Total Quality Management Essay, Research Paper

What is Total Quality Management?

Quality is not determined or defined by the producing company. Quality is determined by the customer. Thus quality of a product or a service is the customer?s perception of the degree to which the product or service meets his or her expectations. Total Quality Management (TQM) is an approach to improving competitiveness, effectiveness, efficiency and flexibility of the organization in satisfying the customer demands. It is a process that recognizes the need to determine the customers’ requirements and uses that knowledge to drive the entire organization to ensure those needs are fully met. It is essentially a way of planning, organizing and understanding each and every activity that takes place in the organization, and depends on every individual at his or her own level in the organization. Thus from Senior Executives to the person just cleaning the premises has to be involved in the quest for continual improvement towards the same goals, recognizing that each person and each activity interacts and has an effect on others.

Why TQM?

Companies strive for Total Quality Management in an effort to:

? Increase customer satisfaction

? Increase customer retention ? TQM not only focuses on gaining a new customer but maintaining the current customers.

? Reduce customer complaints

? Attract new customers

? Increase organizational effectiveness

? Reduce costs due to less waste and rework ? Quality costs and every time something is done incorrectly, money is lost.

? Increase profitability

? Achieve a greater market share

? Maintain a competitive advantage

Dr. W. Edwards Deming?s Quality Chain Reaction in figure 1 provides a logical rationale for implementing a quality improvement effort. It says that if an organization improves quality, costs will decrease due to fewer errors and more efficient use of materials and time. This causes an improvement in productivity and leads to capturing the market due to higher quality and lower prices. Therefore, a company will stay in business and provide more jobs1.

Figure 1. Deming?s Chain Reaction provides the rationale for why an organization should start with quality.

What are the specific reasons why a company should consider using TQM efforts?

(1) Become more profitable: The main effects of quality on profits are realized through lower costs due to efficiencies achieved, higher customer retention, greater attraction of new customers, and the potential to charge higher prices (refer to figure 2).

(2) Competitive position: What makes your company different from the one down the street? Why should a client keep your company or choose your company to do business with rather than your competitor? Competitive advantage is a unique strength relative to competitors, often based on quality, time, cost, innovation, or customer intimacy. If properly done, TQM?and the resulting high quality?can often serve as a competitive advantage because most firms have not yet adopted TQM.1

(3) Employee involvement: TQM requires total employee commitment to the process or it will fail. The whole idea is to permit the people who actually carry out the activities to continuously improve them. They are, after all, the ones who know them the best. They have a vital role to play and firm management must keep them involved. It is a complete change to the way business has been carried on in the past.

Figure 2. HOW QUALITY LEADS TO PROFITS

How do you Implement TQM?

By applying following eight Quality Management Principles, organizations will produce benefits for customers, owners, people, suppliers and society at large.

Principle 1 – Customer-Focused Organization

Importance of Customer Satisfaction: Indirectly the company does not pay your wages, but the consumers do. Without their orders, no money would come into the company. Thus nobody would get paid at the end of the month. The customer is the most important person to the company. Customer satisfaction is the result of the number of positive and negative factors that are experienced by the customer. Organizations depend on their customers and therefore should understand current and future customer needs, meet customer requirements, and strive to exceed customer expectations. Customer satisfaction is the result of the number of positive and negative factors that are experienced by the customer. The more satisfier factors present, the higher customer satisfaction. Eliminating dissatisfiers alone (by improving processes) will not result in increased satisfaction level. It will only result in fewer dissatisfiers. A delighter factor is very positive to the customer when experienced; things must happen that the customer considers extraordinary and is possible only if the customer is satisfied to begin with1. For continued survival, the attention and commitment of very few dissatisfiers and more satisfiers and delighters than the competitors are necessary for achieving business success. By measuring customer satisfaction and making customer needs visible, targets can be linked to customer expectations and the performance of the organization optimized.

Principle 2 ? Leadership

Leaders establish unity of purpose and direction of organization. They should create and maintain the internal environment in which people can become fully involved in achieving the organization’s objectives. Changing behaviours is probably the most critical area in the process of change. People do not necessarily resist change – they resist being changed. It is important to give people time to understand the true needs and the process of change. Leaders promote open communication and clear vision of the organization’s future. The stronger culture/values towards the market place, the less need for policy, instructions, organizational charts, etc. Leaders empower and involve people to achieve the organization’s objective.

Principle 3 – Involvement of People

In TQM everyone is involved in the process of making the company a successful business. Everyone in the company is responsible for producing quality goods and services and reducing the cost of quality. People at all levels are the essence of an organization and their full involvement enables their abilities to be used for the organization’s benefit. Fully involved people will be innovative and creative in furthering the organizations objectives. It is beneficial for the organization when people are satisfied with their job and are actively involved in their personal growth and development.

Principle 4 – Process Approach

A desired result is achieved more efficiently when related resources and activities are managed as a process. A process is a series of steps that when combined produce a result. Processes should be managed to meet requirements and needs of both internal and external customers. Being process-orientated eventually prevents problems from occurring. Focusing on the process means that you will put the customers? needs first. That will prevent errors, reduce rework, and decrease frustration.

Principle 5 – System Approach to Management

Identifying, understanding, and managing a system of inter-related processes for a given objective improve the organization’s effectiveness and efficiency. An effective system provides confidence in organization’s capability to meet customers requirements.

Principle 6 – Continual Improvement

Quality improvement is a continuous activity, aiming for even higher process effectiveness and efficiency. These activities often require new values and behaviour focusing on measuring customer satisfaction and acting on results.

The Plan-Do-Check-Act cycle (Figure 3), by W. Edwards Deming, is commonly used when describing continual quality improvement.

PDCA Cycle

Figure 3. Demings PDAC Cycle

Plan. As the name suggests, this is the planning step. You plan which process you will improve, examine the data to determine possible improvements, determine how you will measure the improvement, establish a target, and decide who will be involved in the improvement effort.

Do. In the do step process improvement is implemented?often as a trial run. Data is collected before, during, and after the improvement.

Check. In this step the pre-improvement data is compared to the post-improvement data. This analysis provides information about whether the root cause of the unwanted variation has been corrected.

Act. The act step uses the analysis from the check step to determine the next action. If the root cause was found and corrected, the improvement would be standardized to ?hold the gain? and the cycle would start again with another process. If the root cause was not corrected, if the original target was not reached, or if there is room for further improvement, the cycle would begin again.1

Principle 7 ? Fact-Based Decision Making

Effective decisions and actions are based on the analysis of data and information.

Management by fact is one of many management concepts to teach managers to prevent management by “opinion”. Facts are unknown until they are established through the collection of measurement data. This collection is done by using at least one of the 8 tools of quality. These 8 tools are: Flow chart, tally chart, pareto chart, cause and effect diagram, scatter diagram, histogram, run chart, and control chart. The analysis of relevant data allows informed decisions to be made and significantly reduces the risk for decisions based on opinion. Performance and data are often viewed as just numbers. However, performance can be improved by using data. Decisions and actions should be based on the analysis of data and information to improve results.1

Principle 8 – Mutually Beneficial Supplier Relationships

An organization and its suppliers are independent, and a mutually beneficial relationship enhances the ability to create value. Continuous feedback on customer needs and requirements to sub-suppliers ensure continuous supply of quality products and services. Based on mutual trust and open communication, partnerships for quality are established with selected primary suppliers for jointly understanding current and future needs of the end-customers.

Conclusion

TQM is all about change. Change for the better and towards continual improvement, thus providing for increased profits. To implement TQM entails quite a bit of work and is not a simple task. Of utmost importance is communication and especially commitment from each and everyone to actually improve. TQM may put the customer at the center of every activity and consider the process as customer driven, but all other factors that do not involve the customers have to be taken into consideration for the successful implementation of TQM.

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