

# WESTERNER

Omaha Works  
October 1985





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at quality today**

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## On the cover

Mary Welch will tell you that when she's assembling wires on the plugs of connector cable, she had better pay attention to what she is doing. The wires are arranged by color code. If they're switched around, the product is defective — and who's going to buy a defective product? That's why Mary thinks quality workmanship is so important. She and three other Works employees share their ideas on the subject in a feature starting on Page 4.

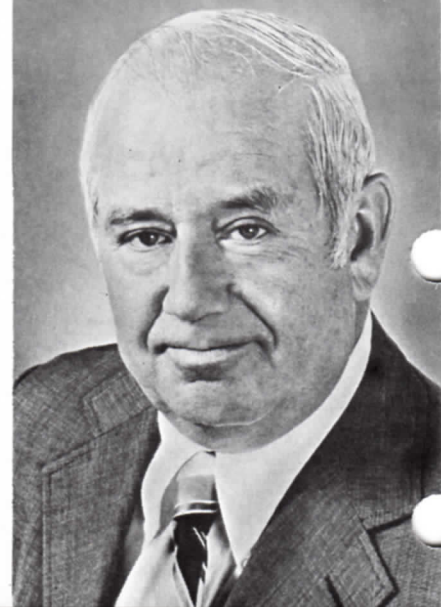
## WESTERNER

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# 'The customer is boss'

—James E. Olson



Quality has long been a tradition at AT&T. Since divestiture, however, many of the rules governing how the company operates have changed. Has it had an effect on the company's approach to quality?

James E. Olson, AT&T president and chief operating officer, addressed the subject in an interview with *Quality Progress*, a publication of the American Society of Quality Control, Inc. Olson is the first chairman of the National Quality Month campaign being conducted during October. The following is a condensation of a copyrighted article featuring Olson's views, taken from the July 1985 issue of *Quality Progress*.

### **Q: How has divestiture affected AT&T's approach to quality?**

A: Divestiture has affected us in four principal ways: We are a global player; we are no longer a regulated monopoly; we do not "own" the customers as some may have thought we did in the past; and there's a good deal more competition in the marketplace. But quality remains a crucial issue for this corporation's long-term success. If we're going to be a competitive world player, then quality had better be very high on our priority list.

We invented many of the quality control techniques used throughout industry. I think our record shows that our products and services worked.

But the cost of achieving that quality simply can't be tolerated in the competitive environment in which we find ourselves in 1985. Today, as we integrate the process of marketing, development, design, manufacturing and installation, we have to make sure we have the right systems and the statistical analyses in place to constantly control the parameters we've set up to produce at a competitive cost level. And that's a different approach to quality.

### **Q: How does quality relate to other AT&T strategic business objectives?**

A: In January, I set out objectives for AT&T Technologies for 1985. At that time they were objectives only for the unregulated side of AT&T, but they also apply across the board. They are: Capitalize more fully on technological strengths; control costs; focus on the importance of people; develop a stronger global perspective; and make customer satisfaction an obsession. Quality cuts across them all.

Let's talk about technology. Software, microelectronics,



photonics: They're the heart of what has been our traditional business — telecommunications. And with the convergence of data processing and telecommunications, those same technologies are the underpinning of the Information Age.

Excellent quality is absolutely crucial when you're dealing with such technologies. For example, we are making a very sophisticated digital switching system. It's composed of hundreds of densely packed circuit boards, and on each one there are lots of integrated circuits, some of them very, very sophisticated. If you don't have quality built into the overall design and into the design of each component — and if everything's not done right the first time — the cost of rework is prohibitive.

**Costs:** We've been a quality company, but it's my judgment that we need to pay more attention to doing it right the first time. The issue is not just whether the product works for the customer; it's the cost that's built in if you don't do it right the first time. So cost is crucial.

**People.** People want to be part of a quality company. And that means you get your people — every last worker — to realize that what they do is important. If they pass on something that's poor quality, the next person — the next step in the process — is affected. Make sure they know your competition; make sure they know who your customers are. Getting the whole work force involved is crucial.

As an international player, we are up against very, very highly competent competitors. And the Japanese are high on the list. They have worked hard on quality, and that gives them an advantage. If you're going to be a global player, quality is crucial.

Customer satisfaction still remains high on our priority list. In a vertically integrated business, the customers for our manufactured products were largely the Bell telephone companies. They were a part of the family. They tolerated

more experimentation and testing, and they fixed things that were wrong. But those customers are not a part of our family today. That was a big advantage to us. That's gone. Today, those customers — and others as well — want products to work out of the box. And so customer satisfaction needs even more emphasis in the new AT&T.

**Q: It sounds like in some cases there is a redefinition of quality going on based on what you're hearing from the marketplace.**

A: No question about it. But that shouldn't be misunderstood to mean that we suddenly lowered quality standards. People have said you can no longer design a telephone that lasts 40 years. I think that's an oversimplification. The market has already said to the telephone set business, "Don't give us a lot of junk."

A lot of junk came into the market in 1984. And a lot of dealers, including retailers, were stuck with cheap telephones that wouldn't sell because the public rejected low-quality sets. In the past, we made sets for a leased environment. We used heavier plastic, we had more screws. We could take the sets out of service, put them through a repair line, buff them, put a new cord on them, maybe change the shell, send them back out, and continue to lease them.

But we are *selling* instruments today. So we can still build a very high-quality set, but have thinner plastic because the set stays in one place. It's not recycled. It doesn't have to be unscrewed. And so we redesigned for the new environment. The design still has high quality, but quality for a set that's used in a whole different environment.

Another example is the way we design our switching systems for some parts of the world. In the United States, the public is accustomed to telephone service that is very reliable. But if another customer *specifies* a willingness to tolerate more downtime in a product because of cost parameters, then we

have to think of quality in the customer's terms.

**Q: The subject of quality costs often comes up in discussions about quality. So do other areas — quality circles, statistics, training. From your perspective, which of those tools seem to be the most useful today?**

A: Getting the people involved is always crucial.

But let's talk about what the factories look like today and what they looked like 10 years ago. Inside the factory of a decade ago, we had managers with control of 90 percent of their output. Ninety percent of the value added was in the factory, so measurement systems could be imposed within those factory walls.

Today, our Denver plant — where we make our large business systems — controls 15 percent of its value added. Eighty-five percent is coming from other factories, including outside suppliers. And the Japanese have shown most American companies that just-in-time inventory is crucial.

As a result, factories are becoming big information centers. In Oklahoma City, we have a very powerful computing system monitoring the floor.

Statistical analysis and having a good database in the factories we have in 1985 — I'd put that on the top of the list. The statistical information flowing in and out of our factories is absolutely crucial.

**Q: What do you see as the quality training needs for those who are outside of the quality function?**

A: To start, all of our people have to understand the importance of quality in what they are responsible for. It's attitudinal training. Don't hand off a quality problem to somebody else, and don't accept something that's of poor quality from somebody else. That means giving feedback to the person who's handing off poor quality.

There's also training in the sense of making sure that every individual knows what his or her

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# Quality starts here

**W**hat's all the hullabaloo over quality?

Every day we see Works posters or banners extolling the virtues of quality on the job. We have participated in quality awareness training programs and have signed our names to giant boards. We even wear a golden "Q" on our ID passes.

And now, we're marking October as National Quality Month. AT&T's president and chief operating officer — James E. Olson — will visit the Works Oct. 29. Olson is chairman of the month-long national campaign, and his trip here is one of several he is making across the country in its behalf.

Okay, we get the message. We know we're supposed to do a good job. So what else is new? Plenty.

Divestiture has affected the company's approach to quality in a number of ways, key among them being stiff competition in the global market. Olson has stated, "If we're going to be a competitive world player, then quality had better be very high on our priority list." (See interview on Page 2.)

Apparently quality is high on the priority list of four Omaha Works employees whose comments follow, and they believe quality is taken just as seriously by their co-workers.

They make it clear that quality on the job is more than paying attention to detail. Maintaining and improving quality is a complex process affecting every possible aspect of each employee's job. It involves responsibilities not one employee can afford to ignore if our efforts are to succeed.

## The facts of business

"If you don't get a good product out, we're going to be without jobs," said Mary Welch, an assembler in Dept. 294.

She minced no words in explaining why she thinks doing a quality job is so important. Our future hinges on how customers view us and our products, she said.

Mary contends that customers are fussier these days not only about the products they buy, but the service they are given. Since divestiture, friends have commented to her that they aren't happy with the change in telephone billing procedures, and they worry about costs going up.

The telephone industry is being scrutinized and so Mary figures it's critical that each employee does the best job possible, whether making a product or providing a service.

On a more personal level, quality is important to Mary

because "I feel good when I know I'm doing a good job." She assembles wires on plugs for connector cables, following strict color codes.

"You have to know what you're doing . . . concentrate on what you're doing," she said, and never allow defective work to "go on down the line." Hers is a repetitious job and she must constantly guard against "letting my mind wander."

The quality of her work also is affected by the quality of other people's work, too. The parts she uses in assembly work must not be inferior, and if there is a problem, it's vital that the company act to correct it promptly.

Mary credits quality circles

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LARRY FINLEY . . . "Anything I build I want to build it right the first time."



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with getting Works employees to pay more attention to quality. "I think they have helped employees to express problems and get them out into the open."

### A new wave?

Assembler Larry Finley thinks "the concept of quality is getting better" throughout the nation.

"I think everyone's getting tired of buying something that doesn't work, and they're more conscientious about buying something that will last," he said. We're evolving from a nation of consumers to one of discriminating shoppers. Customers will be casting a more critical eye on products, including those made by AT&T.

To Larry, who assembles 80-type cabinets in Dept. 429, quality is a high priority because "anything I build I want to build it right the first time — I want to be proud of its quality."

Toward that end he makes it a point to help people new to his department. He said it's also important not to let any personality conflicts get in the way of doing a good job, and he refuses to use materials he knows to be defective. In fact, he views it as his responsibility to call problems to the attention of those in a position to resolve them — and relies on management to eliminate red tape to get the job done.

These all are elements in assuring a quality product, Larry said. Ultimately, they figure into whether or not a customer chooses us over a competitor.

"I really feel that if customers had any doubts about us a few years ago (and bought from a competitor), they're coming back to us now," Larry commented, because they know we have always stood for quality.

"But quality has to be an

ongoing thing in order to keep proving our reputation," he cautioned.

Even if nobody else cared about quality and if he were the only one doing his best, his efforts wouldn't be in vain because, he said, quality is contagious.

"It's like the wave at the Nebraska football games. It's something you just catch and I think it spreads."

### Not so tangible

When Marcy Dergan was an assembler in the circuit pack shop, she was constantly reminded about quality workmanship.

"It was tangible — something I could see, like a mistake in a product" being assembled, she said.

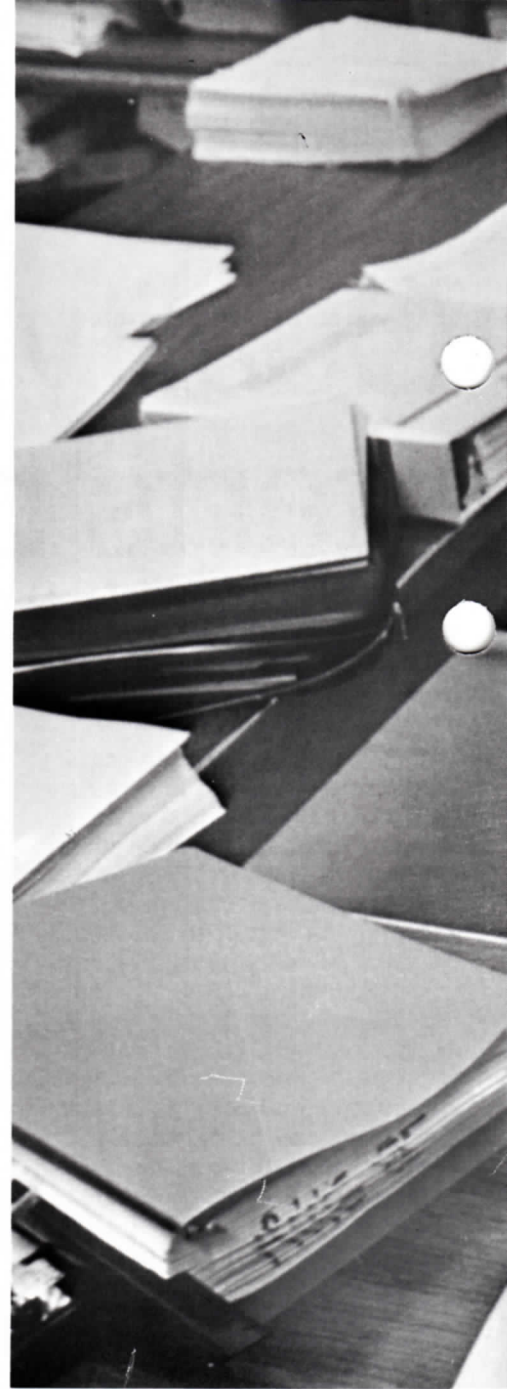
Now that she is an accounting associate in Dept. 072, she doesn't think of quality in the same tangible terms, "but it's just as important."

Marcy does accounting on stock and non-stock order billings, as well as handles errors in shipments and claims on damaged goods. Each month she must meet specific deadlines while dealing with day-to-day business. The work of many other people is affected by how well Marcy does her job.

So quality is something "I do for myself," Marcy said, "knowing it affects a lot of other people."

The accounting department has undergone considerable change in the last year or so — people in different jobs, new systems, a realignment of responsibilities.

"I think the changes are for the good," Marcy pointed out, but any change can make it tougher to maintain continuity in quality. Until things settle down, sometimes there is no one



place to go for all of the answers, she said.

So how does Marcy go about doing quality work?

"I ask a lot of questions," she answered. It's important to draw upon other people's experience — "find out how to do the job right from the beginning — don't just guess." Errors are costly, and if there is one thing a customer doesn't want, it's added cost.

It's equally important "to be willing to help out others." Marcy wants no part of the attitude, "that's not my job."

"If you know where you can go to get an answer, then there's no excuse to not help someone





— even if it doesn't pertain to your job," she said.

It's one thing for an individual to put quality into his own work, but if he is unwilling to help co-workers to do their best, then the overall quality effort will fail.

"Each one of us has to do a quality job," Marcy said.

But the key is we have to do it together.

### **Keep communicating**

There are a couple of reasons why quality is important to Ed Eichner, who assembles N-type protectors in Dept. 444.

"One is if I do a good job, I feel

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*MARCY DERGAN . . . "Find out how to do the job right from the beginning — don't just guess."*





(Continued from Page 7)

better about it. If I buy something, get it home and it's no good, I know how it feels," Ed explained. He wouldn't want our customers to have that reaction.

"Another one is that competition is so tough. If a customer likes our products, they'll come back," he said.

Putting out a quality product requires teamwork: "Like they say, you're as strong as your weakest link — so it's important that each person does his part."

According to Ed, those "parts" that make up quality as a whole are many. For his part, he tries to make sure he has a good attitude on the job. "Everybody knows you have 'down' days and 'up' days," he said, but it's essential that an employee doesn't let his troubles interfere with job performance.

Knowing the end use of the product he makes helps Ed to concentrate more on its quality. And if he encounters a problem during assembly, "I bring it to the attention of the

supervisor or engineer to get it fixed. It can make the job a lot easier."

The parts that other employees play can positively affect the quality of his work, too — and communication is the underlying theme.

For example, pride in workmanship is an incentive toward quality, but "I need to know (from the supervisor) am I doing the job right? Is it a good job or just enough to get by?" Ed said.

It also helps to know what action is being taken on a problem Ed may have mentioned. Recently, Ed's supervisor reported back to him about the status of a problem. "It made me feel better about the job — that it wasn't just being pushed off," he said.

Equally important is to hear something about customers' reactions to the products he makes. "I remember hearing stories about customers requesting cable specifically from the Omaha plant because our quality was so good — that makes me proud."

Taking pride in their work and quality awareness are traits common to Omaha Works employees, Ed believes, and he thinks it contributes to why the public still views AT&T as a quality manufacturer.

"But we can't live on a past reputation," Ed said. If we become lax in our quality "people will know about it and the competitor will have the edge.

"And just one unhappy customer can turn off a lot of people to AT&T."



## Love-Life

# Think before you act

*The following is one in a series of articles about health as part of "Love-Life," a health education program developed by the Immanuel Medical Center.*

**A**ccidents can happen to anyone. But not all of them are as easy to write off as a spilled glass of milk, a knocked-over lamp or a slight dent in the family car.

In the United States, accidents are the fourth leading cause of death following heart disease, cancer and stroke. According to government figures, accidents are the No. 1 killer of people under the age of 30. Between the ages of 15 and 24, accidents account for half of all of the youths who die — home accidents, car accidents, gun accidents and recreation or sports accidents.

Consider the following:

— Accidents account for more than \$50 billion annually in lost time on the job, insurance

claims and uninsured losses.

— Since the invention of the car, more than 2 million Americans have been killed in automobile accidents. That's more Americans than were killed in Vietnam, World War II, the Korean War and World War I.

— More than 26,000 Americans die from accidents suffered in the home every year.

— Home accidents account for about 4.2 million disabling injuries every year, according to insurance company statistics.

— About 50 percent of all deaths due to firearms and falls occur in the home. About 83 percent of all of the deaths due to fires and poisonings happen in the home.

Accidents do happen to even the most careful and thoughtful person. Research has found, however, that the vast majority of accidents can be prevented if we use a little more thought and common sense as we go about the task of living.

Research also has found that there are accident-prone people. Lifestyle and personality influence the number of accidents we have. Researchers say that many accident-prone people generally have a more difficult time handling boredom, frustration, fear and anxiety.

Carelessness, boredom, fatigue and even false pride are often at the root of most accidents. For instance, none of us likes to admit our eyesight isn't quite as

sharp as it once was. So we don't wear our glasses when we should or we don't even bother going to a doctor for an eye examination.

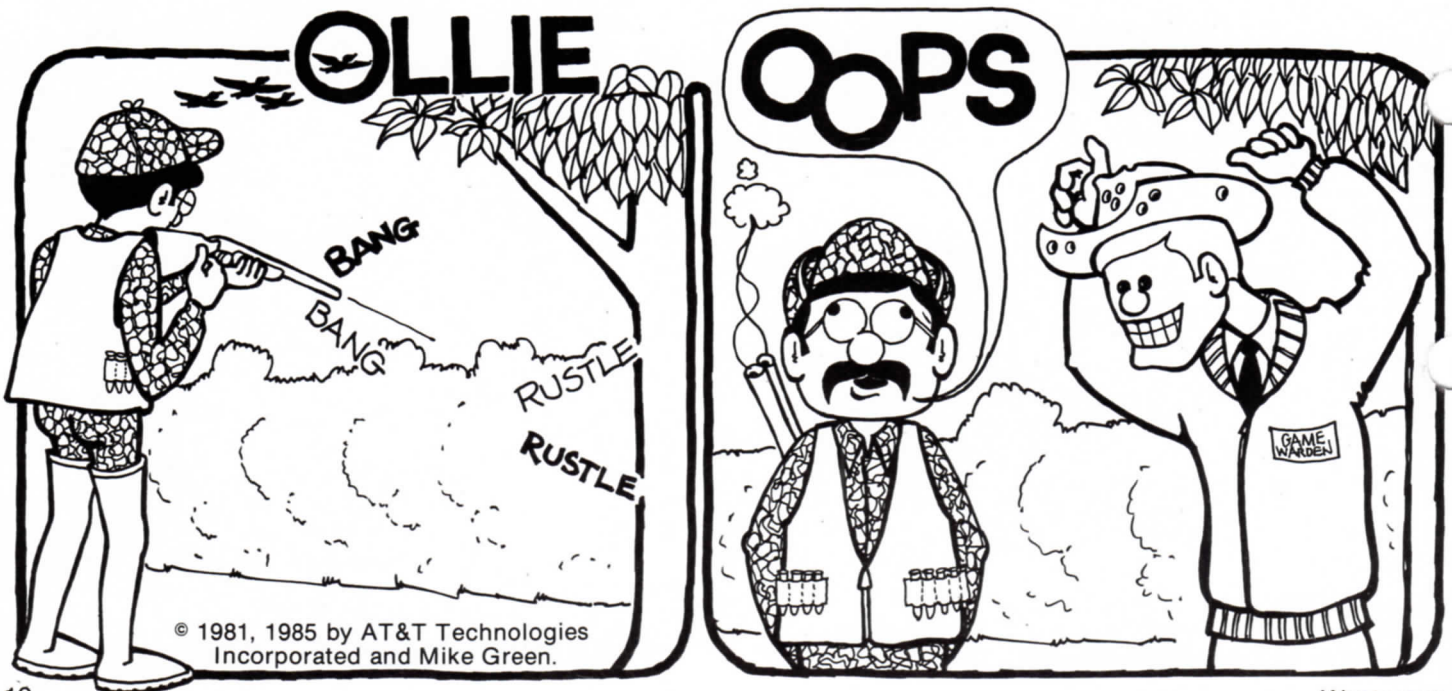
The best way to avoid accidents is to work on being more careful and make sure we don't go around tempting fate. We have to learn to control our emotions, handle our boredom and think before we act.

## Layoff announced

The Omaha Works has announced its fourth layoff since April of this year, this one affecting 198 employees. Effective Sept. 27, the latest workforce reduction brings the total number of employees who have been laid off to 919. A total of 3,979 employees remain on the roll.

General Manager Jack Childs said a decreased demand for Works products into the fourth quarter of operations prompted the layoff decision. A factor in the downturn are cutbacks AT&T is making nationwide, which further decreases demand for Works components used in AT&T products made at other locations.

The latest group of laid-off employees, who generally have two years of service or less, have union contract recall rights for two years.





# Service anniversaries

## 40 years

C. J. Vessell 555 10/14

## 30 years

E. B. Bullock 041 10/13  
J. L. Dimmitt 429 10/24  
R. D. Hartsock 540 10/5

## 25 years

E. M. Baier 294 10/5  
J. P. Canterbury 425 10/9  
A. G. Dickens 403 10/26  
F. Finnberg Jr. 206 10/3  
L. B. Harder 041 10/11  
E. M. Landis 425 10/17  
C. L. Luce 429 10/3  
R. M. McGaughey 534 10/24  
N. D. Milius 531 10/18  
D. E. Moran 443 10/13  
G. B. Mueller 540 10/2  
S. K. Murphy 041 10/8  
S. P. Nosal 540 10/4  
J. S. Pollard 443 10/30  
J. P. Staskiewicz 1113 10/6  
B. I. Welte 1722 10/6

## 20 years

T. F. Abbott 426 10/28  
M. F. Borland 429 10/12  
H. R. Clark 444 10/26  
E. O. Ellefson 442 10/21

R. A. Ferraguti 424 10/18  
C. V. Garcia 295 10/19  
T. R. Godsey 443 10/28  
N. B. Jones 294 10/9  
C. K. Lamb 1113 10/11  
A. L. Nicholson 442 10/6  
P. S. Pinhero 429 10/12  
B. C. Rasmussen 425 10/4  
A. V. Reskevicius 205 10/19  
D. R. Shook 293 10/4  
R. E. Traugh Jr. 443 10/18  
G. E. Viner 429 10/6  
L. H. Waters 429 10/15  
C. R. Wiersema 444 10/18

## 15 years

R. J. Belmudez 443 10/4  
W. M. Brown 045 10/24  
D. E. Clements 429 10/10  
G. G. Daugherty 540 10/3  
V. C. Donahoe 442 10/24  
J. B. Doose 443 10/23  
J. A. Erickson 424 10/20  
L. L. Finley 429 10/25

R. D. Frisbie 293 10/23  
G. R. Funk 448 10/5  
D. C. Hallett 448 10/4  
B. D. Harris 444 10/24  
D. D. Harris 444 10/19  
D. B. Jones 442 10/24  
I. Jones 540 10/10  
V. H. McDermott 448 10/3  
G. Morgan 448 10/3  
K. B. Mussack 429 10/17  
R. C. Peterson 444 10/17  
A. D. Pickering 293 10/3  
D. C. Pickett 296 10/31  
L. B. Post 442 10/28  
K. C. Prince 448 10/3  
S. L. Riepl 448 10/17  
B. V. Sterkel 444 10/17  
D. E. Tennant 041 10/7  
A. M. Vance 429 10/19

## 10 years

C. M. Aesoph 424 10/13  
E. C. Beerbohm 048 10/27  
C. M. Bogenrief 442 10/26  
V. A. Davis 442 10/27  
E. E. Ferraguti 442 10/26  
S. B. Fitzgerald 442 10/19  
J. L. Hunt 296 10/14  
R. W. Keller 429 10/20  
C. W. Koenig 442 10/13  
J. H. Miller 424 10/21  
C. L. Nielsen 045 10/31

## HMO is alternative

Employees who are interested in joining a Health Maintenance Organization (HMO) as an alternative to the company's present health care plan may do so during an open enrollment period in November. An HMO is an organized system of doctors, health care professionals and participating hospitals that provides an extensive health care program.

Employees will receive more information in the mail before Nov. 1 from local HMOs, and representatives will be in the main cafeteria to answer questions. Works employees are encouraged to review the various health care plans available to them before making a selection.

## 'The customer is boss'

(Continued from Page 3)  
role is. It's training in how to do the job right the first time.

And finally, there are analytical tools to be learned in addition to attitudinal and job training.

**Q: It's been said that quality should be a function of marketing. How would you comment on that idea?**

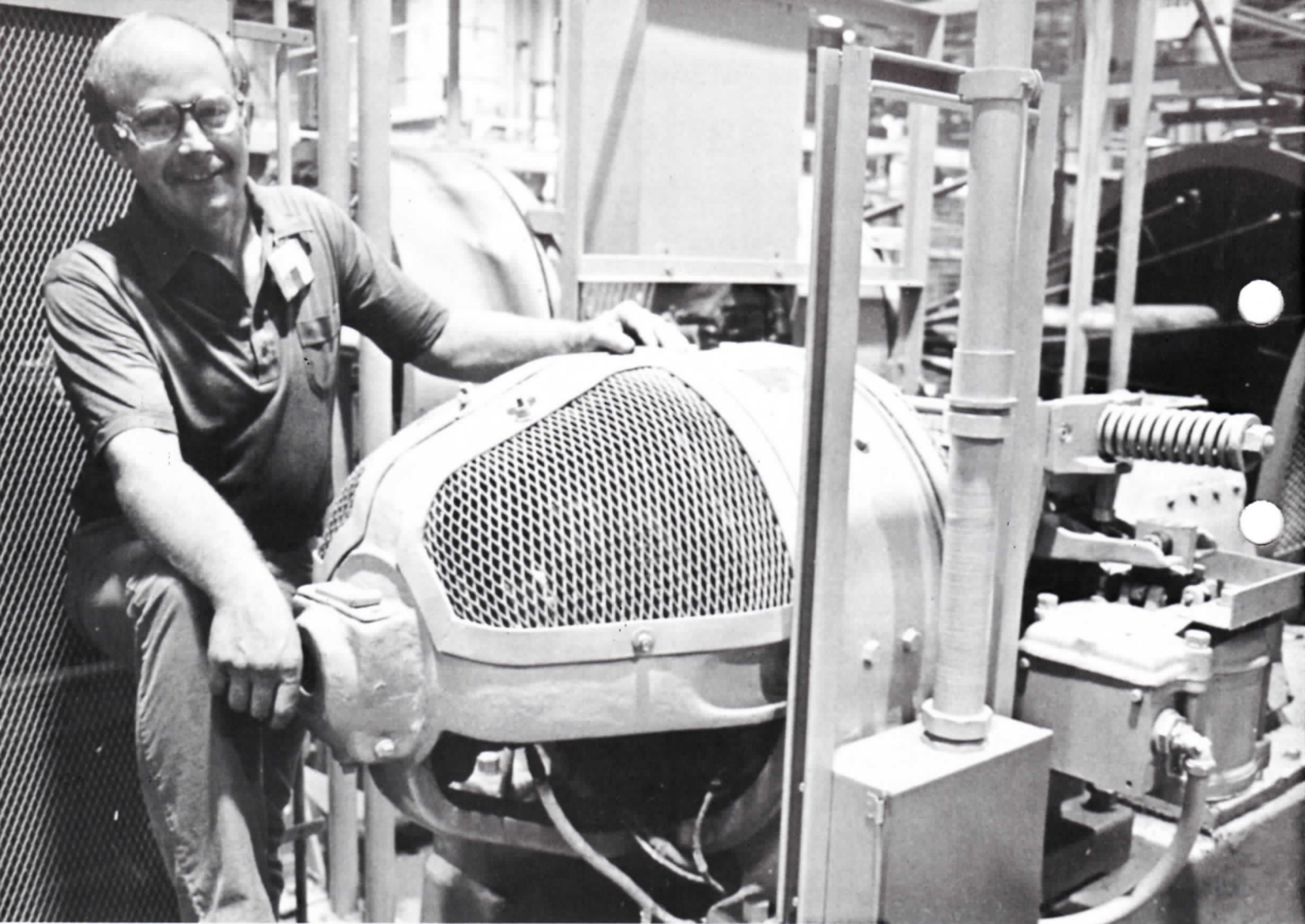
A: I've got an endless debate going on about who runs the company. Are manufacturing types running it or are marketing types? And I like to respond this way. The customers drive the corporation — *absolutely* drive the corporation. So from that standpoint, the boss — and the most important force that's driving AT&T today — is the customer. Now in identifying customer needs and their willingness to pay, quality certainly comes into play. How often are customers willing to have those small personal

computers go down? That's quite different than how often they want to see a major switching system go down. We certainly wouldn't expect a major switching system serving the middle of New York City to go down nearly as often as a PC. That's a quality parameter based on what the customer wants and needs and is willing to pay for. That's driven by the customer.

When you get beyond that, quality is getting the designer to design a work station that can be manufactured easily and tested easily. Is that a marketing function? Well, it is to the extent that a customer has said, "I'll only pay X amount of money for a work station." But it's not just a marketing function. The designer and the process engineer have to apply the technology to make it happen.

It *must* be a team effort.





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## Last frame

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Never underestimate the value of making a quality product.

In Building 50 is a drum strander that is used to strand 700 series shielded cable.

The strander was transferred here from Baltimore.

The machine was totally overhauled before it was installed and ready to use. In the process, it was discovered that the strander's variable speed motor drive was original equipment manufactured by none other than Western Electric. It is estimated that the

motor was manufactured sometime in the late 1920s.

The only thing that needed to be done to the motor was to polish the armature and to add a fresh coat of paint. It has been operating on a daily basis with no problems.

Gary Mintken, a strander operator in Dept. 296, is pictured with the motor.



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