SWP 23/91 **INTERNAL MARKETING, COLLABORATION AND MOTIVATION IN SERVICE QUALITY MANAGEMENT**

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INTERNAL MARKETING, COLLABORATION AND MOTIVATION IN SERVICE QUALITY MANAGEMENT

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ABSTRACT

Internal marketing is any form of marketing within an organisation which focuses staff attention on the internal activities that need to be changed in order that marketing plans may be implemented. This can involve creating an organisational climate where quality improvement is sponsored and worked on by the staff whose job tasks are involved. The Internal Marketing task might further extend to empowering and enabling internal customers and internal suppliers to get together in quality review teams. By way of example, ANZ Bank in Australia began its customer service improvement process with a focus on all these aspects. This paper describes the collaborative change processes involved and the sources of motivation which carried them forward.

INTERNAL MARKETING, COLLABORATION AND MOTIVATION IN SERVICE QUALITY MANAGEMENT

INTRODUCTION

During the 1980s we have seen a radical shift in management thinking. Interest in service quality improvement, which had some early and superficial expression as *customer care*, is being refuelled by problem solving techniques (with origins in Total Quality Management) and broad based staff involvement with those techniques (with origins in Participative Management). These practices are not new but they are now more often fused together in one cascading company-wide event. Furthermore, the business environment is changing. Every industry is now potentially a 'service' industry. Every company has the opportunity to design and manage its own unique set of quality solutions to meet customer problems. This requires service quality support of various kinds, including information and advice giving on an on-going 'relationship' basis *.

The concept of quality referred to here is the match between what customers expect and what they experience. This is perceived quality.[1] Any mismatch between these two is a 'quality gap'. As perceived quality is always a judgement by the customer, whatever the customer thinks is reality, is reality. In effect, quality is whatever the customer says it is. It follows that the goal of Quality Management must be to narrow the 'quality gap'.[2] This not only facilitates getting customers, but *keeping* them. As quality goes up, non-value wastes and time related costs come down.[3] When staff participate in the quality improvement process, the beneficiaries are the staff, as well as shareholders and customers. Implementing quality strategies this way means that stake-holder expectations are more likely to be in harmony with each other.

W Edwards Deming and J M Juran are widely regarded as the men who taught the Japanese to achieve high quality at low cost after World Ware II. Deming had worked with Dr Walter Shewhart in America before the War and his methods were used extensively during that War. Afterwards, markets for American goods demanded volume, and quality was put to one side. Meanwhile, the Japanese faced a 'do or die' economic situation, and they listened to Deming, Juran and others. Over

*This paper draws in part on material from Christopher, M., Payne, A., and Ballantyne, D., Relationship Marketing, to be published by Heinemann, London, in 1991 the last 40 years, both Deming and Juran developed from their immediate post War experience in Japan distinctive management philosophies now known as Total Quality Management(TQM). In Deming's case in particular, the message to management has become more blunt and urgent: the basic cause of sickness in industry and resulting unemployment is the failure of management to manage.[4]

One of the most remarkable features of Total Quality Management is the way in which it has drawn practising managers from many parts of an organisation to work together across traditional functional boundaries to improve quality and productivity. This points up a rather simple yet dramatic link that has not yet been widely brought to attention. It is this: *quality has become an integrating concept between production-orientation and marketing-orientation.*[5]

Value Chains

In *Service Quality Management*, by which is meant quality management for services, the task is to build a structure for introducing the kinds of integrating and coordinating changes that need to be made to meet customer expectations. Knowing what the customer expects has its origins in the *customer value chain.*

The customer value chain is a series (or linkage) of things a customer does that produce value for that customer. A firm's offering is input into the customer value chain.[6] The activity patterns of a customer are represented by the links in the chain. These control or modify the way in which a firm's output is actually used. For example, a banking account may be input into a customer value chain as a bill paying device, an investment for a 'rainy day' or a day to day savings account, according to how the customer goes about managing money and the priorities which are given value. The aim is always to identify what a customer is *trying to do* with the firm's offering before jumping to any conclusions about what is valued and why.

The value a firm creates for its customers is a function of the alignment it can achieve between the *firm's* value chain and the *customer's* value chain. It is about adjusting the way a firm manages its service intangibles. How can we come to grips with this?

Internal Customers and External Suppliers

Consider first a sole trader or self-employed professional. The activities he or she performs on behalf of a customer are sequenced and integrated along the value chain without the need for any command structure or functional differentiation within the 'organisation'. The whole design, production, delivery, and personal service is integrated within one head. However, if the business grows in staff numbers, new co-ordinating work activities arise which require functional specialisation and some kind of hierarchical command and control. This is fine, however the vertical controls are usually strengthened to the detriment of the integration of work activities *between* people and *across* departments. Coordination and collaboration usually receive scant attention until quality falters.

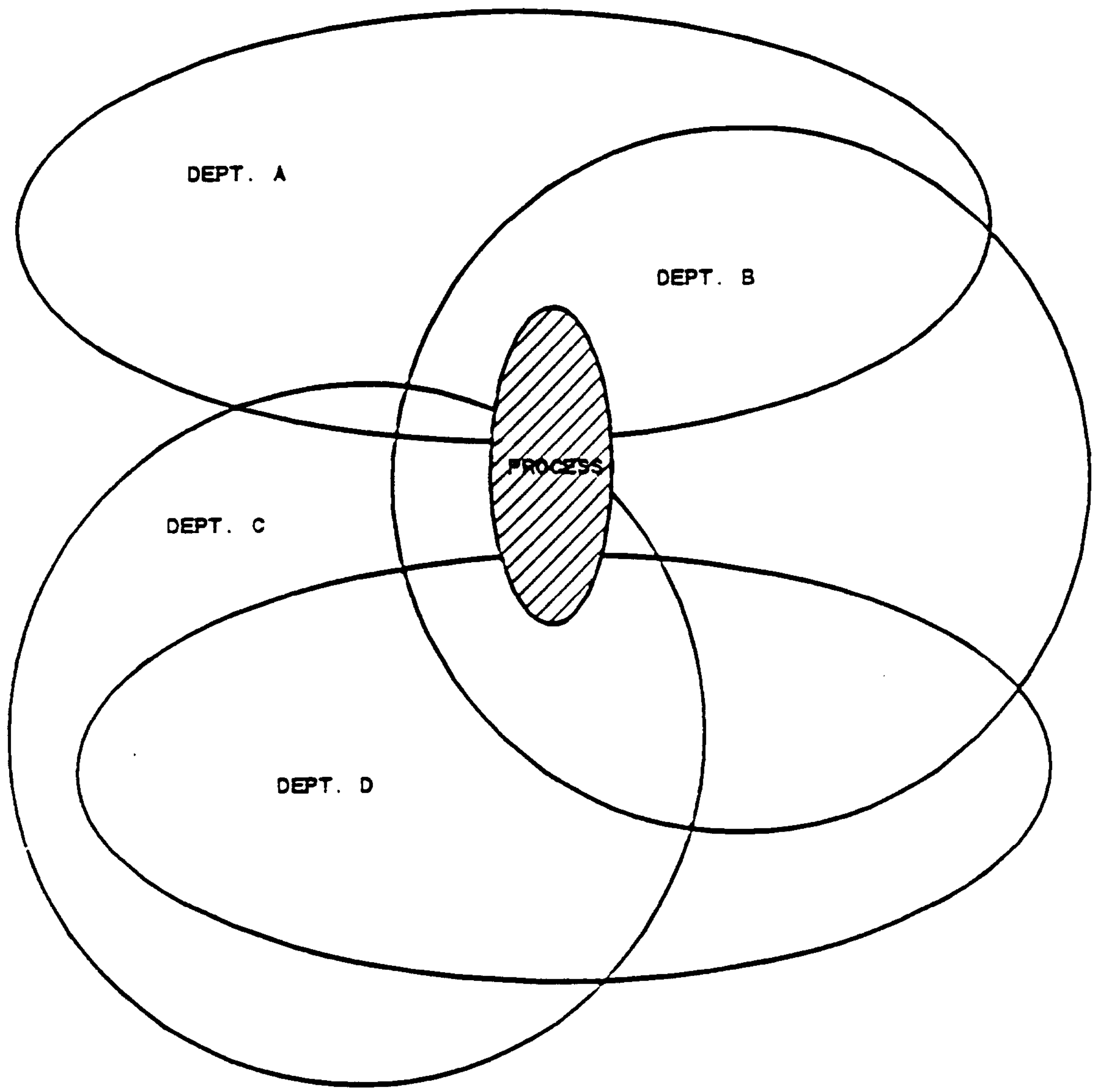
The root of chronic quality problems is found *between* organizational divisions rather more than *within* divisions. To the extent that one department's output is mismatched with another department's input needs, there is a quality gap. Failure to manage work flow, laterally across the organisation, has a way of multiplying costs and quality failures all along one value chain to the next, through to the end customer. The cost of quality is swollen by the sum total of all these mismatched activities, which invoke delays and higher level 'fire fighting' decisions. One key task of Service Quality Management is to identify and examine the most critical cross-functional organizational linkages and remove any blockages, thereby reducing the cost of achieving quality (see Figure 1).

In other words, internal customers and internal suppliers each supply the other, invisibly connected, but nonetheless connected in terms of the input-output links in the value chain. Diagnosing these links *within* the organization from their starting point with the external customer represents real opportunities for quality improvement.

The Variability Of A Process Is Built In

Quality is also at the mercy of variability built into work processes. This too has to be managed. It certainly will not correct itself. Very often, no one really knows why a routine procedure was established the way it was, or the way jobs are organized, or the design of the physical work environment itself. It often doesn't occur to people that things could be done another way. If a quality problem (representing a quality gap) were easy to fix, would it not have been fixed already?

Fig 1



Who owns the process? Who recognises the quality improvement opportunity?

What at first seems impossible to change is often found to be possible when the assumptions being made about the nature and purpose of the underlying process are made visible. A case too close to the trees to see the woods.

Every work process generates outputs which in some way fall short of perfection and uniformity. All processes contain sources of variability and these differences may be large, or small beyond measurement. Waste in all kinds of business activity can be brought under control by minimising process variability. Eliminating 'waste' means eliminating cost that do not add value. This sounds like a traditional accounting approach and it is, except for one absolutely critical difference - you must focus on *process variation*, and reduce that. Organisations seeking to eliminate waste by cutting costs per se will almost certainly cut value, without ever knowing how or why.

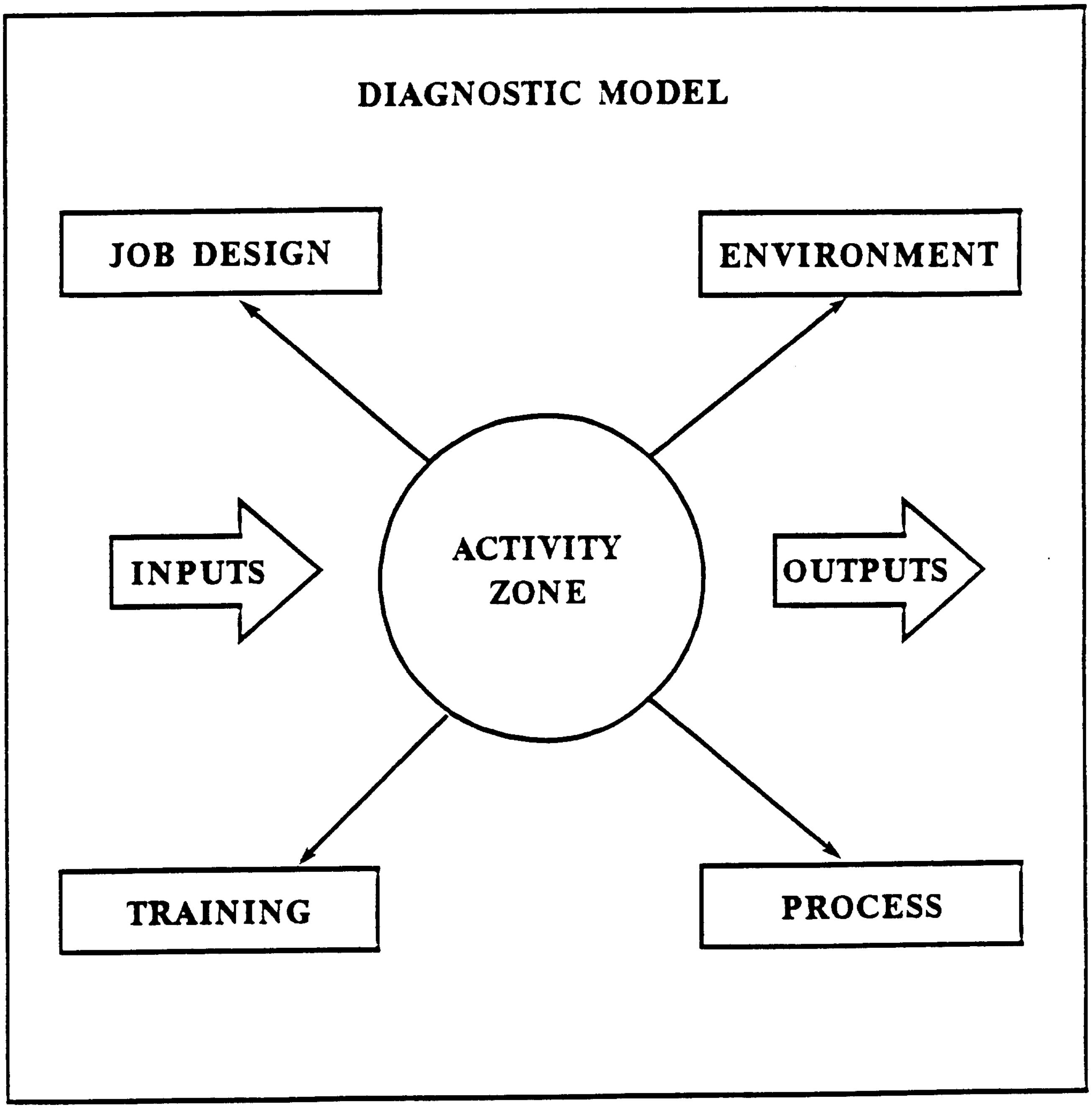
Process variation is generated and passed along the whole chain of customers and suppliers to the end customer. Indeed, one eminent Japanese statistician, Genichi Taguchi, says that there is an incremental economic "loss" for each deviation from customer 'target requirements', which has a flow-on effect to society as a whole.[7]

INTERNAL MARKETING

Coming to grips with service intangibles challenges the traditional approaches to quality assurance developed in manufacturing industries. At first glance we may tend to attribute the quality of 'front line' service to the strengths or weaknesses of service staff. This is a natural enough perception but it is nonetheless only a partial observation. What constitutes 'performance' is the *sum* of the performance processes for which staff are the agents. Certainly 'front line' service staff must perform well and need education in customer service skills. This is an important *Internal Marketing* function. However, efforts to improve 'front line' service performance by improving staff 'customer service' training add cost, not value, unless the design of work activities, the environment in which service is delivered, and the work processes involved are also targeted for quality improvement, part of a continuous, diagnostic review (see Figure 2).

Reshaping *external* markets can benefit from the direct involvement of marketing in the reshaping of *internal* markets. Building internal markets is another way of talking about *Internal Marketing*. This phrase can be used to describe any form of marketing within an organisation which focuses staff attention of the internal

Fig 2


DIAGNOSTIC MODEL
JOB DESIGN
ENVIRONMENT
INPUTS
ACTIVITY ZONE
OUTPUTS
TRAINING
PROCESS

activities that need to be changed in order that marketing plans may be implemented.[8] Internal Marketing as a concept can be extended to involve creating an organizational climate where cross-functional quality improvement can be sponsored and worked on by the staff whose job tasks are involved. The Internal Marketing task might further extend to empowering and enabling internal customers and internal suppliers to get together in quality review teams. How might these concepts work in practice?

A Case Study from the Retail Financial Services Industry

When organisations set up staff diagnostic groups (or quality networks) the focus is sometimes on 'trouble shooting', sometimes on service quality improvement and rather less often on influencing changes in management-staff relations. With the support and encouragement of top management, ANZ Bank in Australia* began its 'customer service improvement programme' with an intentional focus on all three aspects. In other words, the programme was in one sense 'top-down' but it could also be called a 'bottom-up' programme. Culture changing effects were moving up the hierarchy, in terms of a more participative and open style of management, at the same time as 'customer first' messages were moving down the management chain to branch staff. In this way the interests of management and staff as legitimate stakeholders in the organisation moved with relative harmony of purpose; likewise the interests of shareholders as stakeholders were vested in the outcome.

Customers are continually experiencing and evaluating the quality of banking solutions and service support, so they are continually 'adjusting' their perceptions of quality. Once an organization 'fixes' something, the priorities among other critical service issues naturally rearrange themselves. What ANZ Bank set up was a formal Internal Marketing system, as a means of turning the wheel of quality improvement - continuously * * (see Figure 3). 'Turning the wheel' involved reassessing the historic role of managers in the planning, organizing and controlling of work.

What this actually means is quite complex. If quality is not 'built in' to the delivery systems, variations in the process are experienced by customers as poor or inconsistent service at the front counter. Without a means for on-going review of

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** This is the title of an article in the International Journal of Bank Marketing, Vol. 8, No 2 (1990). Some of the case study material in this paper is explored in greater depth there.

TURNING THE WHEEL OF IMPROVEMENT - CONTINUOUSLY

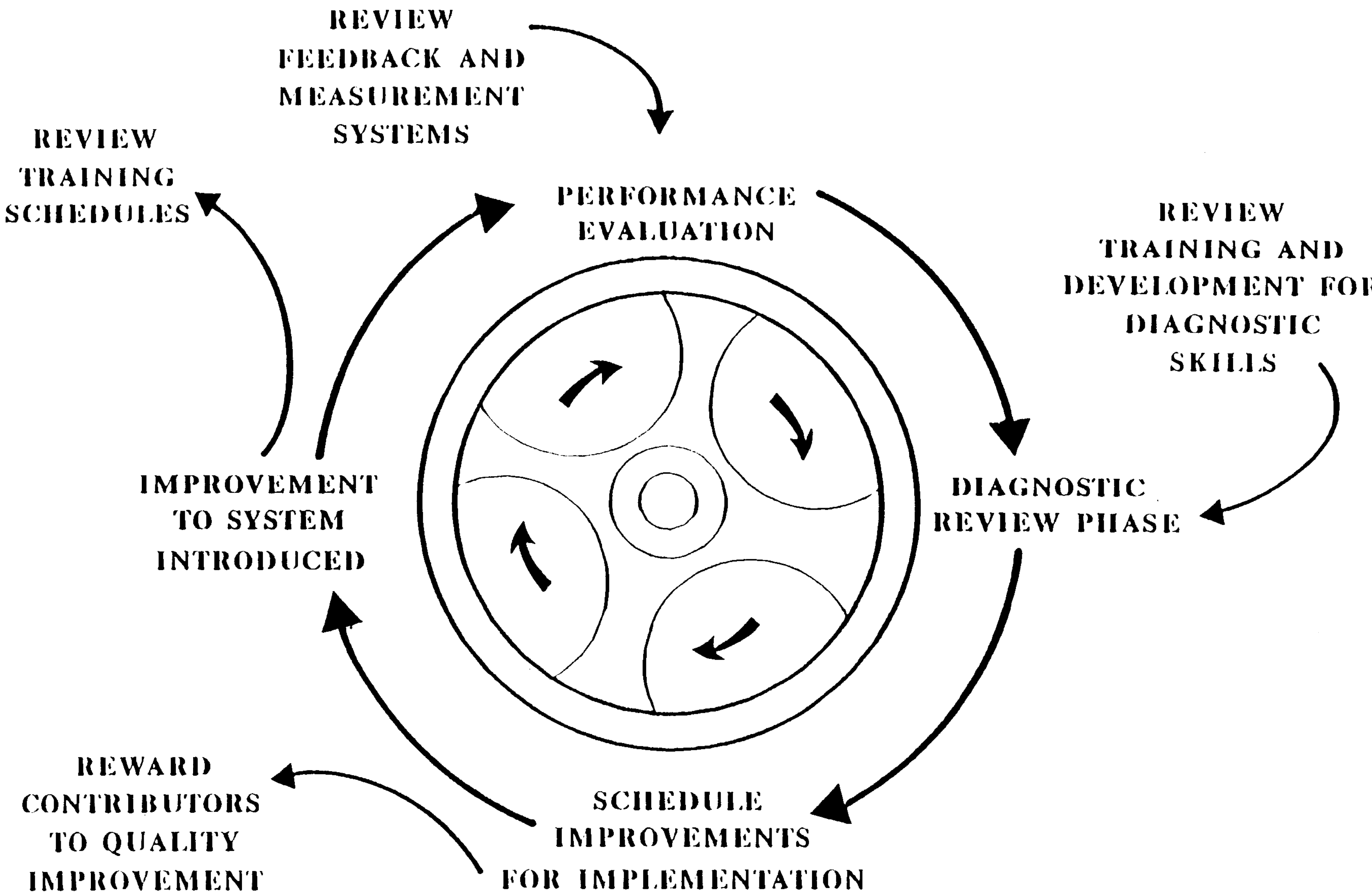

Fig 3

the process elements, there will be variance in quality due to common (random) causes and special (assignable) causes - as Total Quality Management people put it. Arguably, we are all prisoners of the process. Most of the time staff 'act-in' rather than 'act-on' the system. What is required to begin to break-out of this routinised culture-bound system? The ANZ Bank solution was to separate the work of 'coming up with ideas' away from the work of 'making decisions', and to put in place and legitimise a formal system for each. This is a short step to make in organisational practice but one with profound effects on motivation, collaboration and coordination.

In building diagnostic groups in the Retail/Branch Banking Division at ANZ Bank, the intention was to remove any focus on hierarchies, that is to flatten hierarchies out. Groups are composed of people from all levels including Managers. 'Groupies', they call themselves. This flattening of hierarchy is confirmed by the absence of status titles in programmes guides and in the programme itself. People seemed not to object to status as a surrogate for excellence - in fact they liked it. But they objected to status being used as a surrogate for power.

In ANZ groups, people talk about the concept of a 'natural' person, one who brings his or her whole self to the work. This is opposed to the role player, who brings to work only those personal values that 'fit with what he or she feels comfortable, a secure fit within the organisational norms. This notion of the 'natural' person is a culture challenging proposition. It unfreezes personal constraint and opens up the possibility of self directed action, challenging the rigidity of the established culture.

Groups are set up in Regional workshops of 'volunteers', ie: people pre-selected, invited, who accept. There is no coercion. Participants are bonded into small groups of four, in a workshop process involving 16 to 20 people. Using group dynamics and small group bonding is the key developmental process. The small group opens up the participants to a level of knowing about the group and themselves. This is a basis for self development and learning, a platform from which personal growth can be pursued by each participant, within his or her small group, during and after the workshop.

This is very necessary as a support element for the work task ahead, where each 'Groupie' must return to his or her branch and generate service quality changes, perhaps in the face of indifference, disbelief, or cynicism from some staff members.

The aim of each workshop is to reach higher order personal values which motivate, those beyond 'fame', 'status' or cash 'rewards'. The commitment of groups is therefore focused on a superordinate goal, which is to put the 'Customer First' as a philosophy in practice. This is to be achieved after the workshop via practical service quality improvements.

The workshop process begins implicitly with personal 'value searching' because if the 'Customer First' mission is largely congruent with individual personal values, there is motiv(ation) for action. The group process opens up possibilities of new and more effective ways of going about work on a day by day basis, something of practical value in itself. This also is a motiv(ation) for action.

A further value motive is the prospect of personal growth, something that many people have not considered. So adding up the opportunities for self growth, practical and fulfilling approaches to work, and a focus on the customer, ANZ reaches out to every group member for their personal commitment to *action*.

Put another way, commitment to action starts with a *focus* on organisational goals which are congruent with personal values. A final incentive to action is a firm task *deadline*. This is set for two to three months out from the workshop date and agreed to by participants at their workshop.

It is a Diagnostic Review Process. There is a clear task focus in ANZ's approach and a specifically defined method. It consists of a set of methodological steps which enable service quality improvement, or *opportunities* for improvement, to be defined and examined on a fit for use basis.

Those who particularly value self development, usually enjoy the programme and processes so much that they want to contribute to the self development of others - another motiv(ation) for action. This would normally involve more workshops with a view to developing 'process' facilitation skills. The goal is that the person becomes capable of firstly planning and organising one complete cycle of the diagnostic review phase in their Region, and at a second level, assisting in the facilitation of a workshop, and at a third level, 'full licence' facilitation in any aspect of the programme.

The workshop programmes emphasise creative approaches to diagnosing critical service issues rather more than rational logical approaches. The intention is to challenge the existing cultural norms. Creative problem solving approaches also

enable a sense of fun to be maintained in a working environment. This is the climate which permits innovation and a coming to terms with the desirability of change, and managing change.
In the workshops, permission is given to openly discuss what would otherwise in the banking culture be 'undiscussable', which leads to a developing sense of trust and commitment. The process is one of empowering people who, day by day, work in an environment where attitudes and actions are fairly prescribed.

The construction of *networks* of people involved in the diagnostic review process is focused on a District (Regional) level. People involved in these Quality Networks feel a bond of kinship, Australia wide. These network relationships are maintained by information sharing structures and by informal modes. There are Quality Network newsletters which are written and distributed on an Australia wide basis to group facilitators and on a Regional basis to group participants. These newsletters are the vehicles for explaining new techniques and information of value in the diagnostic review process.

Networks are the vehicles for supporting and developing the practical service quality improvement which is the task goal of the programme. The 'self help' attitudes and experiences developed through creative problem solving techniques and the application of these to practical situations gives 'life' support to the network itself. In this way, the culture challenging effects associated with diagnostic review groups are not easily extinguished.

Every ANZ diagnostic 'Groupie' is conscious of the history of the programme, its origins, and his or her part in it. This is given tangible support at every opportunity, including well presented programme guides, network directories (names, addresses and phone numbers) and certificates of merit. There are formal 'presentation' ceremonies to Regional Managers for discussing results achieved in service quality improvement. Other channels are used for passed on service quality improvements which have application on an Australia wide basis.

There are also rituals which provide a sense of identity and continuity between past, present and future, like the 'Groupie handshake', a special way of sitting on chairs and 'magical mystery tours'!

There is a genuine sense of excitement and challenge about all this. Every diagnostic 'Groupie' senses that they are working 'against the grain'. They know that the organisation cannot change of itself and they accept some of the responsibility for initiating that change. The commitment to that responsibility is the beginning of personal development and the beginning of service quality improvement at grass roots level, and the role modelling of a new kind of banking behaviour which fits ANZ's strategic focus.

In his or her work, involving culture change, the ANZ diagnostic 'Groupie' is truly an invisible leader. As a change agent working toward practical improvement in service processes, the role as leader is quite visible. But it is the invisible aspect of leadership that counts in the long run. It is the kind of leadership that seeks out a more participative and less autocratic system of management. When 'Groupies' take practical action in terms of diagnostic work, this influences changes in their relationship with their manager, indeed the relationship of that manager and the rest of the branch staff.

The same invisible process begins at Regional level where the 'Groupie' facilitator through his or her task focused actions influences the relationship the Regional Manager has with his staff, and the relationship of the Regional Manager with his own branch managers.

Enthusiasm and task focus begin the diagnostic process. The practical outcome is the generation of ideas for improvement in service quality processes which in turn challenge the organisation towards changing the *way* things are done, the *methods* which are used, and the *attitudes* that go with it.

ANZ could never achieve a retail 'customer focused' transition from an operationally focused organisational culture with diagnostic review groups alone. What they have achieved are tangible results at the customer interface, and the value data is broadcast up and down the organisation. The outcome of this is that more opportunities for strategic interventions into the organisational culture open up for legitimate action, at all levels of the organisational hierarchy.

As people become involved in the diagnostic review work at 'grass roots' level, the challenge of spreading the philosophy of service takes on more focus at 'head office level'. What at first may appear to be a simple process of 'getting staff involved' is in fact a cyclical review process which involves finding the critical service issues, introducing diagnostic review, assessing quality improvement ideas, implementing and codifying systems adjustments, reviewing training schedules and rewarding the participants.

MOTIVATION AND PERFORMANCE

The experience at ANZ Bank over the last few years indicates that staff will do their job well if they know exactly what that job is... and if they are given the resources. That is, when people work *within* organisations the very forces that create very structured encasements - the 'prison' walls - also provide the supportive framework that make them feel secure.

To step outside the system, that is to 'act-on' the system, to induce organisational change, requires a strongly supportive framework of another kind. The experience of ANZ Bank provides some valuable insights here. Ideas for quality improvement are generated within staff Quality Networks and at the same time decisions on quality improvements remain the province of management, according to hierarchical authority.

One alternative to the ANZ Bank approach would be to ask staff to perform better, to 'do their best' in improving customer service. Even if adequate training and encouragement is provided, it is hard to avoid the conclusion that such methods are essentially 'coercive' and fail in the long run because they ignore the range of service quality defects already built into the performance system and its processes.

Another alternative to the ANZ approach would be to 'motivate' staff by attempting to coordinate service performance by setting up rigid performance standards at the outset. This is the 'what gets measured gets done' principle. If the call goes out to improve service quality by performing harder, staff might do it - for a while. However, if there are systematic defects or blockages in the performance system, staff will of necessity try to subvert the system.

It is embarrassing but true that many organisations draw up lists of service standards, indeed often with the agreement of staff, which include specific performance levels which cannot be consistently achieved. The case of telephones which ring, say, more than three times, illustrates this. If staff are expected to meet an 'impossible' standard they will try to do it, but in the absence of any formal diagnostic approach to problem solving, they eventually will give up. Some people might then be tempted to reflect that 'this is the kind of staff problem that we see more and more today', and perhaps an observation of even more comfort would be 'we observe that our competitors are having similar problems'.

The choice management must make in introducing 'service standards' is whether to drive workers harder at their assigned tasks, or whether to invite them to *participate* in generating ways of improving the performance system. The first way treats people as *prisoners* of the system and the second invites people to be *agents* of the system - a distinct and separate contribution for which their experience within the system makes them ideally suited.

Efforts to improve quality and service performance by improving staff 'customer service' training will add cost, not value, unless the redesign of work activities, the retail environment in which service is delivered, and all the processes involved are targeted as a part of the diagnostic review.

'Quality' is a motivator so long as the quality improvement process is seen to be customer orientated, an opportunity to test one's personal limits, and in so doing contribute to the organisation's success. This three way motivational outlook provides opportunity for personal growth and the shift in management style from traditional/autocratic towards participative/ collaborative.

Rewards

Rewards are intended to lead behaviour in certain directions, or to reinforce existing behaviour. Under what customer service conditions do rewards actually motivate staff? As work performance is subject to random effects within any performance system, staff often wonder whether 'trying harder' is worth the effort. Prisoners of the process! However, when the focus shifts to service quality management and customer service improvements, then the contribution of an idea becomes a voluntary act, uniquely outside the system, behaviour that should be reinforced.

Theories on rewards-motivation are anchored historically in the economic rationalism of the scientific management theorists and are often unhelpful. It is nonetheless true that top management can quickly get across their own priorities, values and assumptions by consistently linking rewards and punishments to the behaviour they want to encourage.

People work within the system, as prisoners of the process, but if they become knowledgeable within it, they can step outside the system to contribute to quality improvement, acting on their know how, participating in the changes to the system that affect their work life. In this way the 'wheel of quality' keeps turning (op. cit, Figure 3).

Strategy and Commitment

In modern deregulated markets, you either attempt to guide your business destiny, or let destiny have its way. The tendency has often been to believe that top management has all the answers. Top management in turn, hesitate to admit they do not, for fear of demoralising lower level employees. The result of this has been a cleavage between strategy setting and strategy implementation. Strategy formulation becomes an elitist activity separated from implementation.[9]

Where there is no room for staff participation in strategic changes, difficulties in getting things done become labelled 'communications problems'. In such underled and overmanaged situations, middle management is seen as part of the problem, or victim, according to your hierarchical perspective. In any event, tensions and dissatisfactions become institutionalised. On the other hand, when top management have confidence in their ability to share information in the change process, and encourage participation within that process, managers down the line gain the courage to commit themselves to new strategies. Then there is *fusion* between the 'what' to do, and the 'how' to do it. This goes to the heart of the collaboration dynamics of the Quality Networks in the ANZ Bank case.

Programmes for quality improvement often fall short of the initial enthusiastic expectations because it has not been recognized that something more is required beyond setting up structures for planning, organizing and controlling. There is also a tendency for top management to think that a decision to proceed is a sufficient signal of commitment, and that all that is required is to communicate that commitment down through the hierarchy of the organization.

Commitment is an act of leadership. In implementing quality improvement, the commitment of 'head office' or the CEO is a vexing issue. Overall, staff regard a 'commitment' to quality as taking business precedent over all else. Any act or talk which is out of line with the quality commitment negates or devalues that commitment. Staff will be watching which 'signals' are going out - are they congruent with the quality commitment? Are they being treated seriously? What other change processes seem to be competing for the limelight?

In one organization, known to the author, the move to quality improvement involved problem solving/opportunity seeking teams. These teams worked on specific problems in three monthly cycles. At the end of each cycle people were thanked, and a special 'presentation day' was organized for the discussion of proposals. The 'presentation day' event was popular with staff. Soon however, a difficult question rose to the surface - why did the company staff suggestion scheme offer a cash reward for good suggestions, when the problem solving teams went through their voluntary and time consuming process without the prospect of a cash reward? This is an example of the unintended incongruity that can be expected to surface, even in the best run change programmes. The solution involved disengaging the logic that connected the evidence. In this case, the company had recently set up a profit sharing scheme and was able to authentically demonstrate the logic of *transferring* rewards which previously existed for staff suggestion scheme contributions away from that scheme to the new profit sharing scheme.

'Commitment' needs to be acted out, rather than talked out. It really is a case of actions speaking louder than words. Mixed signals to staff of course pop up everywhere, from the staff point of view. They always surface at some stage in a programme of 'quality improvement'. These mixed messages have social, cultural and symbolic importance and do need to be treated seriously. Staff morale and energy are at stake.

The traditional - or control oriented - management approach would restrict employee input to a relatively narrow agenda, whereas the participative - or collaborative - approach involves an expansion of staff input in problem solving and ideas generation. This requires a shift in responsibility so that quality starts to become the concern of everybody and, in time, the self directed responsibility of everybody.

At issue here are two incompatible views of what management can reasonably expect of workers and the kind of partnership they can have with them. One is based on imposing *control* to achieve compliance. The other based on eliciting *commitment.* The shift is not as radical as it may seem at first glance. The transitional approach is incremental.[10] By way of example, the cornerstone in beginning the transitional stage in the ANZ Bank case was the *voluntary* participation of employees in problem-solving groups.

A common error, especially in mature organizations, is to make only token changes and rely on internal and external 'communications' to achieve effects. Alternatively, management tries a succession of technique orientated changes to achieve quality effects. None of this is wrong. It is just not sufficient. This is particularly evident in service industries, where the realization comes early that an improvement in customer service involves changing the way work is organized company-wide and changing the way managers 'coordinate' the activities of the business.

NEW FRONTIERS?

This paper has stressed the internal market of customers and suppliers because, in the end, service quality is a collaborative internal process, where the total outputs are experienced by external customers through inter-actions with company people. Of course, long term quality improvement can never be merely 'this year's marketing promotion'.

A 'breakthrough' collaborative approach is emerging, with both 'people' and 'processes' activities linked internally as the quality drivers, with continuous improvement as the ever present externally focussed marketing goal. This for example fits the ANZ Bank approach in its Australia-wide Retail markets.

Achieving quality improvement across business units and/or on a global scale points up the new frontiers for companies like ANZ, in terms of management's legitimate influence and authority. How can managers act across company 'borders', across business units within national markets on the one hand, and across national markets within emergent global markets on the other hand?

There are partial answers in such situations:

- *Set up a 'pilot' improvement programme in one business unit and make it work.*

  In other words, the head of the sector or the division would throw a protective umbrella over the project, as far as possible. All that has been said about motivation and collaboration then applies as before. The aim here is to provide an outstanding example of what might be achieved, an 'outbreak of excellence', as one senior executive put it. What can be codified as good practice can then be diffused *across* organizational borders.

- *Form an alliance with another business unit(s) and begin the change process on that basis.*

  The aim right from the start is to exploit opportunities for horizontal integration of proven quality processes across business units and geographic sectors. This comes down to synergies in process design, in quality techniques and training. There are also opportunities for better vertical integration of formal procedures and systems which link critical routine interactions, across organizational borders.

  Again, this is not a world-wide charter but the power base is now shared between two or more organizational units. This has the advantage of providing multiple learning perspectives and new sources for co-operation and collaboration in improving cross-functional work flows.

Making History - Breaking With History

Service Quality Management, as a process of continuous improvement, involves a radical shift (over time) in the way people work with each other, and the responsibility they take for that work. Whereas the technical skills can be taught (indeed imposed), the social skills have to be experienced (felt). Getting the equilibrium right in the change process is a matter of judgement. In fact, it would be more accurate to use the phrase 'dynamic tension' instead of 'equilibrium'. This more closely suggests the psychological, social and political currents involved, not to mention plain old habits. If steps are taken to improve work processes, but the old habits are still reinforced, then organizational innovation is stifled. If people are encouraged to open up communications, but key issues stay 'undiscussable', then organizational learning is stifled. Each part of the transformational process needs the other because each gives evidence of validity of the other.

There will always be resistance points in any change process, because inevitably there is confusion about ends and means. Not everybody travels the road to quality at the same pace. While it is important to 'get everybody involved', this takes time. Company-wide, the solution is to *design* a way out of service quality problems.

The ANZ Bank case study suggests that what is needed to begin is a robust framework for reviewing work processes like the 'Turning Wheel' (op. cit. Figure 3) and a commitment to continuous quality improvement. Furthermore, problem solving/opportunity seeking methods can be improved as experience deepens. A start must be made to influence the learning process. The diagnostic *networks* as described diffuse responsibility for *knowledge generation* so that staff at all levels may contribute to the process of continuous improvement by knowledge sharing. The traditional decision authority of managers rests on *knowledge application* and need not be affected. In this way, there is more knowledge for managers to work with and a better informed workforce.

This is a short transformational step to take but one that is pivotal. It is a strategic step because it has a profound effect on motivation, collaboration and coordination. It challenges the corporate culture. Those in the vanguard will experience the enervating sense of making history, and in so doing, breaking with history.

As responsibility for Total Quality has moved out from the factory floor to embrace service operations departments on the one hand, and distribution and marketing on the other, there is an emergent role for marketing. It is to continuously signal the experiences and expectations of *external* customers in chosen markets, and then take an *internal* marketing step, which is to support and participate in the new forms of motiviation and coordination which will close the 'quality gap'.

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