

## A Defining quality

## Staying in the lead means continually raising the bar

In 1980, a television documentary in the US entitled *If Japan Can, Why Can't We?* announced that it had discovered the secret of Japanese competitive success: quality. Japanese companies were successfully dominating world markets because they had a **quality system** that allowed them to produce better products than their US rivals.

What was more, the documentary said, the Japanese had learned this

quality system from US experts such as W Edwards Deming and Joseph Juran. What US and other western businesses had to do now was relearn the techniques of **quality management**.

The central problem revolves around an understanding of what 'quality' is and how far the concept can be applied across the organisation. Definitions can vary, but it is generally accepted that the three elements which constitute

quality are **fitness of the design, conformity to specification and satisfying customer needs**.

Today, quality is most often defined by the reaction of the customer who buys and uses the product. If the customer is satisfied, so the theory goes, the product is of sufficient quality. However, a strategy based on no more than meeting customer expectations is a dangerous one, as it opens the door to rivals that may produce better products.

*Financial Times*

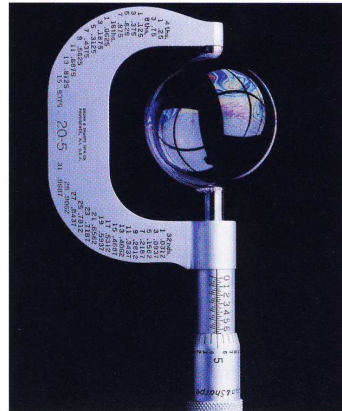
**Note:** Specifications are referred to informally as specs.

## B Quality in manufacturing

Gordon Greer is head of quality at a car component company:

'The design for each component embodies the intentions of its designer. So conformity to specification means putting these intentions into practice when we make the components. Put another way, this is **elimination of variation**.

We pay great attention to **accuracy**. The components must be made to very strict **tolerances** – the measurements must be not more or less than particular limits to within a fraction of a millimetre.'



A micrometer

## C Quality in services

Serena Togliatti is customer relations manager at a large bank:

'In services, there is a parallel situation to the one in manufacturing. The service received by the customer must be exactly what is planned and intended, and annoying mistakes, for example in their accounts, must be avoided.

From the customer's point of view, quality could be defined in terms of **customer approval**, that is, recognition that we are satisfying customer needs and **customer expectations**. And if we exceed those expectations, there may even be **customer delight**.' (See Unit 23)



10.1 Look at A and B opposite and answer the questions. Which expression refers to:


- 1 the idea of following a designer's intentions?
- 2 the work of making sure that the principles of quality are applied?
- 3 approaching quality in a logical way?
- 4 keeping customers happy?
- 5 how good a design is for the purpose of the product it relates to?

10.2 Complete the table with words from A, B and C opposite and related forms. Put a stress mark in front of the stressed syllable in each word of more than one syllable. (The first one has been done for you.)

Verb	Noun
a'pprove (of)	a'pproval
conform (to)	
	delight
eliminate	
expect	
fit	
	satisfaction
specify	
	tolerance
vary	

Now use correct forms of the expressions above and opposite to replace the underlined words and phrases in this memo from the head of a package holiday company.

## Memo

CLUB SOLEIL 


From: Jacqueline Toubon

To: All hotel managers

Buying a family holiday is a big investment for a lot of people, both financially and emotionally. So, we don't just want (1) them to be happy with what they get; we want (2) them to be extremely happy.

We want to avoid the situation where things are different from what customers were expecting and instead we want (3) standards to be exactly as described. When the hotel does not come up to the description in the brochure, our clients are extremely angry. This means (4) avoiding changes or differences in relation to what we promise.

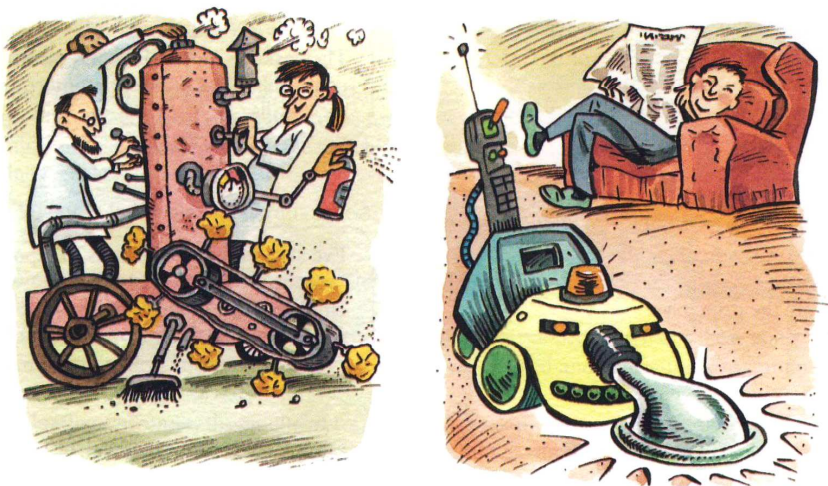
Customers may find that things are better than they thought they would be, for example, the food may be better or the rooms more comfortable. Although this may be a way of going beyond (5) what customers were hoping for, it is important to keep control of costs. To use a comparison with manufacturing industry, we have to keep standards within certain (6) limits.

Over to you 

What are the criteria for quality in your organization or one you would like to work for?

# 14 The management of change

## A Business process re-engineering



In the 1990s, **business process re-engineering**, or **BPR**, emerged. Inspired by a book by Michael Hammer and James Champy<sup>1</sup>, consultants told companies not to bother with incremental improvements, but to abolish everything, **go back to the drawing board** and **redesign** all the business processes involved in producing something, whether a product or a service. They said that this redesign should be:

- **fundamental:** asking basic questions about what a process is meant to achieve
- **radical:** going to the root of things and ignoring completely how things were done before. 'like starting again with a new sheet of paper'
- **dramatic:** bringing about very big and sudden changes.

In the eyes of critics, BPR often meant **delayering** – removing **management layers**, perhaps resulting in **job losses**.

## B The benefits of BPR

For its supporters, these are some of the strengths of BPR:

- leadership:** strong leadership is important; changes are imposed from above; there is visible **commitment** from leaders for change
- people management:** fewer **management layers** mean larger, more challenging jobs
- policy and strategy:** clearer **fit** between the organization and its declared purpose and goals
- processes:** managers and employees gain improved awareness and understanding of key processes
- customer satisfaction:** clear **focus** of processes on the customer for existing products and services
- business results:** dramatic improvements for companies in crisis.

(The headings are from the EFQM Model – see Unit 13)

<sup>1</sup> *Re-engineering the Corporation: A Manifesto for Business Revolution* (Nicholas Brealey 2001)

14.1 Gordon Greer, production manager at a car components manufacturer (see Unit 10) is talking about a car company that he supplies called Autoco. Replace the underlined words and phrases with expressions from A opposite. Pay attention to the grammatical context.

'One example of (1) restructuring that I know was quite (2) basic: Autoco, one of our customers, wanted to simplify its supplier payments system.

Before, there were three documents relating to every delivery. We got a purchase order from Autoco, a delivery note accompanied the goods when they were delivered to them, and then we sent an invoice. There were 300 employees in their accounts department. Within the department there were sub-departments, each dealing with payments for different groups of suppliers, and each with its own head.

The accounts payable department at Autoco checked that copies of the three documents matched before making payment – there were often problems with documents, and this delayed payment, which caused us problems.

Autoco made a (3) very big and sudden change, one that was (4) designed to go to the root of things. When goods were received, this was entered on Autoco's computer system, and the goods were paid for automatically – we no longer had to send invoices, and were paid promptly.

The number of people in the accounts payable department at Autoco was reduced to 15. There was (5) a reduction in the number of management layers as the sub-department heads were no longer needed, but the company was expanding elsewhere, and the people who were no longer needed were given new jobs within the company, so there were no (6) employees made redundant.'

14.2 Look at these criticisms (1–6) that have been made of BPR. Match each criticism to one of its claimed benefits (a–f) in B opposite.

- 1 Results may be harmed by the chaos and confusion that BPR brings to the organization.
- 2 People can be left demotivated and demoralized by radical change.
- 3 Smooth, gradual, incremental introduction of completely new processes is not possible.
- 4 If the company is in crisis, there can be a tendency to concentrate too much on the internal workings of the organization and lose sight of the actions of competitors, and the success/failure of the organization's strategy.
- 5 The need for BPR implies bad earlier management, but the existing senior managers hardly ever want to re-engineer themselves out of a job.
- 6 There can be a tendency to concentrate too much on the existing products/services of the organization, ignoring new customer needs.

### Over to you



You have been asked by the mayor of your town or city to re-engineer one of its services. Which service most needs improving? How would you restructure it? (Money is no obstacle!)