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Whatever happened to the hoopla surrounding quality control in Corporate America? Has the issue slipped from the front page because the war against big-time defects has been won? Or could Corporate America be deluding itself into thinking that quality no longer is the huge problem it once was?

It was only a decade ago that CEOs from Motorola (MOT), Ford (F), Xerox (XRX), and other U.S. companies undertook a herculean effort to improve their products in the face of such formidable Japanese competitors as Toyota (TM), Canon (CAJFF), and NEC (NIPNY). They embraced such concepts as Total Quality Control, quality-focused teams, and new ways to find and fix problems on assembly lines. Quality gurus such as W. Edwards Deming achieved star status. New research centers sprang up, and with great fanfare the Commerce Dept. established the prestigious Malcolm Baldrige National Quality Award.

Little of this excitement remains. John Yochelson, president of the CEO-laden Council on Competitiveness, explains why. He says his members no longer look at quality as a competitive differentiator because they now understand it is merely the price of entry. Roger G. Ackerman, chairman and CEO of Corning Inc. (GLW), believes that we hear less now about quality because it has become deeply embedded in most companies' processes. The same goes for Robert A. Pritzker, CEO of the privately held Marmon Group, consisting of more than 100 companies in businesses ranging from railway equipment to medical devices.

Ray Stata, chairman of Analog Devices Inc. (ADI) and a founder of the Center for Quality of Management in Cambridge, Mass., provides another perspective. He says that since most of the technical problems of manufacturing have been solved, the emphasis has shifted to the quality of management and organization. Harry S. Hertz, who administers the Baldrige Award, agrees.

TIRE FIASCO. There has been other progress too. Robotics have reduced manufacturing flaws, and certain microchips can spot problems before consumers do. International certification of minimum quality standards is also on the rise.

But surely it's too soon to say that the manufacturing sector is in great shape. Just think about recent events: the Firestone tire fiasco, new investigations into Goodyear (GT), crashing servers at Sun Microsystems (SUNW), recalls of circuit boards by Intel (INTC). Consider Federal Aviation Administration charges of systemic manufacturing control problems at Boeing Co. (BA), or the nearly 10% of cars on the road regularly being recalled.

But even if these don't represent widespread manufacturing shortcomings, America is predominantly a service economy, and as a BUSINESS WEEK cover story revealed ("Why Service Stinks," Oct. 23), surveys show that an increasing number of customers feel poorly treated by banks, airlines, hotels, and retailers. Other kinds of quality problems in services include lapses in compliance and monitoring of illegal deposits by such institutions as Citigroup (C), or the number of poorly managed audits.

As we enter the Internet Age, moreover, there is as yet no rigorous analytical framework for the new range of quality problems relating to e-business. What are we to make of the high rate of product-delivery failures from e-tailers last Christmas (16% by some accounts)? When it comes to new business-to-business auction markets for supplies, how will buyers ensure the highest quality when the products they purchase are often designed and made by companies that do not have established track records and with whom they have never dealt?

Finally, there is a need for higher quality standards for the biotechnology revolution. Case in point: the genetically modified animal feed that has mysteriously found its way into food sold by Taco Bell, Wendy's International (WEN), Safeway (SFW), Kraft (MO), and others.

In fact, key aspects of the New Economy culture may be antithetical to a fundamental focus on quality. As Laurance A. Bossidy, former chairman of Honeywell International Inc. (HON), recently said about an oft-used quality-control technique called Six Sigma: "If a CEO doesn't speak about it all the time, then it wanes." But chief executives are hard-pressed to sustain a continuous emphasis on quality today, because they are preoccupied with other challenges more crucial to their perceived success--or survival.

Among the 40 top business leaders I interviewed for an upcoming book, the word "quality" wasn't mentioned once as a major strategic challenge. No wonder; they are obsessed with boosting short-term share prices, reaching new markets at warp speed, and ramping up scale through mergers or alliances. There also is a limit to how much they can press a workforce that is stretched, stressed, lacking in corporate loyalty, and highly mobile. No one would say CEOs don't care deeply about quality. But betwixt what they would like to do and what they can actually deliver, given the other pressures on them, could the gap be actually widening?

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