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The Quality Transformation:

A Catalyst for Achieving Energy's Strategic Vision

Every few hundred years in western history there occurs a sharp transformation...a 'divide.' Within a few short decades, society rearranges itself—its world view; its social and political structure; its arts; its key institutions. Fifty years later, there is a new world...we are currently living through such a transformation.

Peter F. Drucker
Post-Capitalist Society

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Department of Energy
Washington, DC 20585

March 1995

Dear Colleague,

During the last several months, the Quality Executive Leadership Group and Secretary O'Leary have gathered input from stakeholders throughout the Department to assess our management practices, measure corporate progress on the quality journey, and prioritize initial areas for improvement.

The enclosed plan, "The Quality Transformation: A Catalyst for Achieving Energy's Strategic Vision," represents the culmination of this effort. The plan describes our initial six corporate quality goals. It also includes accompanying performance measures which will help us determine our progress towards meeting these goals.

Secretary O'Leary and the Quality Executive Leadership Group have committed to using this plan as the tool to set corporate priorities for our quality journey. *You should review and begin implementing the plan. In future reviews, Secretary O'Leary will ask her direct reports to assess progress towards meeting each of the six goals using the measures described in the plan.*

On behalf of the Office of Quality Management and Secretary O'Leary, I would like to thank the hundreds of Department of Energy employees and contractors who helped us develop this tool to assist managers in their quality journey. The plan is not intended to be overly prescriptive nor create additional work which does not add value. The plan is designed to help all of us focus our limited resources to meet the needs of our customers.

The Office of Quality Management is available to assist you with any questions or concerns you may have regarding implementation of this Quality Transformation Plan. Please contact us at (202) 586-5363, if we can be of assistance.

Sincerely,

A handwritten signature in cursive script that reads "Nancy Weidenfeller".

Nancy Weidenfeller
Director, Office of Quality Management

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MASTER

MESSAGE FROM THE SECRETARY

Changes in recent history have had a profound impact on the mission of the Department of Energy. Most notably, the end of the Cold War has made it possible for us to reshape our vision and implement more sharply focused goals: increasing efficiency and the choice of energy sources, supporting basic and applied research in science and technology, addressing environmental quality issues and a continued contribution to a secure national defense. Key to achieving these goals is a change in how we do our business.

More than ever, our customers are holding us accountable to deliver superior value with increasingly limited resources. Calls for a government that works better and costs less require us to demonstrate exceptional management practices as our efforts are critiqued at a level unparalleled in recent history. I am convinced that the proven principles of quality management offer a unifying theme by which we can transform the Department of Energy into a world class organization respected for the products and services we provide to the nation.

President Clinton, Vice President Gore and I remain strongly committed to the use of quality management principles and tools to assist us in reinventing government to better serve the American people. I believe that our commitment to quality rivals that of any public or private organization. We made a shared commitment to use nationally recognized quality criteria to guide our journey to excellence.

This document is provided by the Department's Quality Executive Leadership Group on my behalf. *The Quality Transformation: A Catalyst for Achieving Energy's Strategic Vision* describes our six initial corporate quality goals. I encourage all federal leaders to work together as a team to make significant and continuing progress toward our vision by achieving the goals in this plan.

Beyond the alignment effort in which we are all currently engaged, this plan will be key to achieving our desired outcomes. ***In future program reviews, I will ask my direct reports to assess progress within their organization relative to each of the six goals using the measures described in the plan and those they have customized for their organization.***

As with any plan or guidance which may change a personnel policy, practice, or condition of employment, I strongly encourage the Union(s) which represents Department of Energy employees be included in all phases of this plan from the beginning. I cannot stress enough the importance I place on Union involvement and its rights as the exclusive representative of the Department's employees. In order for this plan to succeed, it is imperative that management work with its representative Union(s) on any aspect of this quality effort.

If you have questions regarding our plan, please contact your representative on my Quality Executive Leadership Group or your quality coordinator. Each of you is an essential member of this team, and your combined dedication and commitment is essential to the effectiveness of the Department. I look forward to reviewing your progress in the near future.

A handwritten signature in black ink, reading "Hazel K. Perry". The signature is written in a cursive, flowing style with a large, stylized "H" and "P".

The Department has an urgent need to embrace the best management practices, improve processes and customer satisfaction, prevent defects, and eliminate waste.

Critical Success Factor
Department of Energy Strategic Plan
April 1994

Organizations can get substantial payoff from the analysis of core processes which can help:

- ***break down functional barriers between component organizations,***
- ***streamline operations,***
- ***eliminate non-value-added steps,***
- ***build in quality checks throughout the production chain, and***
- ***better align everyone's efforts to meet customers' requirements.***

Lessons Learned from High-Performing Organizations in the Federal Government
Federal Quality Institute 1994

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Introduction

All work is process; all processes can be improved. Quality management offers leaders an effective method for managing processes that has proven successful in both the public and private sectors. While results of process improvement efforts are evident across the Energy complex, a critical few areas by which to measure corporate progress are needed. *The Quality Transformation: A Catalyst for Achieving Energy's Strategic Vision* provides senior managers of the Energy complex the initial areas of corporate focus for the quality journey to excellence. Because quality is a way of doing business rather than the business itself, these corporate goals recognize that organizations within the Department are at different points on the quality journey.

This quality transformation plan describes six corporate goals with accompanying corporate-level metrics. Strategies for each goal have been limited to a critical few. This is a template with broad objectives and guidelines within which organizations need to customize strategies and metrics to meet their specific business needs. The Department's Strategic Plan and the Total Quality Management Guidelines are companion documents to this plan.

Recommended targets have been given for the federal workforce. Performance Based Contractors are independently managed and are responsible for determining the way they do business. In keeping with our partnership in the quality journey, however, we hope you will embrace this plan as your plan.

Background

In remarks to participants of the August 1994 Quality Summit the Secretary conveyed her desired outcomes of the Summit as a complex-wide baseline assessment and a corporate quality action plan. The 250 people who participated in the Summit represented the full spectrum of the quality infrastructure, including Federal and contractor managers, employees, and union representatives from across the complex. Participants performed an informal assessment of the status of the Department's quality initiative. The Presidential Award for Quality (the public sector equivalent of the Malcolm Baldrige National Quality Award) criteria were used for conducting this informal baseline assessment.

Six corporate level quality goals, identified as a result of this assessment, were selected based on the following: wide impact on the Department, support of the Department's Strategic Plan, and feasibility to implement. Progress toward these goals will be used to track the Department's corporate advancement in quality management.

Summit participants developed a process for completing a quality action plan. Teams were formed for each of the corporate goals to refine the goal statement and identify possible implementation strategies. Managers from the Department's senior leadership volunteered to serve as Goal Champions. The Energy Quality Council incorporated input from each of the six goal teams to produce *The Quality Transformation: A Catalyst for Achieving Energy's Strategic Vision* which has been coordinated with department and union leadership.

The Secretary's direct reports will provide a brief summary of their organization's progress against these corporate goals during program reviews. The Quality Executive Leadership Group will review progress information submitted periodically by federal managers with the intent of identifying corporate level strengths, areas of opportunity, and needs.

Award Criteria

Nationally recognized criteria for quality management efforts offer a common understanding of key performance requirements. They define a quality system and serve to facilitate communication and sharing of best practices among and within organizations. The criteria of the Presidential Award for Quality are nearly identical to that of its private sector equivalent, the Malcolm Baldrige National Quality Award. However, as differences in nomenclature occur between these and other criteria, this plan will use terminology of the 1995 Presidential Award in an effort to enhance the readability and brevity of corporate goals and metrics.

The criteria elements are:

- Leadership
- Information and Analysis
- Strategic Quality Planning (Baldrige: Strategic Planning)
- Human Resource Development and Management
- Management of Process Quality (Baldrige: Process Management)
- Quality and Operational Results (Baldrige: Business Results)
- Customer Focus and Satisfaction

Items from these award criteria elements are referenced in corporate-level metrics within this document.

The goals, strategies, and metrics outlined in this document will lead our endeavor to create and maintain the high quality organization we envision. When choosing the best course of action for implementing this transformation, keep in mind union involvement and expertise.

Goal 1:

There is effective use of performance measurement based on regular assessment of Energy operations using the Presidential Award for Quality, the Malcolm Baldrige National Quality Award, or equivalent criteria.

Metric 1a: % of organizational units (first tier headquarters and field operations offices) that have completed a baseline assessment.

Metric 1b: % of organizational units which show an improvement in performance relative to their previous assessment.

Strategies/Milestones:

- Senior managers complete baseline assessment according to goal criteria.
Recommended Target:
75% complete baseline assessment by June 30, 1995.
100% complete baseline assessment by September 30, 1995.
- Office of Quality Management provides a guidance document and support network.
Recommended Target:
March 1995
- Senior managers use baseline assessments to target high leverage improvements.
Recommended Target:
Quarter following completion of assessment.
- Quality Executive Leadership Group uses summaries of baseline assessments to target high leverage Departmental improvements.
Recommended Target:
FY97 planning cycle
- Senior managers consistently use measurements and data to effectively drive business decisions.
Recommended Target:
Ongoing

Executive Leadership Group Champion: Anne Davies
Associate Director for Fusion Energy

***Compelling Reasons for
Measuring Performance***

- Without measurement, decisions are guess work.
- Using assessment and performance measures improves the quality of critical decisions about improvement priorities.
- Measurement data keeps improvement on track, and validates its value to customers, stakeholders, management, employees, and contractors.

Energy Corporate Progress to Date:

- ☒ Some site-specific quality baseline assessments have been completed.
- ☒ Some continuous improvement action plans have been developed based on assessment results.
- ☒ Informal Department-wide baseline assessment was conducted at 1994 Quality Summit indicating the Department has commenced a sound, systematic quality approach.
- ☒ Performance metrics are included in current contract negotiations.

You cannot manage what you cannot measure. You cannot measure what you cannot define. You cannot operationally define what you do not understand. You will not succeed if you do not manage.

Peter F. Drucker

Goal 2:

All managers champion continuous quality improvement training for all employees through planning, attendance, and active application.

Metric 2a: % of employees who believe that their managers are champions of continuous improvement training and education.

Metric 2b: % of organizational units showing improvement through periodic assessments using Presidential/Baldrige elements of Executive Leadership and Employee Education and Training.

Strategies/Milestones:

- All managers receive appropriate quality education/training and participate in the roll-out of training in their organization.

Recommended Target:

100% managers educated/trained by June 1996.

- Senior managers plan quality training for their organization and ensure effective application of training.

Recommended Target:

Fall 1995

- Senior federal managers encourage and facilitate their managers attending departmental "Leaders for a Customer Driven Organization" training and implementation.

Recommended Target:

100% of target audience (SES and GS-15; intact teams) trained by December 1996.

- All managers reinforce the learning through active application of quality principles in conducting daily business.

Recommended Target:

Ongoing

Executive Leadership Group Champion: Nancy Weidenfeller, Director
Office of Quality Management

Energy Corporate Progress to Date:

- ☒ Leadership quality training provided to senior leadership at Motorola University I and II, July/August 1993.
- ☒ "7 Habits of Highly Effective People" training is available for all employees. Over 11,000 employees have been trained complex-wide.
- ☒ "Leaders for a Customer Driven Organization" training is available for all GS-15 and SES managers.
- ☒ Customer focus training was provided.

Compelling Reasons for Changing the Role of Leadership

- Managers manage the status quo, leaders change it. The Department must change to meet its changing mission -- indeed, to survive -- so we must have effective leadership for change.
- Only leaders can ensure that employees have the right skills and competencies to survive and contribute to the Department's continuously improving organization.
- To enable employees to take on new responsibilities, line managers must lead, not control, them.

The top leaders see quality management as a way to transform the entire organization, and they put their own personal stamp on the effort.

Lessons Learned from High-Performing Organizations in the Federal Government
Federal Quality Institute 1994

Goal 3:

The Department leadership has provided the environment in which employees are enabled to satisfy customer requirements and realize their full potential.

Metric 3: % of organizational units showing improvement through periodic assessments using the President/Baldrige elements for Management of Process Quality, Human Resource Planning and Management, and Customer Satisfaction Results.

Strategies/Milestones:

- All managers provide clear expectations of job responsibilities, commensurate authority, appropriate training and necessary information to meet customer requirements.

Recommended Target:

50% of positions have customer service standard(s) by June 1996.

100% of positions have customer service standard(s) by June 1997.

- Managers, working with their respective union(s), create an environment that is less risk averse, fosters trust, and encourages employees to take responsible risks.

Recommended Target:

1996 data analysis by Office of Quality Management indicates improvement.

- Senior managers provide for the streamlining of management processes and systems to reduce cycle time and cost based on the Department's Strategic Alignment. Examples of outcomes desired are reduced processing times, simplified budget procedures and lower cost of operations.

Recommended Target:

Ongoing

- All managers, working with their respective union(s), empower employees by forming process improvement or self-managed teams as appropriate and act on team recommendations.

Recommended Target:

30% of managers demonstrate team results by Fall 1995.

- All managers widely publicize benefits of empowerment through success stories in formal publications, staff meetings and other channels.

Recommended Target:

100% of organizational units have show-cased and quantified successes by June 1996.

- ➔ Senior federal managers reduce ratio of supervisors to employees commensurate with process and system redesign efforts.

Recommended Target:

Alignment of staffing and associated budget allocations with the Department's Strategic Plan by September 1995.

Executive Leadership Group Champion: Terry Cornwell Rumsey,
Director of Science Education
and Technical Information

Energy Corporate Progress to Date:

- ☒ The Department's Core Values have been developed and deployed.
- ☒ Openness, credibility and trust are being increasingly recognized.
- ☒ Performance management systems for senior executives address a wide range of quality-related requirements.
- ☒ The Department is committed to the elimination of the prescriptive nature of current directives and is actively working toward a 50% reduction in the number of regulations.

**Compelling Reasons for a
Better Employee Environment**

- Employees closest to a process know best how to improve it.
- Employees who work in a process can control and improve it *only* if management enables them with training, feedback, guidance, and trust.
- Creativity and innovation *at all levels* drive the success of a high performance organization.

Managers need to realize that they are getting paid for enabling people to do the work for which those people are being paid.

Peter F. Drucker

Goal 4:

The Department's management practices foster employee involvement, development and recognition.

Metric 4: % of organizational units showing improvement through periodic assessments using Presidential/Baldrige elements of Employee Involvement, Education and Training, and Performance and Recognition.

Strategies/Milestones:

- All managers, working with their respective union(s), act to establish an environment that supports increased empowerment and personal responsibility.
Recommended Target:
50% of employees are involved in improvement of key business processes in their organizations by June 1996.
- All managers, in coordination with their respective union(s), work with employees to develop plans and resource allocations to support employee development in alignment with organizational strategic plans.
Recommended Target:
Career Partnership Guidelines published FY95.
Full implementation FY96.
- All managers establish or revise employee Individual Development Plans or their equivalent ensuring the inclusion of appropriate quality training.
Recommended Target:
All organizations have training plans based on skills assessments by December 1995.
- Senior managers work with their respective union(s) to ensure the existence of recognition programs in their organizations to support quality and operational performance achievements by organizations, teams and individuals.
Recommended Target:
December 1995
- Senior managers work with their respective union(s) to develop a 360° performance feedback process for all employees.
Recommended Target:
Ongoing

Executive Leadership Group Champion: Arch Durham, Assistant Secretary
Human Resources and Administration

Energy Corporate Progress to Date:

- ☒ Some Labor/Management Partnership agreements are in place within the Energy family.
- ☒ Labor/Management Partnership agreement has been signed by Secretary O'Leary and NTEU president Bob Tobias.
- ☒ The Energy Quality Council has implemented a complex-wide Energy Quality Award.
- ☒ Some senior leaders have implemented 360° degree performance feedback process (from peers, boss, staff and customers).

Compelling Reasons for Better Employee Development and Recognition

- Survival is dependent upon leveraging opportunities to develop and practice new knowledge and skills.
- Improved organizational performance is dependent upon a capable, skilled and motivated workforce.
- Employees treat customers the way their employer treats them. Treat employees with respect, and they will treat the customer the same way.

Union support or opposition can be a critical factor in determining the success or failure of a quality effort. Participative management can lead to a collaborative relationship and an effective alliance between labor and management.

Lessons Learned from High-Performing Organizations in the Federal Government
Federal Quality Institute 1994

Goal 5:

The Department continuously improves customer service and satisfaction, and internal and external customers recognize the Department of Energy as an excellent service provider.

Metric 5a: *% of organizational units showing improvement through periodic assessments using the President/Baldrige element Customer Focus and Satisfaction.*

Metric 5b: *Ongoing customer feedback mechanisms show customer satisfaction is continuously improving.*

Strategies/Milestones:

- All managers identify internal and external customers, and customer requirements are communicated to employees.

Recommended Target:

Customers identified June 1995.

- Senior federal managers ensure that customer service plans are created and begin implementation at all levels.

Recommended Target:

50% implemented by October 1995.

100% implemented by March 1996.

- Senior managers use information from customer feedback mechanisms to drive decisions and actions.

Recommended Target:

Ongoing

- All managers demonstrate customer focus through personal behavior and allocation of resources.

Recommended Target:

Ongoing

Executive Leadership Group Champion: Cherri Langenfeld, Manager
Chicago Operations Office

**Compelling Reasons for
Focusing on Customers**

- Customer and stakeholder requirements define quality. Department systems and processes that do not meet these requirements imperil our survival.
- The American people deserve excellent service.
- Focusing on customers gives employees the chance to make real contributions and be proud of what they do.

Energy Corporate Progress to Date:

- ☒ Customer Advocates in federal sector have been appointed and trained.
- ☒ First-tier Customer Service Plans are published.
- ☒ External customer satisfaction has been baselined for five core business lines.
- ☒ Customer Focus Awareness training has been provided.

Quality and customer service are our greatest competitive advantage for the next century.

Kenneth Chenault, President, American Express Consumer Card Group

Goal 6:

The Department has a system which aligns strategic and operational planning with strategic intent, ensures this planning drives resource allocation, provides for regular evaluation of results, and provides feedback.

Metric 6: % of senior leaders who agree that a system which meets the goal criteria is in use with one full feedback cycle complete.

Strategies/Milestones:

- The Office of Policy charts a cross-functional team to design a system which meets the goal criteria.

Recommended Target:

Team Charter complete by March 1995.

Secretarial action on team recommendations by November 30, 1995.

- All managers align current operational planning with the department's Strategic Plan.

Recommended Target:

FY97 planning cycle

Executive Leadership Group Champion: Betty Smedley, Controller

**Compelling Reasons for
Planning Strategically and
Measuring Performance**

- Transformation requires a strategic approach.
- There must be a systematic way to align resource allocation with the strategic plan.
- We can maximize the efficiency of our organization by ensuring that all activities support our strategic direction.

Energy Corporate Progress to Date:

- ☒ A clear quality vision has been communicated.
- ☒ The Department of Energy Strategic Plan has been issued.
- ☒ The "Total Quality Management Implementation Guidelines" are in use Department-wide.
- ☒ The Strategic Alignment team has been established.

In this Administration, we want managers and employees to work together to paint a clear vision and articulate a compelling mission supplemented with clearly understood goals and shared values upon which everyone in the organization from top to bottom can base an intelligent decision.

Vice President Gore

Role of the Executive Leadership Group

This document is provided by the Executive Quality Leadership Group on the Secretary's behalf. The Leadership Group champions this plan as a way to accelerate the Department's quality transformation which we all recognize as key to achieving our strategic vision. In addition to the entire group's support for the goals and strategies outlined in this plan, individuals have volunteered to champion each goal as a way to provide additional focus.

We see our role as champion to be a cheerleader and advocate and a point of contact with information about this plan and the goals and strategies within it. We also see ourselves as "barrier busters", available to help remove obstacles to executing our strategies. We plan to collect best practices and successes which organizations are having while implementing this plan. Most importantly, we will model the behavior that leads to the achievement of these goals.

What leaders do:

- ***Inspire a shared vision***
- ***Model the way***
- ***Challenge the process***
- ***Enable others to act and lead at all levels***
- ***Encourage the heart***

Kouzes and Posner study from *Creating Culture Change*, by Atkinson

Notes

Notes

This document was developed by members of the Department of Energy quality infrastructure, including:

Quality Executive Leadership Group
Energy Quality Council
Quality Coordinators
Customer Focus Advocates
Office of Quality Management
Diversity Council
National Treasury Employees Union (NTEU)
DOE Laboratory 3 Point Quality Forum

For more information please contact a member of one of these groups or:

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