

Quality management: results first

In a competitive global economy, many businesses try to differentiate their product or service. How does your customer see your products or services as different or better than your competitors? Obviously, this is a very important question which all business owners must carefully address. If customers select a competitor over your business the impact is immediate and direct. One method that many businesses use to effectively differentiate their products or services is to introduce a systematic improvement scheme based on the principles of quality. This type of improvement scheme has proven to be successful in many organizations and it requires further definition and discussion.

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"Quality" is a term which is the subject of different definitions based on an individual's experience and the context of the specific situation. "Quality Management" is defined by the International Association for Standardization as "a management approach of an organization which is based on participation by all of its members and aiming at long term success through customer satisfaction and benefits to the members of the organization and to society" (Bensley, F. and B. Wortman, 1994, ISO Primer Terre Haute, IN, Quality Council of Indiana, p. II 25).

Conceptually, Figure 1 illustrates the key elements of quality. At the center of this Figure 1 is the service being provided. It illustrates the vital interface between the service provider and the service user. Around this interface there is a need on the part of the provider to both inform and understand the user. The ability of the provider to, in fact, deliver quality service is predicated upon the resources (quality of people and systems, delivery and specifications) that are available. Obviously, as noted at the top of Figure 1 communication between the service provider and the service user is vital. Further, this figure illustrates the critical importance of "process" in the production of a good or service.

Quality: The Use of Standards

In an increasingly globalising world there is a need for standards to ensure a basic level of quality that provides a level of certainty for both producers and consumers. Global standards are the primary activity of the International Organization for Standards (ISO). Fundamentally, ISO is a network of the national standards institutes of ISO member countries. The organization is headquartered in Geneva, Switzerland.

ISO (Greek For "equal") has a history dating back to 1906 when a group of countries worked on safety issues in the electro technical field. Currently, ISO develops and maintains standards for products and services.

Of interest to business in Kazakhstan is the strategic partnerships between ISO and the World Trade Organization. This partnership has the goal of promoting free trade and a fair global trading system. Also, standards ensure that products or services meet or conform to an agreed upon specification which is obviously important as international trade increases. Indeed, many companies pursue ISO certification as one way of publicly confirming their commitment to quality.

Quality Applied

The application of quality is conceptually simple



to illustrate (see Figure 2) but more difficult in the knowledge-based, complex organizations of the 21st century. To apply this PDCA approach within a business it is important to assess in detail the particular work process. This assessment frequently includes the use of a technique known as "value chain analysis". This value chain analysis critically reviews all of

the activities undertaken in the production process. Essentially, the PDCA approach advocates that organizations Plan their work considering internal and external constraints and opportunities; do the work and constantly check or evaluate the product or service outputs; and, Act to constantly improve. This type of analysis is very important and it

should be conducted for each process that your organization undertakes. The purpose is to document what happens in the workplace and develop more efficient alternatives.

Again, this is a very simple and common sense type of approach but one which many businesses have difficulty with for many reasons.

To deliver a quality service requires a number of key components as illustrated in Figure 3. First, an organization of business must operate within its resource constraints.

Be realistic and do only what you can afford to do in terms of both money and people. Second, the service provide has additional constraints in terms of the actual quality of both people and systems in the organization; and, the quality of the service specification and delivery.

Finally, the user of the service must have an expectation of quality which matches the reality of the service being provided by the business. In terms of this last element as business generally improves the standard is raised and your business must either improve or lose ground to competitors.

Quality Costs

One of the main reasons that businesses resolve not to proceed with a quality program is associated with costs. Many see the costs as outweighing the benefits.

Unfortunately, there is indeed a cost of completing the types of quality assessments outlined in Figure 2 and 3; or, indeed moving towards formal ISO certification.

The "real" cost though should be balanced against CONQ (the Cost Of Non-Quality or the cost of NOT providing quality products or services).

These costs can include:

- the requirements to rework a manufactured product
- retesting for products with multiple parts
- redoing or reworking a service which is seen by the customer as unsatisfactory
- loss of future business as a result of poor quality service

On balance, businesses see that planning for performance including both minimizing rework and improving customer satisfaction adds value to their business.

One can briefly conclude that in a competitive and robust economy like Kazakhstan new businesses open every day and it is more and more difficult to establish your niche in the market place.

As Kazakhstan becomes a full member of the World Trade Organization there will be even more competition for customers.

In this type of fast-changing business environment quality and continuous improvement are ways to both differentiate your products or services and to build your bottom line.

Figure 1
Key Elements in Quality

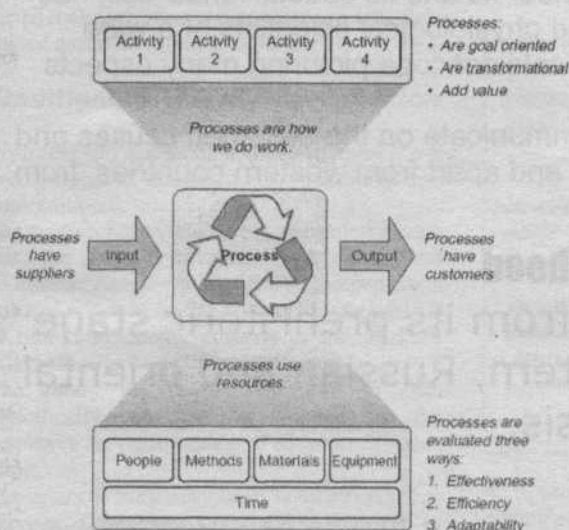


Figure 2
The Quality Improvement Cycle

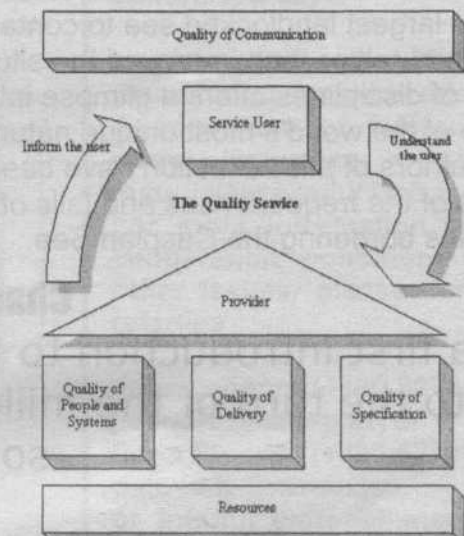


Source: Taque, N., *The Quality Toolbox 2nd Ed.* ASQ Quality Press 2004, p. 390.

Plan Do Check Act

As illustrated in Figure 2, the key steps are Plan/Do/Check/Act.

Figure 3



Source: Audit Commission, *Putting Quality on the Map: Measuring and Appraising Quality in the Public Services*, Audit Commission, London March, 1993, p.3.