Total Quality Mangement Essay, Research Paper

Total Quality Management

Within this report I will discuss the need for Fresher Plc to implement Total Quality throughout its organisation. This will mean that there will need to be an understanding of what Total Quality Management is, what approach to take and how the company will have to change to make it work.

The aim of TQM is to ensure that each activity contributes to achieving the key objectives of the business, and is carried out efficiently. The basic philosophy of Total Quality is “do the right things right first time”. “It is estimated that the costs of not getting the right things right first time, the non-conformance costs, can amount to 25% of turnover. Eliminating this unnecessary burden will enable companies to improve profitability in the short term and enhance competitiveness in the longer term” (Implementing TQM, Lesley Munro-Faure). Quality is used to describe many things, a car might be described as a “quality car ” when in reality, it is an expensive or luxurious car. Therefore it is important to define precisely in what context it should be used. Quality can be defined as total conformance to requirements : these requirements are the total customer requirements, not just a product or service specification. TQM generally requires a change in how a company operates. Quality must be the priority of every employee and for their efforts to be focused on the prevention of errors. The underlying principles of TQM include

• Focusing the organisation on satisfying customer needs

• Developing and tapping the full human potential of all employees

• Including everyone in the efforts to find better ways

• Managing business processes, not just functions or departments.

Fresher Plc has numerous problems within its organisational structure. These problems have led the way for the company to lose its hard earned customer base. These problems can be placed into a number of categories which must be worked on by the tools of TQM for the business to win back its customer base. It is necessary for them to remember that reputations for poor quality last for a long time and that reliability is the ability of the product to continue to meet the customer’s requirements over time, which the company clearly hasn t been doing.

There are clear problems with Fresher plc. However the main issues involved are the ones that address management style, customer-supplier satisfaction, employee morale and conformance to customer requirements. All these are problems, which must be solved in order to establish Total Quality throughout the company.

There are a several major factors which are relied upon by TQM so that it will be successful. These are Teamwork and Commitment along with good communication. However before the actual employees and company processes can be adjusted it is necessary that the management know exactly what the are striving to do and what results need to be achieved.

To begin with Total Quality starts with Marketing due to its responsible for determining the key characteristics that determine the suitability of the product in the eyes of the consumer. The impact of TQM on an organisation is firstly to ensure that the management adopts a strategic overview of quality. Then the staff will need to be trained and shown how to reallocate their time and energy to studying their processes in teams.

Management Commitment

TQM will only succeed if the company’s chief executive or managing director are emphatic about cultural change. There are several tools and techniques that can be used and it is necessary that the management select the most appropriate and cost effective ones. A number of common themes can be detected on most successful programmes.

1. Teamwork

2. Never ending improvement

3. Corporate goal and mission statement

4. Focus on customer requirements

5. Measurement of cost of quality

6. Training for quality improvement / teamwork / tools and techniques

1) Teamwork

This depends on participation and teamwork throughout the organisation in all activities. The sustained commitment of every person in the organisation, whatever their role is required to achieve improvement goals for Total Quality. Extensive involvement of all staff in the decision- making and problem-solving activities of business achieve this motivation and commitment. In the present situation Fresher plc is not making full use of its labour resources as there is no feedback between employees and managers on specific problems. If teamwork is going to be a major source of inducing change it is important for teamwork to take place throughout the whole company and not just one depot. This point has been made due to the fact that when there is a stock out at the main depot the manager of the Littletown depot ” begrudges giving away any supplies”.

Breaking down the barriers within the employee structure may offer a way of increasing productivity and employee morale. One way of improvement is through the implementation of Kaizen teams or quality circles. The emphasis in Kaizen is on encouraging everyone to make improvements. Western attitudes believed that improvements where made through large sums of money being spent on new equipment and systems, requiring specialist involvement to give large-step changes in performance. This leads to dramatic improvements but if they are not maintained and standardised they result in a fall in performance over time. However, the Kaizen approach relies on an investment in people and not equipment and systems.

One way in which teamwork can produce results is through Brainstorming. This encourages group creativity and is used to generate as many ideas as possible within a given time limit.

2) Never Ending Improvement

Improvement is a process that should never stop. Leadership must be by example. Continuous quality improvement relies upon a steady stream of often minor changes coming from all employees. It can be said that public appreciation by fellow employees is a powerful means of rewarding a persons efforts. There seems to be three basic principles to never ending improvement

• Focusing on the customer

• Understanding the processes

• All employees committed to quality

3) Corporate goal and mission statement

The first step for any business is clearly to define its ultimate objective by expressing values of what is meant to be achieved. Mission statements should be comprised of

• Why the organisation exists

• What business the organisation should be involved in

• What unique or distinctive competence the organisation should concentrate on

• How the organisation will conduct its business.

4) Focus on customer requirements

Focussing on customer requirements is extremely important especially when you are losing your market share. Knowing exactly what the customer wants in terms of specification, availability, reliability and maintainability requires much market research and communication between the company and its customers. In most situations customers have a choice, they need not place future orders with a supplier who does not perform as they expect. The customer will not jeopardise their own business interest out of loyalty to a supplier whose products and service fail to perform properly.

As can be seen Fresher plc’s products and service do not conform to their customer requirements. There are several major factors that Freshers will have to look at here. These include the payment system as it was described as being always chaotic, the availability of the product, especially in the summer months, and the products containers. By keeping the existing returnable bottles Fresher are shooting themselves in the foot because of the changing requirements of the market and potential new customers such as the large hypermarkets- “They keep harping on about us not having cans of drink to sell”. However before Fresher begin to try to gain potential new customers they should focus on the requirements of their existing customers. I make this statement as it is implied that there are always short orders and late deliveries and the shopkeepers give the new drivers “a right run around”. This implies that there is much time wastage and irate confrontation between the drivers and the shop keepers which is not a sign of Total Quality-”It takes a while before you know how to knock them back, learn to give as good as you get”.

There are various methods which can be introduced to Fresher plc to display to customers that the organisation is committed to quality. External recognition by a third- party is often a meaningful motivator for organisations quality initiatives. ISO 9000 and BS5750 are these various standards which many organisations believe to be a starting point to Total Quality Management. Third party certification is seen to be a good marketing tool.

Fresher plc must understand what is expected of them from the market. A method of improvement and standardisation for these needs is a process called Benchmarking. This is quite simply a practice of measuring and comparing key aspects of Fresher’s business practices with those of other organisations to establish measures of relative performance. Aspects to be compared include :

• Costs and prices

• Methods

• Features

• Service levels

• Practices

• Processes

• Customer satisfaction

Measurement of the Cost of Quality

The costs of quality go beyond just measuring defects on the production line. A traditional approach broadly categorises quality costs as :

Prevention costs

These are associated with the design, implementation and maintenance of the total quality management system. It includes costs of action taken to investigate, prevent or reduce defects and failures in processes or products and services. These are efforts to prevent mistakes happening in the first place like planning, training and assurance.

Appraisal costs

These are the non-added value costs associated with checking, examining or inspecting processes and products. These are efforts by the company to discover mistakes after they have occurred.

Failure costs

The costs of actions taken to correct defects and failures in products and services which do not meet customer requirements. These are efforts to correct problems that have occurred internally and externally, before and after transfer of ownership to the customer. Internal failure costs include expenditure on scrap, rework and other errors occurring in the business. External failure costs include expenditure on complaints repair and servicing, warranty claims, returns, liability claims and other problems arising after the customer has received the product. By reducing all types of costs Freshers can strive to have a more improved Total Quality throughout its organisation.

In conclusion it is clear that there are many steps for Total Quality Management to take place within any organisation. However, for Fresher plc its important for the management to understand that TQM is not just a programme, with a start and finish point, but a process of never- ending improvement. According to John Oakland there are three basic principles to this continuous improvement : focusing on the customer, understanding the process and seeing that all employees are committed to quality. Fresher plc should begin with management change and a corporate vision implemented through a mission statement. Commitment, Teamwork and good communication will aid the improvement of operating processes within the business which will hopefully lead to the business earning back their customer base.