Contribution towards strategic objectives	15%
Interface with customers	15%
Potential to drive downstream costs	15%
Manager readiness factor	5%
Total	100%

The weighting of criteria could differ significantly between companies and is dependent on the specific situation. For example, to a company where the achievement of strategic objectives is critical to maintaining competitive position, a higher weighting would be assigned. Another company may have a culture where managers are reluctant to change and the criterion for manager readiness would be assigned a high weight. Still another company might be losing customers because of service problems and, accordingly, would want to weight interface with customers very high.

Whether using a simple or sophisticated approach, the objective would be the same, that is to systematically rank processes and activities for improvement. While there is never justification for doing nothing because of a fear that the items selected wouldn't be "A" items, completion of a matrix and scoring system like the examples here can serve as a lightning rod to move a TQM effort forward.

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