The Story  ▶ OCP, a laser printer manufacturer, is discussing its current growth strategy. During a key meeting, the director of operations suggests that the strategy task force examine a proposal from the sales and marketing department for a new marketing campaign. Upper management is confident that the continued focus on marketing will produce good results. For their products, marketing has always had a strong effect on sales, so it makes sense to run some new marketing campaigns. Some of the increased revenues will then be invested in continuing the marketing initiatives and trying new programs.

The sales & marketing VP almost gloats over the prospect of an increasing customer base. Like other companies in the office-equipment industry, OCP knows that there's substantial revenue not only in selling more of its high-end products but also in providing peripherals such as (in OCP's case) toner cartridges, cleaning kits, and service contracts. But during the strategy task force meeting, the tech-support manager chimes in with a provocative question: What will happen to demand for technical assistance when there are a lot more of the high-end printers with advanced features out in homes and offices around the country? "Won't we be swamped with calls?" she asks. "The fastest way to turn people off is not being able to help them out. They'll just go to their local generic laser printer service shop and forget about us. Then next time, they'll buy their printer from someone else."
FutureTech, a large, high-tech company with a specialized market niche, begins to experience financial pressures. Revenues are dropping, and profits are down. After much discussion in the executive committee, it seems as if the financially sound approach is to reduce costs by having a layoff. According to the committee's thinking, reducing the number of service and administrative staff will reduce the overhead of personnel costs, which will in turn increase profits. During the first quarter following the layoff, there is a drop in costs, and profit numbers improve.

In the following quarter, profits take another dip. With great regret, the executive committee concludes that they hadn't trimmed enough before, and they mandate another layoff. After a slightly chaotic quarter of adjustment, FutureTech once again sees an improvement in profit figures.

When the executives spot yet another, slightly sharper drop in profits, they decide to investigate before pursuing further cost-cutting measures. They discover that, with fewer service and administrative staff, customer inquiries, billing, and fulfillment materials are being handled more slowly. Service quality has declined, and with it, customers' overall perceptions of the company's product quality. As a result, customers are reluctant to buy, and sales and service revenue have decreased.
When something goes wrong at ABCo Rentals and the stress is on, the first question the employees often ask is, “Whose fault is it?” When there’s data missing in accounting, it’s the bookkeeper’s fault. If ABCo loses a key customer, it’s the sales group’s problem—“They promised more than we could deliver!” When errors such as these surface, blaming seems to be a natural reflex. Even those individuals who sincerely want to learn from mistakes give in to the temptation to name culprits.

Pat Wiley, an OD consultant working with ABCo, has noticed that, when the blaming starts, open minds close up, inquiry stops, and the desire to understand how the whole system is involved diminishes. Pat’s interviews with employees reveal a common theme at ABCo: It’s safer to cover up errors and hide real concerns than bring them into the open. Some people suspect that, because of this characteristic of ABCo’s culture, they’re missing out on valuable information that could lead to improved policies and procedures. However, no one has the courage to try to change things.

Working with the management team, Pat encourages them to clarify accountability by focusing on tasks, roles, processes, standards, and expected results—not on individual personalities and competencies. Each group is planning to set up meetings to review their progress on this change work.
Games, Inc., a fast-moving consumer electronics company, is experiencing increasing revenue pressures. "Gotta sell, gotta sell. Gotta get more boxes out the door," urges Felix, the sales manager. The marketing department responds by running more promotions: "Free CDs with every player!" "Extra game cartridges with your NEW game box!"

Customers gobble up the promotions. But when the marketing campaigns end, sales fall off and revenue pressure goes up again. "Fire the marketing manager!" the CEO hollers. "Get me someone who can run a really good promotion—one that sticks!"

Then, one Saturday morning, while Felix is standing at the check-out counter in Electronics City with his son, he overhears two adolescents talking about Games, Inc.'s products. "Nah, I don't get that game box," one of the teens says. "They're always giving stuff away. Can't be a good product. Now PowerPlayer, that's awesome—it's so good they don't have to give away nothin'."
National Courier, a package expediting company, implements a quality initiative. After the management speeches, training sessions, and team meetings, both line workers and managers begin to initiate some quality improvement projects and then an increase in the actual quality of services, especially tracking and on-time pick-ups. These improvements highlight the importance of the quality initiative and generate motivation to do even more. The company sets up additional quality improvement projects.

As people get involved with the projects, they realize they need more skills related to the issues they’re surfacing; for example, financial accounting concepts and operations management. The training department goes into overdrive to find, create, and deliver training, but their staff and their budget are too limited to meet the growing need for training. As a result, staff keeps falling behind in their skills.

Eventually, people become discouraged by their inability to implement or pursue the improvements they want to make. The number of quality improvement projects tapers off, and enthusiasm for the whole idea just fizzes away.