

# Towards a Balanced TQM System – some experiences and thoughts at Statistics Finland

Heli Jeskanen-Sundström  
*Statistics Finland*  
*FIN-00022 Statistics Finland*  
*Helsinki, Finland*  
*heli.jeskanen-sundstrom@stat.fi*

Pentti Pietilä  
*Statistics Finland*  
*FIN-00022 Statistics Finland*  
*Helsinki, Finland*  
*pentti.pietila@stat.fi*

## 1. Introduction

A high clinical quality does not make a top quality hospital. Neither does good statistical quality make a top quality statistical institute. In order to reach the level of the top quality organisation, new kinds of efforts are needed. Maximising quality in each of the separate products, surveys, processes and systems is necessary but it is not sufficient. A better management and strategic planning system, better management of processes, better customer intimacy and better management of people will be necessary. Focusing on the future, and the enablers, instead of measuring only consequences of past actions is essential. Understanding that quality is an issue of strategic management helps the organisation to manage the change needed to reach the performance excellence and to become the top quality institute.

Some five years ago, Statistics Finland started its TQM (Total Quality Management) efforts. The paper describes Statistics Finland's experience in using the TQM approach as a starting point for the development of its management systems. As an essential part of the TQM process, the comprehensive self-assessment was conducted according to the criteria of the Finnish Quality Award. The results of this assessment led to the revision of strategies, to the establishment of the new strategic management system and to a stronger focus on customers, processes and people.

## 2. The first Quality Award assessment as a driver

The broadly used 'highest level' concept of modern quality is the balanced and total performance excellence of an organisation viewed by stakeholders. In order to achieve this long-term target, we should be able to identify the key development elements, to manage the change and to assess the interim results. For this purpose the proper tools are needed. Like many business organisations, Statistics Finland considers the Quality Award Framework as the best possible tool for assessing the overall performance of an organisation, for identifying problem areas and for finding improvement ideas.

At Statistics Finland, the first comprehensive quality assessment according to the criteria of the Finnish Quality Award was conducted in 1998. This framework is very close to the Malcolm Baldrige Quality Award from the USA and also close to the EFQM Excellence Model. The main elements to be assessed are: leadership; strategic planning; customer and market focus; information and analysis; human resource focus; process management and business results. The self assessment process was directed by private business consultant experienced in quality award assessments. The preparatory work incl a preliminary questionnaire, and the assessment was conducted by the Board of Directors together with some of the senior advisers of Statistics Finland. During the two day's assessment seminar, more than 250 improvement ideas were produced. The key findings of this

assessment were:

- New management/leadership culture is needed
- The vision, mission and the strategic goals should be revised and values should be defined
- New strategic management system has to be introduced
- A proper analysis of business environment is needed, more focus on the future, business intelligence –systems to be developed
- More focus on customers: customer management system has to be developed, better customer feedback systems to be established, customer service standards has to be defined, partnerships to be developed
- More focus on processes: process thinking, documentation, manuals, knowledge management
- More focus on people: start the road towards learning organisation, continuous improvement, teamwork, regular staff surveys, innovation system, competence management.

Based on these conclusions, a lot of measures have been implemented. Examples of the recent actions concerning the strategic management, human resource management and customer management are presented in the following Chapters 3, 4 and 5.

### **3. Towards a new strategic management system**

Parallel to the quality assessment, the new strategy work was started. Some of the ideas based on the quality assessment results could be used immediately. In 1996, Kaplan and Norton had published the famous Balanced Scorecard (BSC) model of strategic management which is widely used in businesses organisations all over the world. In spite of the fact that the quality award frameworks and Balanced Scorecard model were born in separate places and at different times, they actually work very well together. We found the BSC an excellent tool to communicate and monitor the strategic goals and to manage the necessary change. The comprehensive environment analysis focusing on the future challenges was the starting point for the development of our own BSC model. A lot of information and a huge amount of discussions were used in defining the new vision, mission and strategies of Statistics Finland.

The basic structure of the BSC management model is very similar to that of the quality awards. The organisation and its strategies are viewed from four perspectives: customers, finance and results, internal processes and learning and growth. The BSC's basic idea is, that only motivated and competent people have the will and ability to renew processes. If so, it in turn gives more value to customers and leads to better customer satisfaction and that's also why the financial results of the organisation will be better. The normal financial measures are considered as lag indicators, they report on outcomes, the consequences of past actions. Changing the main focus on employees, processes and customers, means automatically shifting the focus to the future enablers. The benefits of using BSC model can be summarised in the following way:

- BSC is a common framework for overall management on different levels and functions of the organisation
- By using BSC model, the strategy becomes operational and communicable
- BSC combines the strategic goals and the financial planning into the one single management system
- BSC includes a clear structure with cause and effect relationships
- BSC turns more focus on enablers: people, processes, customers
- BSC puts more emphasis on critical success factors
- Management via BSC means more emphasis on lead measures instead of lag indicators and historical data
- BSC means a huge learning experience for everyone involved

- BSC helps break down the barriers between departments.

#### **4. More focus on people**

One of the key issues after the quality award assessment was to start planning a continuous staff survey. None of the existing staff survey models, also used previously by Statistics Finland, seemed to be satisfactory. As a consequence, a tailor made questionnaire was planned to meet better the requirements. As a starting point there was a qualitative survey among the staff about the questions which they felt to be important. Also quality award and balanced scorecard gave some ideas to the design and to the basic structure of the questionnaire. The questionnaire with about 200 items was carefully tested. The new kind of survey was conducted first time in 1998 and since then, it has been repeated twice by using a shorter questionnaire version.

The part of the staff surveys can also be seen as “a mini quality award assessment”. From the total of 25 assessment areas in the first staff survey, the staff considered the following five areas as the most important ones in terms of improvement priorities:

- Leadership/management
- Human resource management
- Production processes
- Internal cooperation
- Clarity of strategic goals

These results are rather similar to those received from the Quality Award self-assessment made by managers. Not only the directors but also the staff wanted to change the management system - and also themselves - in order to better meet the future challenges on the way to a top quality organisation. If otherwise, the journey would be much more rocky.

Since 1998, a lot of emphasis has been put on management and teamwork training. In 1999, a comprehensive Professional Development program for four years started with 20 participants. It can be seen as an alternative training to academic postgraduate studies. At the same time, the support to academic postgraduate studies also increased and the new “Main lines of Research and Development 2000-2003” –programme was prepared. A key idea in the document was to promote research as a quality instrument for supporting agency’s strategic goals. As a part of the discussion about the future strategies, Statistics Finland recently launched a comprehensive project for preparing the future competence strategy. The results will be ready by this summer.

#### **5. More value for customers**

During the past ten years, Statistics Finland has conducted an annual customer satisfaction survey. However, in order to really know customer needs and feelings, this is not enough. A large network of working groups, regular meetings, training activities etc. have also taken place. As a consequence of the new strategy, Statistics Finland has recently focused more on the customer relation management issues. This means, that we should know more about our customers and their needs, be it a question of chargeable services, or not. We should be able to analyse the separate customer groups and their differentiated information needs. For this reason, the new customer database for internal use was established and the new on-line customer feed back system on our web-pages was opened last year. Customer service standards have been defined and a project for developing the customer segmentation and designing the future customer relation management system is in progress.

#### **6. Conclusions**

The most important lesson to be learned from our previous experience on TQM is perhaps its basic idea of shifting the emphasis of quality thinking from a single product to the whole statistical process and wider to the whole service and management process of statistical agencies.

The development of activities should be seen as a process where the customer needs on the one hand, and the competence of the personnel on the other hand, play the key role. To this thinking, the BSC model as a strategic management system fits perfectly.

The fundamental idea in implementing quality in the organisation has been to avoid, as much as possible, the emergence of an isolated world of quality. On the contrary, the basic idea has been to create an integrated management system, where the good principles of quality are involved in. As the quality is a strategic issue of an organisation, it is also the issue of the strategic management. The quality goals should be embedded in the strategic goals in order to become a part of the annual planning system and follow-up processes. In this way, the Total Quality Management approach has slowly started to integrate with the Balanced Scorecard model. In these two systems the focus is the very same. However, the BSC model more clearly puts the strategic quality goals into the future-oriented framework, derived from the vision of an organisation.

Taking the TQM and the BSC seriously means a huge change in a way the organisations work. The style of management has to change, strategic planning has to be more forward looking and more competence based. In order to be a top quality organisation, the core processes have to be identified and they have to be managed. Maybe the most difficult thing however is to change the culture of an organisation. Highly motivated and skilful staff, understanding and accepting the common strategic goals, will cause dramatic positive changes in the performance excellence. Productivity among knowledge workers can become significantly better if people are well motivated. This hidden competence can be released by using modern management methods like quality and process management, the principles of learning organisation and in the future, also innovation management.

According to Peter Senge, the change can happen, if three things support each other: direction, tools and soil. The top management has to give the direction, there must be proper tools to be used in efforts and the staff has to be motivated. The path to the top quality organisation is a very long one but surely worth walking. Many quality award winners have said that using the award framework has been "the best investment ever done!" That's the way also, how a statistical institute can start to redesign its management systems in order to face the rapid changes in a modern world and to meet the future challenges.

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## **RESUME**

The paper describes Statistics Finland's experience in using the TQM approach as a starting point for development its management systems. As an essential part of the TQM process, the first comprehensive self-assessment according to the criteria of the Finnish Quality Award was conducted in 1998. The results of this assessment led to the revision of strategies, to the establishment of the new strategic management system and to a stronger focus on customers, processes and people.