

Developments In Business Simulation & Experiential Exercises, Volume 19, 1992

Two Revolutions, Total Quality Leadership, and the Baldy: The Story of Milliken

John K. Butler, Jr., Clemson University

The format of this session is intended to be a panel with at least one executive from Milliken & Co. We would like to present some of what Milliken has done in TQM, and then open the discussion to all participants. The session will focus on the two cultural revolutions that Milliken found necessary in order to survive.

The stakes have risen! The stakes of industrial competition were once quarterly profits with concomitant jobs for hourly workers. Now, the corporate betting game is more serious, and the stakes include the very survival of the firm, with concomitant employment for managers and executives as well as hourly workers. Justly so, contends Deming (1986), who argues strongly that managers, not workers, are responsible for the quality of a firm's product or service.

In order to survive firms that once flourished despite their thick-porridge bureaucracies have had to become sensitive to technological pressures, and flexible enough to respond to those pressures. Perhaps the most responsive firm in the textile industry is Milliken & Co., headquartered in Spartanburg, SC. It has not always been so responsive.

Before the Revolution

Prior to 1981, Milliken & Co. was run as a dictatorship. Roger Milliken ran the total show. His raging impatience for dissidence and inaction wreaked terror among his managers. His despotism showed up when he summarily fired 600 managers under the premise that Parkinson's law had been in effect long enough. His ultra-conservatism became ultra clear when he ordered all Xerox machines removed from every Milliken office on the day after a Xerox-sponsored documentary on civil rights appeared on TV. People were proud to work for Milliken, but tired. Not many people could work the expected 60 to 70 hours per week.

Roger Milliken 'loved bricks, mortar, and machines, but distrusted people and the market place. He did not feel comfortable allowing customers to help set his direction. He frequently became involved in minute details. Secrecy was important. The goats of efficiency and productivity required tight production runs with few changes, tight control of incoming inventories and suppliers, and inflexibility for outgoing product and customers. "Never do anything in small runs. Relationships with suppliers and customers were adversarial", stiff at best. The structure was hierarchical and militaristic.

Paradoxically, despite the seemingly short-term philosophy, Milliken & Co. had a huge R&D facility and may have spent more on R&D than the rest of the textile industry combined. Further, Mr. Milliken showed a fetish-like interest in the latest management tools: long term planning, computerized MIS, quantitative techniques, and a 7-week training course for managers.

Come the Revolution: Pursuit of Excellence (POE)

Most revolutions are perpetrated by outsiders with little to lose and much to gain. This one was completely driven by Roger Milliken himself as a result of two realizations. The first realization was that past paradigms were not acceptable. The comfort afforded by old accepted beliefs and ways of doing things (such as, "Quality is a luxury") was primarily responsible for failure to improve, and ultimately failure of the firm. Milliken realized that the firms' very survival depended on avoiding this "paradigm paralysis" and accepting new paradigms (such as, Quality is expected by everyone).

The second realization was that management was the Problem. Mr. Milliken stood up on a table and explicitly admitted that he was the problem. He realized that quality was attained with people, not out of people. He then began to reverse his leadership style 180 degrees. He empowered employees (renamed 'associates') and adopted a team approach to production with cross-functional teams including suppliers. He continued the massive training programs including training for suppliers. He, the CEO, (not just his first-line supervisors) attended Crosby's Quality College. Thus, Milliken mounted a cultural revolution.

Come the Second Revolution: Total Customer Responsiveness (TCR)

Milliken & Co.'s focus on the customer began when Roger Milliken forced his foot-dragging salespeople to become involved in the quality program. The driving energy of TCR comes from cross-functional Customer Action Teams, including representatives from customers, manufacturing, sales, finance, and marketing. The purpose of these teams is to solve problems on how to serve current markets and create better ones.

For example, Milliken and Levi Strauss have joined together in a 'Partners for Profit Program.' This program gives the two firms the advantages of vertical integration without being vertically integrated. In effect, the program uses JIT as a marketing strategy by linking it forward to the customer. The JIT partnership is implemented with a series of five steps:

1. Milliken uses SPC to manufacture high quality fabric according to Levi's standards of color and roll sizes.
2. Computer / telecommunication linkages between Milliken and Levi provide for precise electronic coding and tell Milliken exactly how to load their trucks.
3. Milliken ships directly to Levi.
4. The fabric is unloaded at Levi's docks exactly when, how, and where Levi wants it.
5. Levi omits inspection, sorting, and storage of incoming Milliken fabric.

The result is a reduction in cycle times. Speed (timeliness) is an aspect of quality. It once took six weeks to have a customer agree on a sample, set up, produce, and deliver. Now that takes five days.

A more highly publicized result is that Milliken won the Malcolm Baldrige National Quality Award in 1989. Their primary areas of excellence in winning this award were their improvement of customer satisfaction and their 'Ten Four' goals, striving for improving quality indexes tenfold in four years.

COMPANY PROFILE

Milliken & Co. is a family-held textile firm, headquartered in Spartanburg, SC. Exact financial data are not available. However, Milliken has been estimated to be the second or third largest textile firm in the US. Milliken has committed far more resources to R&D than any other textile firm. The major products are carpets and draperies for large applications. Roger Milliken has led the firm through much of its progress for several decades. The past decade, marked by the two revolutions described above, saw drastic changes in the way Milliken does its business.

Developments In Business Simulation & Experiential Exercises, Volume 19, 1992

PERSONAL DESCRIPTION

John Butler is a professor of management at Clemson University. Currently, he teaches courses in organizational behavior. He has also taught management of human resources, behavioral research, business policy, and principles of management. He has conducted training and development programs for managers in the U.S. and Jamaica. He has consulted for the Office of Professional Development at Clemson University and the Construction Industry Institute. He has published articles on job satisfaction, leadership, motivation, interpersonal trust, teaching methods, informal organization, group decision making, and social responsibility.

Other members of the panel have not been identified as this goes to press.

Bibliography

- Business Week, (1981). How Roger Milliken runs textiles' premier performer, January 19, pp. 62-73.
Deming, W. E. (1986). Out of the Crisis. Massachusetts Institute of Technology, Center for Advanced Engineering Study
Main, J. (1990) How to win the Baldrige award. Fortune, April 23, pp. 101-116
Milliken & Co. (1990) One-day seminar for executives: Pursuit of excellence at Milliken, December 12, Spartanburg SC.
Peters, T. J. (1987). Thriving on Chaos. New York: Random House.
Wall Street Journal. (1990). An executive seminar on chasing quality prize. July 26, p. B1.
Whittemore, M. (1990) Prize achievements Nation's Business, January, p. 29