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Malcolm Baldrige National Quality Award 1993 Winner

Eastman Chemical Company

Founded in 1920, Eastman Chemical Company is a \$4 billion company that manufactures and markets over 400 chemicals, fibers and plastics for 7,000 customers around the world. Eastman's products show up in a wide variety of consumer goods such as beverage bottles, chewing gum, coatings for flooring materials, window cleaners, aspirin, computer diskettes and hundreds more.

Eastman ranks as the 10th largest chemical company in sales in the United States and 34th in the world. Employing 17,750, the company operates manufacturing plants at its headquarters in Kingsport, Tenn., as well as in Arkansas, New York, South Carolina, Texas, Canada and the United Kingdom.

Eastman Chemical's Quality Journey



Meeting customers' needs with high-quality products and services has always been important to Eastman. But, in the late 1970's the company lost market share of a major product and began searching for a new way of doing business.

Starting in 1982 with a renewed focus on customers, Eastman gradually developed its quality management values and processes. Along the way it used Baldrige Award criteria for self-assessment and sought advice from quality management experts and Baldrige Award winners.

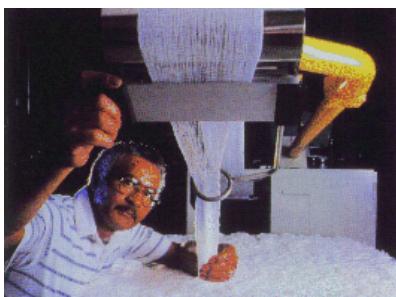
Today, quality management principles and techniques are woven throughout the company's business activities. A strong focus on customers is clearly reflected in its vision, "To Be the World's Preferred Chemical Company" by exceeding customers' expectations and in its quality goal, "to be the leader in quality and value of products and services." The company also recognizes that to be successful it must rely on the skills and dedication of Eastman people.

The visions, values and goals define Eastman's quality culture and are found in a trio of documents~Strategic Intent, Quality Policy and The Eastman Way~signed by company president Earnest Deavenport and displayed prominently throughout the company's many sites. Senior managers at Eastman are committed to this culture and use every opportunity~from personal visits to teams, to in-plant television broadcasts, to a bimonthly quality management forum for customers, suppliers and others~to communicate it.

The company's quality management process is based on four major steps: Focus on customers; establish mission, vision and indicators of performance; understand, standardize, stabilize and maintain processes; and plan, do, check, act for continual improvement and innovation.

Teams are well-established at Eastman and are viewed by executives and employees alike as the most effective means to execute the company's quality strategy. A network of "interlocking" teams, led by managers and supervisors, involves virtually all employees in the teaming and quality improvement process. Each team uses the company's Quality Management Process to understand and anticipate needs of both internal and external customers, to define key processes and measures, and to continually improve. Other teams are formed to improve processes, to tackle a project, or to build long-term relationships with suppliers and customers.

Eastman encourages innovation and provides a structured way to link ideas for new products with corporate business plans. Through the Eastman Innovation Process, a team of employees from various areas, such as business, sales, research, engineering, and manufacturing, shepherds a product idea from inception to market. Customer needs are considered early and then validated and revalidated. As a result, the time to bring a new product to market has been reduced by 50 percent since 1990. Eastman averages 22 percent of sales from new products commercialized within the last five years.



Through a program called Quality First, Eastman employees team with key suppliers to improve quality and value of purchased materials, equipment and services. Piloted at Texas Eastman in 1990 with five teams, the program now has 40 teams and plans to increase that by 10 in 1994. The Quality First program recently was named by Purchasing Magazine as one of the 10 most copied supplier relations processes in U.S. industry.

Training is vital at Eastman Chemical. Everyone receives quality training, such as statistics, team skills, problem solving and recognition and positive reinforcement techniques, in addition to specific job-related training. Supervisors act as coaches and create opportunities for employees to practice new skills. Apprenticeship programs are in place at some Eastman locations. The U.S. Department of Labor has recognized the Texas Eastman apprenticeship program as a role model.

Exceeding Customers' Expectations

For the past four years, over 70 percent of its worldwide customers have ranked Eastman as their number one supplier. On five factors customers

believe are most important~product quality, product uniformity, supplier integrity, correct delivery and reliability~Eastman has been rated outstanding for the past seven years. Shipping reliability consistently has been near 100 percent for the last four years. Since 1982, Eastman has received 97 awards from its customers.

The company's no-fault return policy on its plastic products is a direct result of Eastman's extensive customer surveys. Believed to be the only one of its kind in the chemical industry, the policy states a customer may return any product for any reason for a full refund.

Customers have easy access. For example, through "1-800-EASTMAN" customers can contact virtually anyone in the company, including company president Ernest Deavenport, 24 hours a day, seven days a week. Daily volume on the number is more than 3,000 calls, which operators answer by the second ring. On-line, telephone-accessible technical databases also are available 24 hours a day. Other company-wide databases help Eastman Chemical track customers' preferences, future requirements, concerns and expectations as well as complaints. All employees are trained to gather complaint information and enter it into a company-wide database. Customer advocates follow up and resolve the complaints. A Customer Interface Core Competency Team monitors and detects changes in customer satisfaction measures, determines root causes and develops ways to improve.

In addition to its strong customer ties, Eastman is equally proud of its community links and has made environmental concern a top priority. Eastman helped to develop and has adopted the Chemical Manufacturers Association's "Responsible Care" principles which require member companies to assume responsibility for public health, safety and environmental protection in everything they do. In addition, all of Eastman's sites have citizens' advisory panels to discuss community concerns and a 24-hour hot line is available for citizens to voice concerns.

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