

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT

The meeting was called to order by Chairperson Representative Diane Gjerstad at  
Chairperson

3:35 ~~am~~ p.m. on January 30, 1991 in room 423-S of the Capitol.

All members were present except: Representatives Brown, Edlund, Wagnon and Wisdom. Excused.

Committee staff present:

Lynne Holt, Research  
Betty Manning, Secretary

Conferees appearing before the committee: Dr. Lawrence Sherr, School of Business, University of Kansas, Lawrence, KS

The meeting was called to order by Chairperson Gjerstad at 3:35 p.m. The Chair introduced Dr. Larry Sherr from the School of Business, University of Kansas, Lawrence.

Dr. Sherr began his slide presentation, Attachment 1, with an outline of what Total Quality Management (TQM) is, and why we should be interested in the program. He stressed the ideas expressed are solely his own. He further stated that he was not asking for any money and if his recommendations are used, he is not asking that any monies be appropriated.

Dr. Sherr asked why the Kansas Legislature should be interested in TQM? Kansas needs to keep competitive with the rest of the world, and he feels that by fostering quality in both business and government total quality management can be achieved. World class standards now says that no more the 3.4 defects per person per million opportunities. The U.S. government now realizes the standards have to be changed to be competitive. Congress established the Malcolm Baldrige National Quality Award in 1987 to foster quality. The program is established in such a way that up to six companies per year can receive the award, two in manufacturing, two in service, and two in small business. The award is administered by the government and paid for by business. He further stated that most people think of what service a product has, but quality is really design, output and process. Process is the new notion for total quality management. Everything has a process no matter how large or small the effort. Dr. Sherr quoted the Malcolm Baldrige National Quality Improvement Act of 1987 which states in part that poor quality costs companies as much as twenty percent of sales revenues nationally. Improved quality of goods and services go hand in hand with improved productivity and increased profitability. The twenty percent of lost sales revenues means that for every dollar spent, twenty cents went into scrap, rework and unnecessary complexity. This is probably a very conservative figure. Part of the total goal is to cut this sharply.

The Deming Cycle presented by Dr. Sherr is a theory whereby increasing quality increases productivity. By doing a better job and cutting down the cost of scrap and rework, you decrease price and increase marketshare thereby creating jobs and receiving higher return on investment. The key ingredients to success of the Deming Cycle is honesty, shared vision, theory or plan, patience and commitment. You cannot solve a problem until you admit there is one. He stated most of the difficulty that American industry is in is due to complacency during the 1970's. Is the Deming Cycle practical for a small as well as large company? Most assuredly as it is easier to get a smaller number to agree and cooperate. This cannot, however, be done quickly. This is a long-term program where patience is essential. Consumer focus is the driving success of the companies that have won the Baldrige Award. These companies believe the customer is the most important part of every process. They capture and hold customers to satisfy their needs and they know what these needs are. Successful businesses must have a change of attitude toward customers' interests or they have lost the market.

CONTINUATION SHEET

MINUTES OF THE HOUSE COMMITTEE ON ECONOMIC DEVELOPMENT,

room 423-g, Statehouse, at 3:35 ~~xxx~~ p.m. on January 30, 1991

Dr. Sherr pointed out that Japan spends ten-fold more time training their workers. Kansas needs to communicate this process out to our small businesses. However, it is well documented that if you give a well trained worker poor material to work with you will get junk.

Dr. Sherr stated he is willing to contribute some of his time to teaching the above theory. He also believes a group should be formed made up of members of the Legislature, people from the Executive Branch, and business people (small businesses preferred), and members should also include the academic sector (K-12 included). The group should assess the needs of Kansas (business and government), find out what other states have done and develop a Kansas plan to improve quality of our organizations. This is not something that should be rushed into. This should be done with careful study and not during this legislative session. Dr. Sherr would offer his assistance in developing a plan.

There were questions from the committee during Dr. Sherr's presentation.

The Chair then recognized Lynne Holt, Research, who reported on the activities and recommendations of the Joint Committee on Economic Development which met last summer.

The meeting was adjourned at 4:50 p.m.

Date: Jan 30, 1991

GUEST REGISTER

HOUSE

Committee on Economic Development

NAME

ORGANIZATION

ADDRESS

Bob Parnum SRS Workforce Dev Topeka

Rich Lahti Rep 85th Wichita

Ruth Wetherill St Joseph Med Center Wichita

JAMES V BUSH KDOT Topeka

Thomas McBride observer Lawrence

# **TOTAL QUALITY MANAGEMENT**

Prepared for the  
**HOUSE COMMITTEE ON  
ECONOMIC  
DEVELOPMENT**

January 30, 1991

Lawrence A. Sherr  
Chancellors Club Teaching Professor  
School of Business  
University of Kansas  
(913) 864 - 7531

*Eco-Devo  
Attachment #1  
01-30-91*

# **OUTLINE:**

- A. Why should you be interested in TQM?**
- B. What is TQM?**
- C. Recommendations**

**A. Why should you be interested in TQM?**

**KANSAS NEEDS TO  
STAY COMPETITIVE  
WITH THE WORLD.**

**Fostering QUALITY in all  
business and government  
activity is an essential  
component in achieving  
this goal.**

# WHY? The standards to be competitive have changed.

## Proportion of good items:

n	0.93	0.99	0.997	.99999966
1	0.9300000	0.9900000	0.9970000	0.9999997
10	0.4839823	0.9043821	0.9704018	0.9999966
20	0.2342389	0.8179069	0.9416796	0.9999932
50	0.0265551	0.6050061	0.8605140	0.9999830
100	0.0007052	0.3660323	0.7404843	0.9999660
500	0.0000000	0.0065705	0.2226277	0.9998300
700	0.0000000	0.0008803	0.1220705	0.9997620
1000	0.0000000	0.0000432	0.0495631	0.9996601

**Congress, in 1987, established**

**THE MALCOLM  
BALDRIGE NATIONAL  
QUALITY AWARD**



## **B. What is TQM?**

### **DIMENSIONS OF QUALITY**

**DESIGN**

**OUTPUT**

**PROCESS**

**THE MALCOLM BALDRIGE NATIONAL  
QUALITY IMPROVEMENT ACT  
OF 1987 - PUBLIC LAW 100 - 107**

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**"American business and industry are beginning to understand that poor quality costs companies as much as 20 percent of sales revenues nationally, and that improved quality of goods and services goes hand in hand with improved productivity, lower costs, and increased profitability."**

**20 percent of sales  
revenues nationally**

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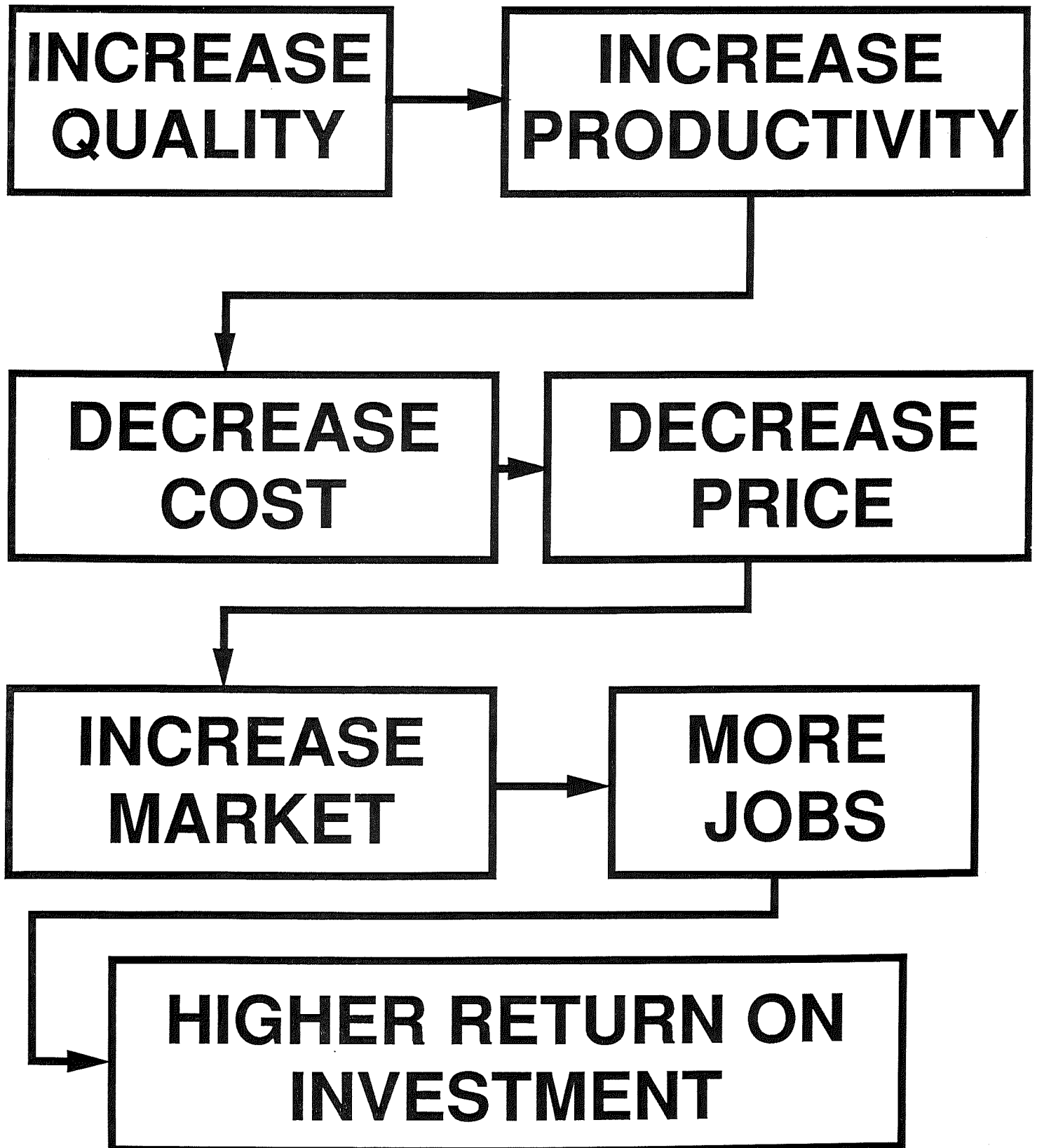
**1) SCRAP**

**2) REWORK**

**3) UNNECESSARY**

**COMPLEXITY**

# DEMING CYCLE



# **KEY INGREDIENTS**

- 1. HONESTY**
- 2. SHARED VISION**
- 3. THEORY or PLAN**
- 4. PATIENCE**
- 5. COMMITMENT**

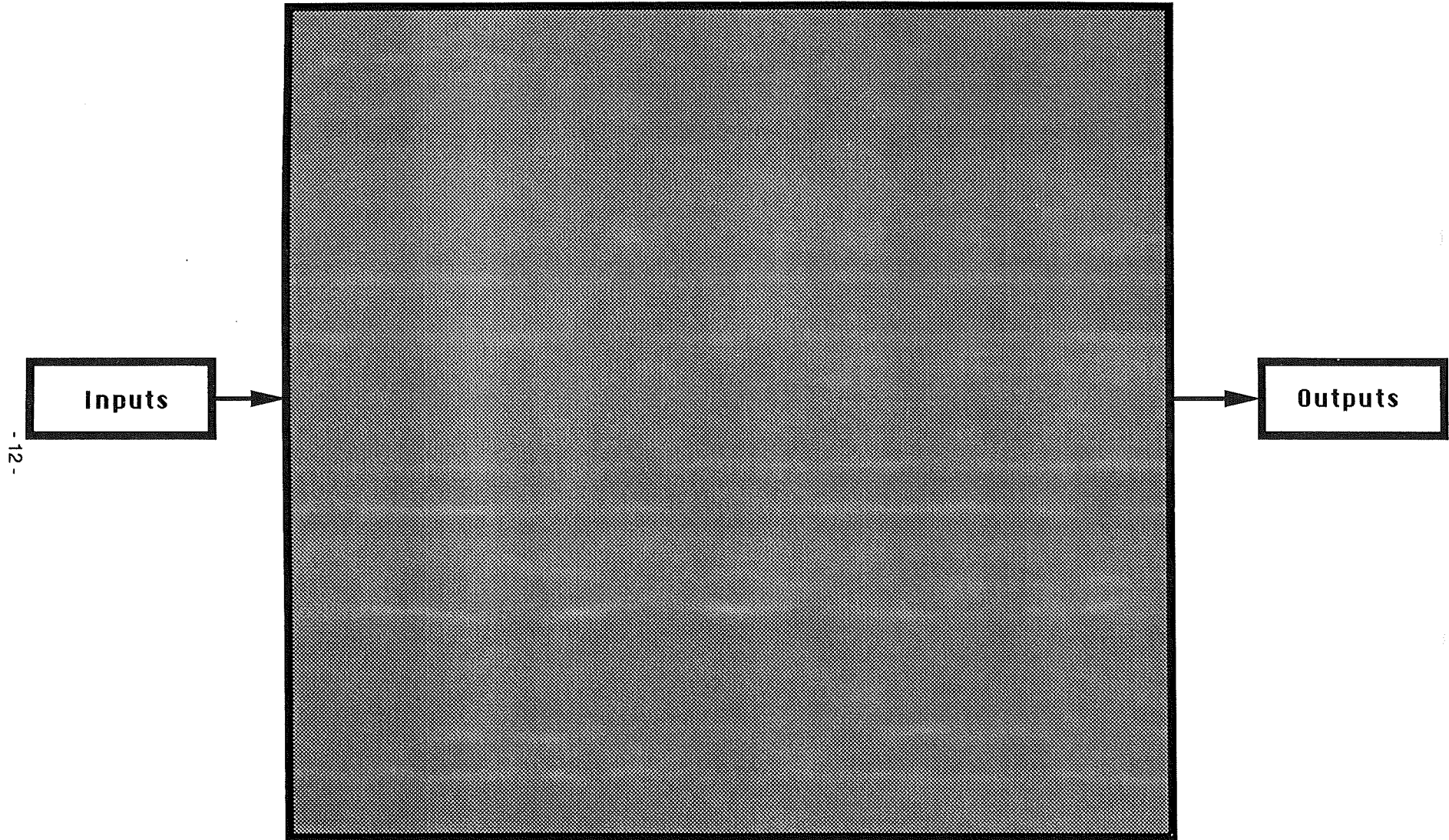
# **FIVE POINT SUMMARY:**

- 1. Customer Focus**
- 2. Systematic Approach to the Improvement of Operations**
- 3. Develop Human Resources**
- 4. Long - term Thinking**
- 5. COMMITMENT**

## **Customer Focus:**

- 1. Customer is the most important part of every organization (or process).**
- 2. To capture and hold customers you must satisfy their needs.**
- 3. To satisfy their needs you must know what they are.**

# The Organization



-12-



**We must change our management philosophy**

**from:**

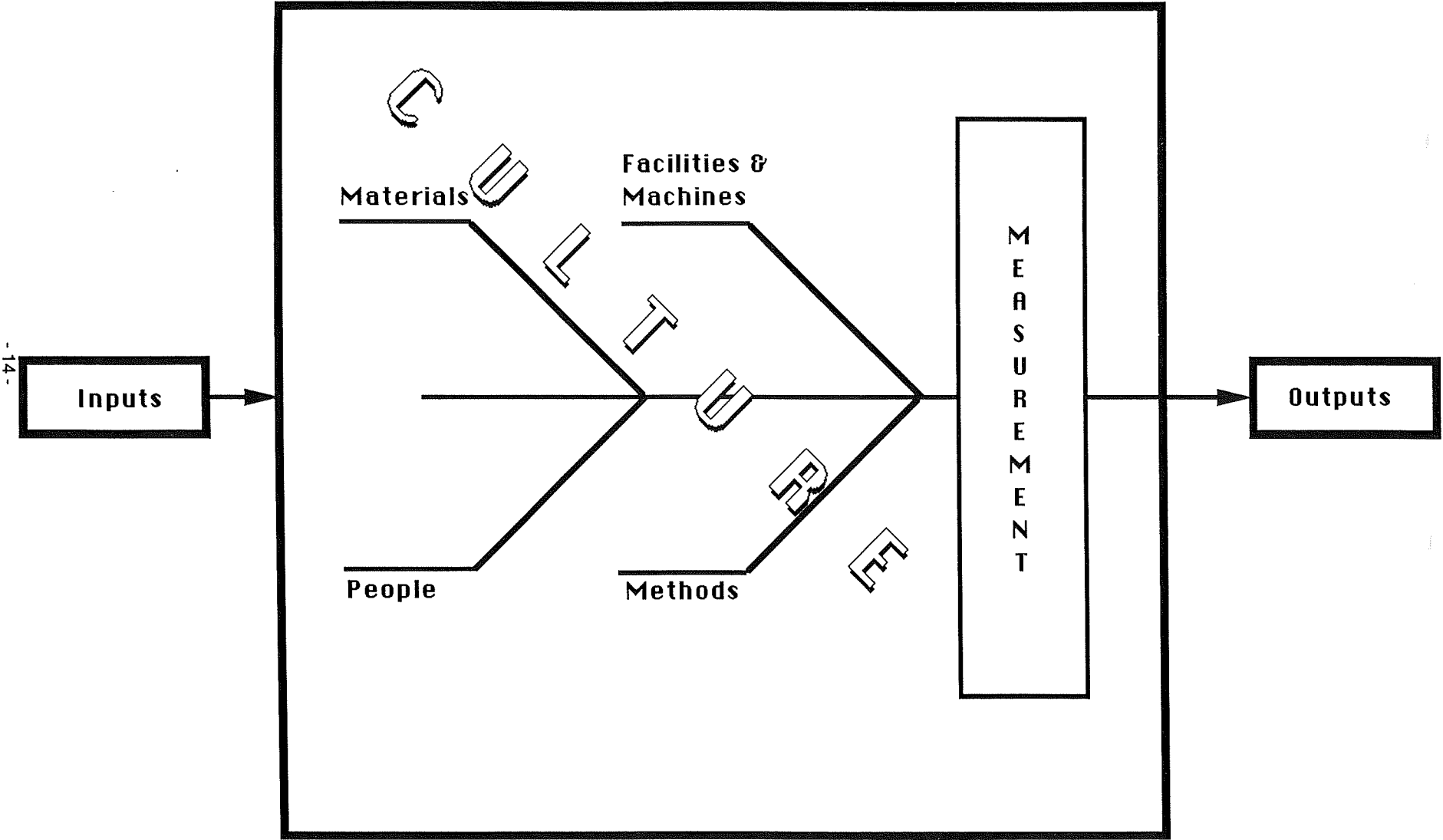
**DEFECT DETECTION**

**to**

**DEFECT**

**PREVENTION**

# The Organization as a PROCESS



-14-

# **LONG TERM THINKING**

**Molding your own future by  
understanding the  
consequences of today's  
decisions.**

**Peter Drucker**

# MALCOLM BALDRIGE NATIONAL QUALITY AWARD

## 1991 EXAMINATION CATEGORIES, ITEMS, AND POINT VALUES

Examination Categories/Items		Maximum Points
<b>Leadership</b>		100
1 Senior executive leadership	40	
2 Quality values	15	
3 Management for quality	25	
4 Public responsibility	20	
<b>Information and Analysis</b>		70
1 Scope and management of quality data and information	20	
2 Competitive Comparisons and Benchmarks	30	
2 Analysis of quality data and information	20	
<b>Strategic Quality Planning</b>		60
1 Strategic quality planning process	35	
2 Quality Goals and Plans	25	
<b>Human Resource Utilization</b>		150
1 Human resource management	20	
2 Employee involvement	40	
3 Quality education and training	40	
4 Employee recognition and performance measurement	25	
5 Employee well-being and morale	25	
<b>Quality Assurance of Products and Services</b>		140
1 Design and introduction of quality products and services	35	
2 Process quality control	20	
3 Continuous improvement of processes	20	
4 Quality assessment	15	
5 Documentation	10	
6 Business process and support service quality	20	
7 Supplier quality	20	
<b>Quality Results</b>		180
1 Products and service quality results	90	
2 Business process, operational, and support service quality results	50	
3 Superior quality results	40	
<b>Customer Satisfaction</b>		300
1 Determining customer requirements and expectations	30	
2 Customer relationship management	50	
3 Customer service standards	20	
4 Commitment to customers	15	
5 Complaint resolution for quality improvement	25	
6 Determining customer satisfaction	20	
7 Customer satisfaction results	70	
8 Customer satisfaction comparison	70	
<b>Total Points</b>		<b>1000</b>

## **C. Recommendations:**

- 1. Learn more about TQM.**
- 2. Setup a PROCESS to find a KANSAS approach for encouraging quality.**

**The group should include people from:**

- a) the Legislature**
- b) the Executive branch**
- c) Business**
- d) Academic sector**

## TOPIC IV

### TOTAL QUALITY MANAGEMENT

The Joint Committee on Economic Development considered the Total Quality Management (TQM) approach for improving quality of work output and business management.

#### Major Issues

The policy questions underlying this topic are:

1. What is the Total Quality Management approach?
2. Should the Legislature be involved in encouraging this approach and other approaches to improve business management and productivity?

#### Background

##### What is TQM and How is it Used?

TQM is a method of enhancing productivity through the continuous process of improvement in: the design and performance of already-existing products, the performance of services, and the planning for new products and services. As the term implies, it is a method which considers as central to all work processes a commitment by management to the quality of work output. The traditional management paradigm assumes that policy decisions are made by the top management echelon and are filtered down to middle management to implement with little input from employees who are actually engaged in the work. According to critics of the traditional management approach, objectives are generally defined in terms of quotas, workers are blamed if the quotas are not met, products are inspected only at the end of the output process, and workers receive little or no training and often do not know if they are performing their jobs correctly. Often, little planning occurs prior to production concerning the types of materials, equipment, personnel skills, and marketing needed and the customer use of and satisfaction with the end product. Moreover, there frequently is little planning associated with the costs of materials, production, training, and marketing.

In contrast to the traditional management paradigm, the TQM approach recognizes that the company's objective is not simply to make money but, rather, to stay in business and provide jobs through innovation, research, constant improvement, and maintenance. The overriding concern of managers who subscribe to TQM is quality which results from improvements in the work process and long-term commitments to such improvements. Unlike the traditional paradigm, the TQM approach demands input from workers in terms of defining problems and offering solutions. Both the definition of problems and the ideas for solutions are no longer the exclusive domain of management.

TQM relies strongly on data in the form of statistical tools (instead of subjective assessments) to assist workers and management in identifying problems with reasonable certainty. Those tools point out the existence of special causes of a problem. TQM also emphasizes the use of charts, not exclusively statistical, to assist in problem solving. There are cause-and-effect charts, flow charts (used to delineate work processes), pareto charts (used to

determine priorities), run charts (used over a period of time to look for trends), histograms (used to measure how frequently something occurs), and control charts (used to analyze work processes).

Control charts are generally referred to as Statistical Process Control. A control chart statistically determines the upper and lower limits in a work process, which is the greatest deviation from the average. The more finely tuned the process, the less deviation there is from the average. The managerial goal of TQM is to eliminate as much of the variation as possible. As there will always be variation, there will always be fine tuning and ongoing improvements to the work process.

This fact raises another major difference between TQM and the traditional management paradigm. TQM does not endorse the concept of quotas. Because one is always attempting to improve some aspect of the work process, there is no finite point at which efforts should be suspended merely because a certain number of products have been produced. Evaluation of employers' and employees' objectives and their accomplishments to realize those objectives should be ongoing.

Inimical to TQM objectives, according to W. Edwards Deming, the guru of this approach, are the following:

1. lack of constancy of purpose or commitment to quality improvement;
2. emphasis on short-term profits;
3. evaluation of performance, merit rating, or annual review of employees which encourage short-term performance at the expense of long-term planning and discourage risk taking;
4. mobility of top management which prevents managers from committing to long-term changes or knowing the company; and
5. running a company on visible figures (counting money) without considering the effect of sales on a customer or gains in quality.

The structure of the work force changes when TQM is endorsed by top management. The intent of TQM is to remove barriers between staff areas and between management and staff to promote a teamwork approach and facilitate communication. Frequently in companies which subscribe to TQM, top management establishes project teams to examine some aspect of the work process, identify problems, set priorities, and suggest changes. These teams might be composed of staff members representing areas of specialty central to the subject of investigation (not necessarily in the same department), managers, and nonprofessional staff. For optimal effectiveness, project teams must have the commitment of top management and become the responsibility of top management.

A few words on the role of training in TQM are perhaps in order, given the Committee's attention to workforce training (Topic No. I). Proper training from someone with expertise in a specific area is considered crucial to quality improvement. As previously noted, most workers receive little or no training; the training they do receive is often from colleagues who do not know whether they are doing the job correctly. In addition, the TQM approach emphasizes the need for education and retraining, particularly in the areas of statistics, maintenance, and methods of dealing with vendors. Education in simple but powerful statistical techniques is also desirable at all levels.

Finally, many companies have modified W. Edwards Deming's philosophy to accommodate the cultural differences between the United States and Japan for which TQM was originally designed. One blatant difference is that the Japanese historically have placed much greater emphasis than Americans on team work and loyalty to their employing companies. Another difference is that American companies, in contrast to their Japanese counterparts, have been more prone to sacrificing long-term planning for quick profits. These differences suggest that state TQM programs should not adhere zealously to any one philosophy, but should acknowledge the unique features of the American work force and encourage activities that realistically can be implemented in this country.

## State Initiatives and Programs

**Minnesota.** The Minnesota Council for Quality is a private, nonprofit public service and educational organization which engages in the following activities: award and recognition programs; research; seminars, workshops, and speeches; consultations with business, labor, education, and government organizations; and development of educational materials. The Council consists of a 20-member board of directors, a permanent staff of two full-time employees and one part-time employee, 65 member companies, several advisory and project committees, 11 community quality councils, and hundreds of volunteers.

The FY 1991 budget is estimated to be \$425,000-\$450,000. Most of that total will come from individual and company contributions. Dedicated state grants of \$100,000 are projected, including continued funding for Community Quality Councils (\$50,000) and funding for the first Minnesota Quality Award (\$50,000).

The Minnesota Quality Award is a massive self-evaluation project aimed at improving the quality of Minnesota's products and services. The Council projects applications from 100 companies. An estimated total of \$325,000 is to come from the state, businesses, labor, and applicant fees. In-kind services are also expected. Not more than six companies will be selected for evaluation. Companies will make independent assessments of their quality managements efforts. These efforts will also be evaluated by specially trained examiners who are sponsored by the Council.

Funding for community quality councils enables the Minnesota Quality Council to award, on a matching basis, not more than \$6,000 per year to any one community for the purposes of organizing a community council, conducting quality training, publicizing council activities, and developing materials to support council objectives.

Although the Minnesota Quality Council is now independent of state government jurisdiction, this was not always the case. The Council was established legislatively in 1987 within the Department of Trade and Economic Development. It was funded at \$175,000 per year for each of two years -- FY 1988 and FY 1989. The Legislature's original intent (which was subsequently realized) was to "incubate" the Council within state government and provide it with operating funds for the first two years after which time the Council would become self-supporting. The Council's initial private support came from 13 companies which contributed \$10,000 each.

**Arkansas.** The Arkansas Quality Management Task Force, housed in the Arkansas Industrial Development Commission (AIDC -- the state's economic development agency), was established "to create a common awareness and understanding of the potential for increasing productivity through Quality Management . . ." The quality activities are not legislated and there is no membership. Seminars on quality management are conducted bimonthly throughout the state and newsletters are published on a bimonthly basis. The Commission provides seed grants to communities for quality management activities. Nine grants of \$5,000 each have been awarded to date. The Commission sponsors a Governor's Conference every year and co-sponsors meetings with a variety of organizations, including the American Society of Quality Control and universities.

Several states have begun to apply quality management principles to state government. In Arkansas, 68 project teams from five agencies and the Governor's Office completed the first round of quality training. Since January, presentations have been offered on process improvements resulting from the training. Team projects included:

1. cutting by four weeks the time needed to process state income tax returns and refunds;
2. improving AIDC's process to compile presentation books for prospective manufacturers;
3. redesigning the handling of mail, telephone calls, and computer systems in the Governor's Office to improve service to constituents;
4. reducing the response time for mail-in license renewals from two/three weeks to two/three days;
5. eliminating 24 reports school districts are required to send to the Department of Education;



6. cutting seven minutes from the time required for customers to license vehicles and purchase driver's licenses in the Department of Revenue offices;
7. eliminating an outdated report form and improving reporting formats in the Department of Human Services for an estimated savings of \$50,000 per year;
8. cutting postage costs and establishing smaller user fees in the State Purchasing Office to save at least \$100,000 and possibly as much as \$250,000 in state money per year; and
9. developing a recycling program in AIDC that will become a model for other state agencies.

Twenty state employees have been trained in team facilitation skills and a quality management trainer has been hired by the state to continue productivity improvement efforts.

There are 5.0 FTE staff who work on quality issues. Their salaries and operations are state funded but no information was available on the budget. Meetings are supported from attendance fees of \$40 each. The steering committee for the Task Force meets at least once a year. Seven managers and a university professor constitute the membership which takes into account geographic representation.

**Iowa.** The Iowa Quality Coalition is not a part of state government. The Secretary for the Coalition is affiliated with Iowa Valley Community College which does the legal work for the Coalition. The Coalition had its origins in 1983 as a working group composed of state agencies (then called the Productivity Consortium) which provided quality assurance training in response to industrial needs. Over the years the Coalition's projects have included the Governor's Quality Recognition Award program, a just-in-time program (which attempts to ensure that in the production process supplies arrive as they are needed, so that money and storage are not tied up with inventory), and a public awareness program to make managers realize their central importance in TQM and to increase their involvement in TQM.

There are three part-time staff (including the Secretary) associated with the Coalition. University students also work on field projects. A grant from the state (\$150,000 per year from lottery proceeds) funds staff salaries, university expenses, and project operating costs. There is a board of directors (now nine members). The Coalition intends to move away from state support and become totally supported from the private sector.

Recommendations from the Secretary of the Coalition to states considering establishment of a quality coalition are: (1) that the coalition should not be too closely tied to the legislative process; and (2) that the coalition's efforts should not be directed exclusively to industry but should include educational facilities, the public sector, labor organizations, and service organizations.

**Illinois.** The Office of Industrial Training and Labor Management in the Department of Commerce is responsible for quality enhancement programming. Its activities originated from a meeting called by the Governor in May, 1990 to discuss quality in Illinois manufacturing. Those who attended included CEOs of large manufacturing companies, labor leaders, and educational leaders. That meeting resulted in suggestions for a Governor's Award for Quality and Competitiveness, a need to upgrade the quality of suppliers' products and match them with assemblers, and a need to review the educational structure. It was decided that regional summits should be held to elicit suggestions from interested parties. The first one was held on August 14 and four others are planned. The community college system will host the summits. The Office of Industrial Training and Labor Management (OITLM) intends to write a report after all the summits have been held and develop an action plan to implement those suggestions for the incoming Governor.

The OITLM has scheduled a meeting for suppliers, to assist them with quality improvement efforts and serve as a catalyst for change. The focus will be on suppliers for the automotive and construction industries.

With respect to a state quality award program, the OITLM, in contrast to its counterpart in Minnesota, does not intend to use state funds for the program.

Two full-time and one part-time staff are assigned to this quality improvement program. There is no task force to guide the efforts of OITLM and no special budget for quality improvement program personnel salaries and operating expenses.

## Committee Activity

The Committee heard several presentations on the philosophy underlying Total Quality Management (TQM) and the activities undertaken by such companies as Associated Company, Inc. and Boeing Commercial Airplane Company to implement TQM. The Committee also was apprised of the efforts of an organization called Quality United with Education for Success Tomorrow (QUEST), which was formed in the Wichita area as a partnership between the American Society of Quality Control and Wichita State University. In addition, the Committee learned from a representative of Johnson County Community College that the College, other community colleges, and area vocational technical schools offer courses (credit and noncredit) and customized training to companies using the principles of transformation process in conjunction with TQM. A spokesperson from Wichita State University underscored the need for a centralized entity to handle TQM on a statewide basis.

The Job Training Coordinator for the Kansas Department of Commerce informed the Committee that moneys from the Kansas Industrial Training and Retraining programs are used to not only assist companies in helping their employees to acquire needed skills, but also to familiarize them with systems used to measure quality during the manufacturing process. General Motors' Fairfax facility in Kansas City was cited as an example of a facility which required all employees to be trained in statistical process control -- a system of quality measurement -- and state moneys were expended for such training. The Committee was told that 30 to 40 percent of the companies which request assistance from the Department of Commerce training programs want some training in quality management.

In conjunction with the presentations on TQM, the Committee heard a presentation from the Director of Library Services, Emporia State University, citing reasons for the establishment of a Kansas Quality and Productivity Library at that university. According to the Director, such a library could house writings on the TQM method, journal articles, a limited number of books, and videotapes on productivity and quality improvements. The Director noted that the advantage of this type of library would be to centralize all materials on quality and productivity improvement.

The Committee also received from the Kansas Technology Enterprise Corporation (KTEC) a proposal which was submitted to KTEC by an ad hoc quality improvement network. This proposal was subsequently revised by the Wichita State University Center for Productivity Enhancement and presented to the KTEC Board for its review. In the revised version of the proposal, the Kansas Quality Improvement Network will be established under the auspices of KTEC. This network will consist of local quality groups in various communities throughout Kansas. Activities will be coordinated and supported by a state office. These local groups also will be supported by at least six regional "Centers of Quality." The goals of the proposed Kansas Quality Improvement Network will be to:

1. provide overall coordination of quality support initiatives in Kansas;
2. develop awareness within Kansas about the potential economic impact of TQM;
3. identify the organizations within Kansas that can benefit from the TQM philosophy;
4. encourage educational institutions within Kansas to fully understand the TQM philosophy and to provide TQM resources to their communities;
5. identify expertise about TQM that is available within Kansas;
6. develop and create new resources to promote and teach TQM within Kansas; and
7. promote the Malcolm Baldrige National Quality Award among Kansas companies.

The Network would develop awareness within Kansas about the potential economic impact of TQM through creating opportunities for presentations, formulating a list of presenters, documenting successful TQM case studies, sponsoring periodic statewide meetings to raise awareness about TQM activities, and establishing a statewide newsletter to promote TQM. The Network also would identify different organizations within Kansas that would benefit from TQM. Such activities would include conducting market studies of businesses and developing lists of the types of education and training needed by organizations that will implement TQM. Other objectives of the Network would include establishing area educational institutions as local sources for TQM education and training, identifying expertise about TQM that is available in Kansas, developing and creating new resources to promote and teach TQM (for example, a Kansas Quality and Productivity Library), and providing assistance to companies interested in competing for the Malcolm Baldrige National Quality Award. In addition, a state quality award program could be established (comparable to Minnesota's program). The proposal estimates the first year budget for the planning phase of the Network to total \$30,000 for six months. The proposal assumes no additional staff positions in KTEC, but includes expenditures for salaries of part-time positions.

The KTEC Board approved the revised proposal in December, 1990, but recommended a reduced budget totaling \$25,000 for the planning phase of the Network.

### Committee Conclusions and Recommendations

The Joint Committee on Economic Development concludes that the concepts underlying the Total Quality Management (TQM) approach have merit. To increase state government awareness of the importance of TQM to business productivity and global competitiveness, the Committee made several recommendations.

The first recommendation directed the Committee Chairperson to write a letter to the President of Kansas, Inc., requesting that the Board of Kansas, Inc. hear a presentation on TQM and, if the Board viewed this approach favorably, develop an implementation plan with the intent of presenting this plan to the 1991 Legislature. Kansas, Inc. was requested to include in this plan a discussion of the proposed Kansas Quality and Productivity Library.

The Committee notes that a letter was sent to Kansas, Inc., as recommended, and a letter from Kansas, Inc. responding to the Chairperson's request was subsequently received. The response, which was distributed to all Committee members, noted the following. The President of Kansas, Inc. had reviewed in detail the proposal prepared by the Kansas Technology Enterprise Corporation (KTEC) (described above), attended a KTEC Board meeting which addressed the topic, and discussed the proposal with the principal staff involved with its development. At a meeting in September, the Kansas, Inc. Board of Directors heard a presentation by the President of KTEC on the quality improvement proposal. After considerable discussion, the Board of Directors adopted the motion below:

The Kansas, Inc. Board recommends that KTEC proceed with a feasibility study to establish a network of Total Quality Management and identify further steps to be taken. The Board supports KTEC's plan to dedicate \$30,000 to the feasibility study, and further recommends that KTEC investigate how firms in the state can be involved with the competition for the Malcolm Baldrige National Quality Award.

The response to the Committee further indicated that the Kansas, Inc. Board made the following observations and recommendations in its discussion of this topic. It was noted that the objective of quality improvement should be pursued by Kansas firms with the assistance of the state; however, TQM should be viewed as only one of many techniques that may be used to reach that quality goal. It also was noted that insufficient work had been done to move directly to an implementation plan. However, it was recommended that the set of tasks outlined by KTEC in its proposal be endorsed. In addition, it was observed that insufficient work was done on the need for, or conceptualization of, a state productivity library and that the library proposal needed further analysis and should be addressed in the feasibility study. Finally, particular interest was expressed in developing the means by which Kansas firms could compete for the Malcolm Baldrige National Quality Award.

The second recommendation relates to a priority of the Committee for the expenditure of moneys from the Economic Development Initiatives Fund (EDIF). (See Topic No. II.) One of four priorities identified by the Committee was "capacity improvement" -- state assistance and support for businesses and economic development activities through agencies and organizations, with an emphasis on management improvement strategies, such as TQM, for use by small businesses. In conjunction with that recommendation, the Committee recommended greater involvement by business schools in economic development efforts. These schools employ professors who conduct research on, among other issues, business management. The Committee recommended in its report on the EDIF that the business school deans be invited to discuss with the 1991 standing Economic Development committees the role of their respective schools in promoting economic growth in the state.