

# **THE CERTIFIED QUALITY MANAGER PRIMER**

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**Eighth Edition**

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**REMEMBER: IF YOU DO WHAT YOU'VE BEEN DOING, YOU'LL GET WHAT YOU'VE BEEN GETTING.**

**SOURCE UNKNOWN**

## Leadership

Leadership is divided into the following areas:

- Organizational Structures
- Leadership Challenges
- Team and Team Processes
- ASQ Code of Ethics

### Organizational Structures

There are many possible ways in which organizations can be structured. The organizational structure is used to define the activities of individuals and to indicate the reporting relationships throughout the organization. The decision making authority at various levels in an organization will determine the amount of centralization. If the key decision making authority is focused upon a single point, such as a CEO, then the organization is highly centralized. To the greater extent that the lower levels of managers and employees have the authority to make key decisions, then the company is more decentralized. (Robbins, 1989)<sup>39</sup>

There are various forms of company structures: flat (horizontal), tall (vertical), product, function, and matrix. Additionally, they can be hybrids of the given structures: flat and wide, tall and narrow, etc. A number of organizational structures are discussed on the following pages.

### Historical Organizations

Organizational structures have been with mankind for ages. Whenever communal work was to be done, an organizational structure was necessary. Among the first recorded organizational structures was the case of Moses serving as judge for the Israelites, and doing so from morning to evening. Fortunately for Moses, his father-in-law, Jethro, was visiting and recommended a more practical solution to the massive work overload. His recommendation was to appoint capable men as officials over thousands, hundreds, fifties, and tens. Only the most difficult cases would go before Moses (Bible, Exodus 18:17-27). The chain of command was established, delegation of authority given, and the workload reduced. The span of control (referring to the number of subordinates) for each level differs, depending on where they are in the organization.

## Historical Organizations (Continued)

The Roman Legions and the Roman Catholic Church were models of military and religious hierarchies. These two cases are still prime examples of organizational structures. A hierarchy refers to the multiple levels of an organization. The general manager would be at the top level of the hierarchy; middle managers in the mid levels; supervisors at the next level; and the hourly employees at the lowest rung.

### Flat (Horizontal) Organizations

The flat organizational structure refers to a minimum number of levels needed to coordinate the activities of the organization. A flat organization may also be called a horizontal or wide organization. Perhaps a level for the owner, another level for the supervisors, and the lowest level for the hourly employees. The span of control for the supervisors would be high, in the range of 10 to 20 employees or more, dependent on the size of company. Generally, the upper management levels would have a span of control of only 5 to 7 people. It should be noted that the span of control is not fixed, but highly dependent on the situation. In fact, this applies to any organizational structure.

Quality Council of Indiana is a flat organization with only 2 levels (on good days, one level). The communications in many small companies are good and the decision making time is short. An organizational chart for a flat (horizontal) organization is shown in Figure 2.1.

### Tall (Vertical) Organizations

The tall organizational structure has a large number of levels. GE once had 29 levels between the chairman and the lowest hourly employee. Toyota has five (Bateman, 1993)<sup>3</sup>. Decision making for the tall organization is more controlled, and probably centralized. Some people regard guiding a big organization as the steering of a huge super oil tanker. Only a little rudder diverts water which eventually changes the direction of the tanker. The tanker can not “turn on a dime,” like a rowboat. However, given enough time, a change of direction will occur. The bureaucratic organization is an outgrowth of the vertical organization. Figure 2.2 shows an example of a tall (vertical) organization.

## Functional Organizations

The functional organization divides the company into functional categories. Typically, for a medium sized company of about 500 employees, the departments would include human resources, production engineering, plant engineering, safety, information technology, production planning & control, shipping, receiving, quality assurance, accounting, purchasing, and of course, manufacturing. Smaller companies may have several of these functions combined into major groupings. Larger companies can subdivide into more functions as needed. This is also a variety of hierarchical organization. Figure 2.3 shows an example of a functional organization.

## Product Organizations

The product organization is organized along product lines. Major product groups of a company are directed by product managers. Each product group has all of the functional requirements needed for operation: human resources, safety, engineering, manufacturing, etc. The benefits of such an organization include faster response to issues relating to a specific product group and individualized expertise. Figure 2.4 shows an example of a product organizational structure.

## Geographical Organizations

The geographical organization is based on differences in location. The groupings allow the organization to take care of regional or international differences. These geographical differences could be price, customer preference, costs, or distance. Each grouping would have their own functional or product departments. Figure 2.5 shows an example of a geographical organizational structure.

## Matrix Organizations

The matrix structure is a hybrid design, incorporating product/project and functional assignments. This is an attempt to provide a product/project organization with specialized functional help. There is a sharing of functional specialists, which helps to reduce costs. This method was first used by TRW in 1959 and later at NASA. Others that have used the matrix form include: Chase Manhattan Bank, General Electric, Dow Chemical, Shell Oil, and Hercules. Decision making is decentralized (Bateman, 1993)<sup>3</sup>. Figure 2.6 shows an example of a matrix organizational structure.

## Team Based Organizations

The basic concepts of employee involvement have spread throughout American industry, but it is still a rarity to find team based organizations. The idea of having hourly employees supervising themselves and being responsible for production is too much for many companies to support. Many things must become reality before this occurs.

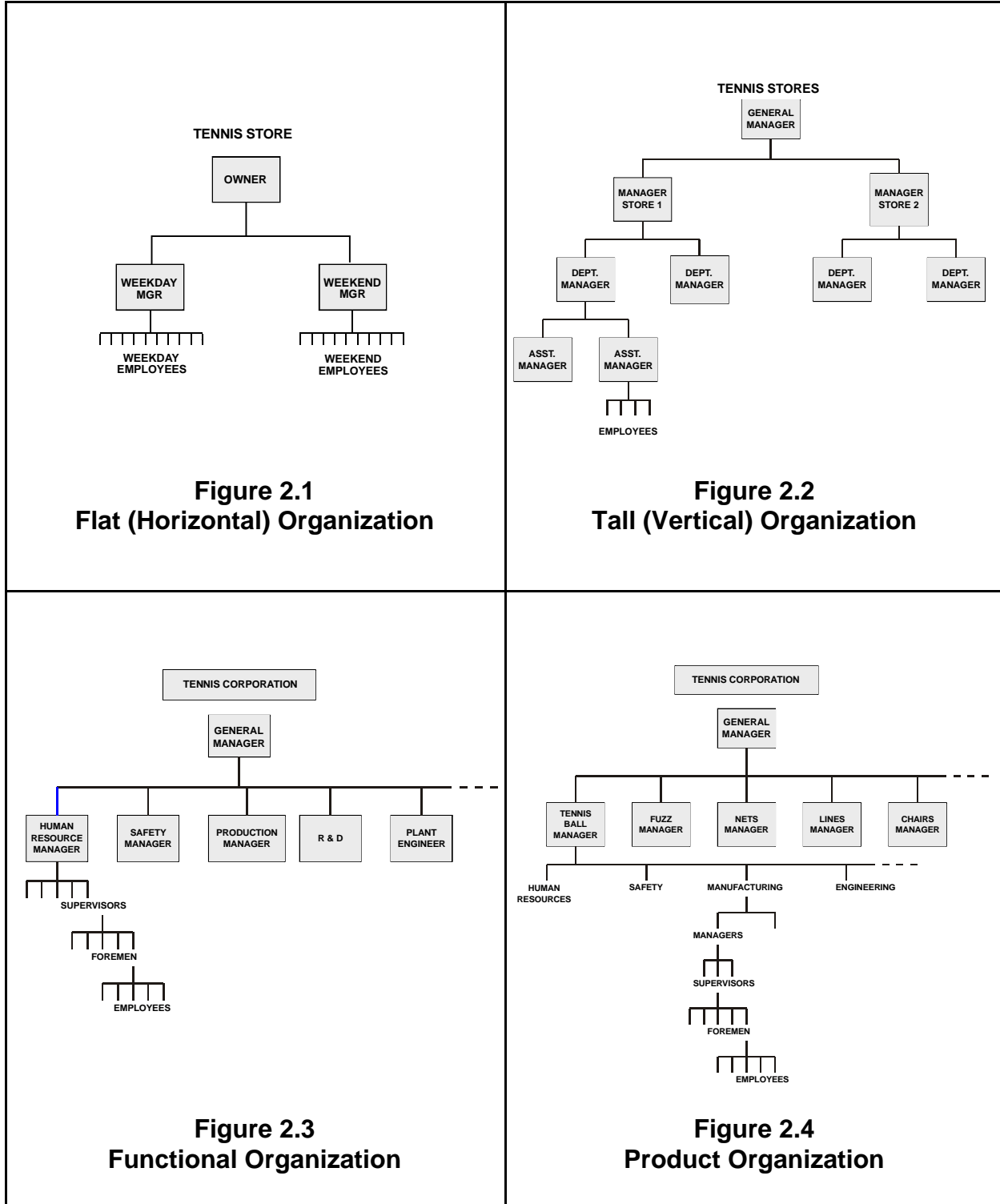
One basic ingredient would be having the proper mix of employees. A certain type of employee is required. After startup (with adequate training), the team may get the opportunity to hire, evaluate, and terminate members. The leader of a work team may be a foreman or a team member. If it is a team member, he or she may retain such a position for a limited duration, say, 6 months, then another team member would become the team leader. Usually, the middle layers of management are removed, with only a single layer, if any, between the team and the plant manager. A much smaller support staff of engineers and office personnel are on the plant site. Lines of communications to the customer are shortened, and the team may respond directly to customer complaints. Figure 2.7 shows an example of a team based organization.

## Quality Organizations

There is no correct way to organize, nor is there an organizational system that fits all companies. In establishing a quality structure, the product and process, customer requirements, and the size and complexity of the operation are all factors to consider. The final decision is still a subjective one. Multiple plant, multi-division, and multi-national organizations often have a corporate quality group.

Large companies are usually organized into autonomous divisions based on product line. Customarily, each of these autonomous divisions has its own quality department (at the corporate staff level). Figure 2.8 shows a hypothetical, but fairly sophisticated, quality organization.

## Organizational Structure Examples





Organizational Structure Examples (Continued)

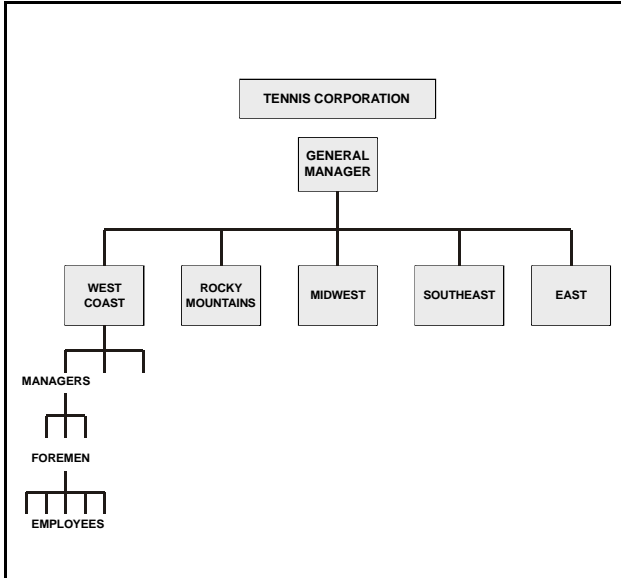


Figure 2.5  
Geographical Organization Structure

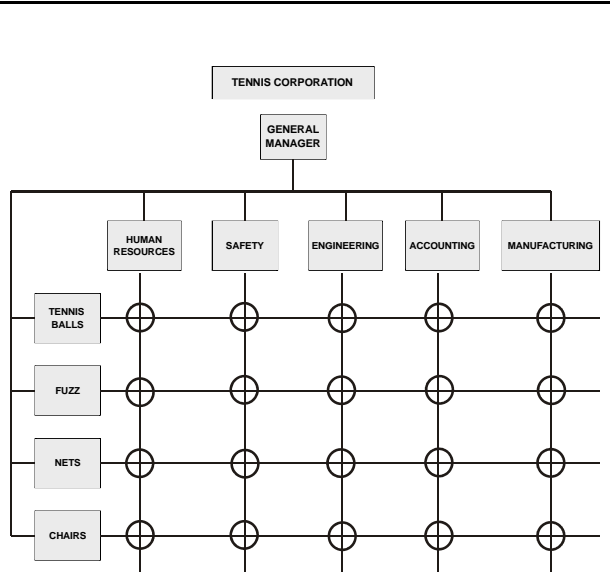


Figure 2.6  
Matrix Organization Structure

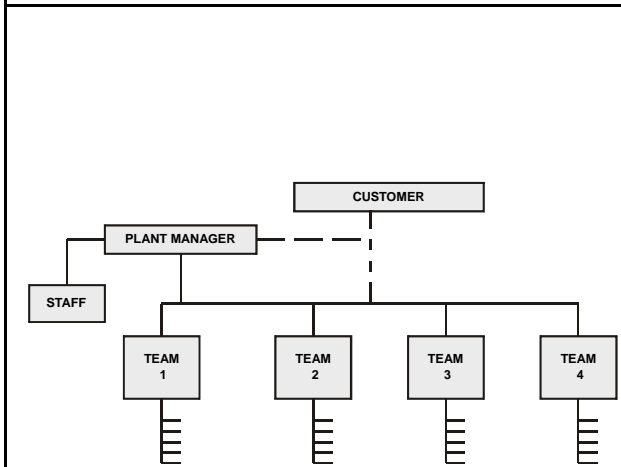


Figure 2.7  
Team Based Organization

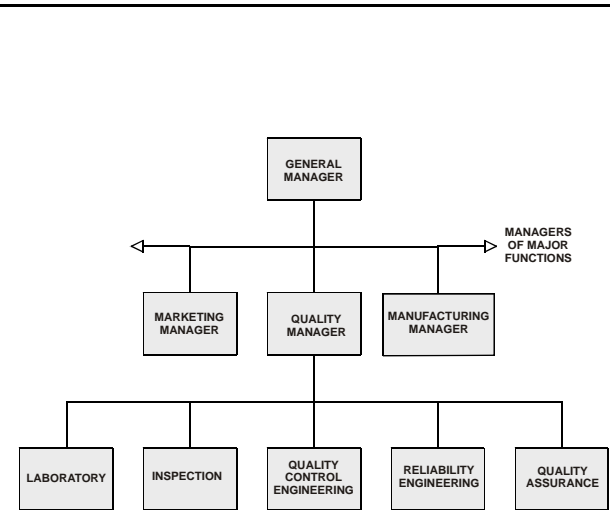


Figure 2.8  
Quality Organization

## Other Organizational Forms

Autonomous Work Teams are self-managed teams that have responsibility for the entire process. The team members provide their own supervision, scheduling, hiring, and firing.

High-Performance Work Systems are approaches to organizational design that integrate social and technical work systems. This concept uses advanced technology tools (expert systems, information technology) and human system design (autonomous work teams, enriched job content, flat structures).

Alliances and Joint Ventures are a result of the realization that companies cannot do or be all things. Each company has strengths and weaknesses so complementary alliances are advantageous.

Spinouts are the creation of a new company with the parent company retaining equity in the new venture. With the desire to encourage creativity and innovation among the work force, companies will “stake” their entrepreneurs and create the spinout company.

Networks are companies linked together through shared values, people, technology, financial resources, and needs.

Self-Designed Organizations develop the capacity to redesign themselves to meet different conditions. Organizations are able to create design teams quickly with technology tools.

Fuzzy Boundary Organizations have positions in which the functional boundaries are blurred. With the possibilities of joint ventures, spinouts, networks, and partnering, confusion of boundaries becomes even more likely.

Teamwork at the Top Organizations have a change in structure at the upper management level. In a response to greater demands placed upon top management, many organizations retain a chief executive officer, but use a team structure for managing the organization. (Nadler, 1992)<sup>34</sup>

## Leadership Challenges

Leadership Challenges are presented in the following topic areas:

- Roles and Responsibilities of Leaders
- Roles and Responsibilities of Managers
- Change Management
- Leadership Techniques
- Empowerment

### Roles and Responsibilities of Leaders

Drucker (1979)<sup>9</sup> points out that different levels of management will view a business problem differently. For instance, using the classic story of the elephant and the blind men, top management touching the trunk will view the problem from an organizational focus. Long-term problems, financial issues, and shareholders perspectives will cloud the real solution. The operating managers will touch the tail and view the problem from a strictly functional point of view. The lowest level of management will touch a leg and will focus on the immediate problems at hand.

Some of the top management tasks as defined by Drucker (1979)<sup>9</sup>, are:

1. Decide on the mission of the business. What is its purpose?
2. Determine the values of the firm. What is its conscience?
3. Develop the human side of the business.
4. Establish the working relationships that are needed to function with customers, major suppliers, bankers, government, and stakeholders.
5. Be available for countless ceremonial functions required by society.
6. Top management is ultimately responsible for the firm.

## **Roles and Responsibilities of Leaders (Continued)**

The U.S. Army War College conducted a study of highly regarded major generals in 2005. The responses came anonymously from subordinates and are listed below in order of importance:

- Keeps cool under pressure
- Clearly explains missions, standards, and priorities
- Sees the big picture and provides context and perspective
- Makes tough, sound decisions on time

The study also pointed out that even when tactical and technical competence were excellent, interpersonal skills were critical and more difficult to teach. It was noted that many key behaviors were learned by example. Other valued qualities and abilities include:

- Adapting quickly to new situations
- Handling bad news
- Setting a high ethical tone
- Providing useful feedback
- Having a positive outlook
- Providing encouragement
- Being realistically optimistic

(Winik, 2005)<sup>51</sup>

The qualities that make a leader successful are often difficult to measure. There is no complete list of leadership attributes upon which authorities completely agree. Some good fundamental attributes are listed below:

- |                |                               |
|----------------|-------------------------------|
| • Congeniality | • Communication effectiveness |
| • Creativity   | • Resourcefulness             |
| • Patience     | • Strength of character       |
| • Fairness     | • Knowledge and wisdom        |
| • Persistence  | • Good health                 |
| • Honesty      | • Compassion                  |
| • Decisiveness | • Enthusiasm                  |