EM9345: The Globe and Mail, October 26, 1993, page B25

CASE STUDY / *Dairyworld moved quickly with TQM, deciding that it could only succeed with leaders trained to foster new ideas*

How one firm made it through the turmoil of a merger

BY WENDY STUECK
Special to The Globe and Mail
Vancouver

WHEN Dairyland Foods merged with two Alberta dairy cooperatives in July, 1992, the result was a food-processing powerhouse with nearly 3,000 employees and annual sales of close to $1-billion.

It also created a continuing challenge for the new Burnaby, B.C.-based company, which now operates as **Dairyworld Foods**: making sure a quality process that had been launched five years earlier did not stray off course.

Dairyland began working on its quality management in 1988, gradually introducing skills and awareness training for its employees, says Tom Low, Dairyworld’s manager of training and development.

When Dairyland joined forces with its one-time rivals, that process had to accelerate. Before the merger, Dairyland had been facing increasing competition from cheaper U.S. goods. At the same time, it was watching competitors from Central Canada move into Alberta and British Columbia.

WHILE the merger made good strategic sense, it threatened to wreak havoc on management and training processes that were still being ironed out.

"In the past, this sort of change has taken place on an evolutionary basis", Mr. Low says. "But that won’t keep up with the pace of change in our market. The merger was a revolutionary change – there was a lot of pain, which included some downsizing.

"We decided to become the company we wanted to be by managing change, not just letting it happen to us."

As soon as the merger was complete, Dairyworld extended quality awareness training into Alberta operations and took steps to ensure that training stayed on schedule in British Columbia. (The parties to the merger were Dairyland, the Northern Alberta Dairy Pool of Edmonton and Red Deer-based Central Alberta Dairy Pool.)

Downsizing, including the shut-down of some Alberta plants, made employees leery of new management ideas.

"We had to reinforce the concept that once the dust settles, there is a plan for this company. And regardless of where people are in the organization, they will know where they fit."

The process now underway at Dairyworld has nothing to do with quality products, which are a given in the industry, Mr. Low says. Instead, the process is geared toward giving Dairyworld an edge over its competitors through better customer service and increased efficiency.

A11 non-union managers take a six-day course on team development, with the company now running four sessions a year. Despite a much heightened focus on training, Dairyworld is not spending proportionately more money on staff programs than it used to, Mr. Low says.

"Some organizations are spending 3 or 4 per cent of their budgets on training. We are lower than that. Because if you just throw money at it, and put in a bunch of super programs, it’s still a waste of money if you don’t see results."

The payoff will come, says Mr. Low, when the new decision-making culture spreads throughout he organization.

"I would love to say I have a set of numbers, but rght now I don’t. But if it shows up in customers who are willing to do business with us, we know we are winning on the bottom line."

Circuit Graphics Ltd. has also pursued quality for its customers’ – and its own – sake. Based in Burnaby, the 80-employee company obtained its ISO 9002 certification in December, 1992, and is expecting its next compliance audit in January, 1994.

DEVELOPED in 1987 by the International Organization for Standardization, ISO is now a common benchmark around the world. To obtain certification, companies must pass an audit.

It took more than two years for Circuit Graphics to get its house in ISO-ready order, says quality assurance manager Megan Payne. By certification Circuit’s customers can be assured of certain levels of things like process contols and training, without having to spend their own money on costly audits.

"And in the long run", says Ms. Payne, "this system enables us to make a higher-quality, lower-cost product."

Common wisdom has it that companies turn to total quality management as a last resort. But **Finning Ltd.**, a Vancouver-based equipment retailer, launched its quality process in 1990 after six consecutive years of record revenue and profit.

Finning moved cautiously, spending two years studying quality management before it made any changes, says Ron Clark, general manager of branch operations. The company adopted what it calls a cascading philosophy of orientation and training, moving concepts through senior managers, middle ranks and then to front-line employees. It is currently working toward ISO certification.

WITH 3,600 employees, Finning took on a big job when it decided to change its corporate culture.

"We’ve turned the corner now, Mr. Clark says. "People are approaching customers differently than they were four years ago. We’re at the point where TQM is an integral part of our business plan."

Getting there has not been easy, he adds. Material supplied by quality consultants had to be modified to suit Finning’s needs, and theories had to be tested before employees were convinced.

"Quality principles are just one leg of the milking stool", agrees Mr. Low of Dairyworld. "You’ve got to have leaders who allow people to try new ideas. And then you’ve got to have a recognition system that says to those people, ‘Yes, you’ve got it right’.

The article EM9345 reprinted above is used in Figure 11.16 of the STAT 221 Course Materials.