# June 20, 2011 (Monday) Pre-Congress Seminars

**KEMPINSKI HOTEL CORVINUS** **Erzsébet tér 7-8, Budapest V.**

## SALON MARZIO

### 7.1-2. Pre-Congress Workshop 3a Monday 10:00 – 13:00

**10.00 Surviving and Competing in Today's Complex World: The Quality Challenge**
*Michael Kaye, University of Portsmouth Business School, United Kingdom*
*Marilyn Dyason, National School of Government, United Kingdom*

**Kaye, Michael** (United Kingdom)

He is a Chartered Statistician, Chartered Mathematician, Fellow of both the Royal Statistical Society and the Institute of Mathematics and its Applications. Currently he is Emeritus Professor of Operations and Quality Management, University of Portsmouth Business School, UK

Professor Kaye's primary areas of research include strategic quality management, statistical process control and design of experiments. He has published over sixty refereed papers in these areas. He acts as a consultant to a wide range of companies, both nationally and internationally in both the public and private sectors. These include IBM, Motorola, Pfizer, National Health Service, the Royal Navy. He has recently developed a programme with the University of Portsmouth addressing the needs of SME's (Small and Medium-sized Enterprises). Professor Kaye has worked within the criminal justice system for the last twelve years, involving large research projects, statistical research and analysis, management training and, more latterly, has been appointed project manager by the Ministry of Justice with responsibility for a large national project aimed at reducing delays in the criminal justice system.

55th EOQ Congress as World Quality Congress, Budapest 2011
Pre-congress Workshop

# Surviving and competing in today's complex world: the quality challenge

Professor Michael Kaye
Emeritus Professor of Operations and Quality Management, University of Portsmouth UK
Dr Marilyn Dyason
UK Government and business leadership adviser

## The Quality Challenge: what is it?

- Some companies are responding well to today's economic challenges: quickly identifying and seizing opportunities and some are failing to survive
- What marks out the companies that succeed from those that fail?
- What is the role of quality and what are the implications for the quality professional and other key influencers?

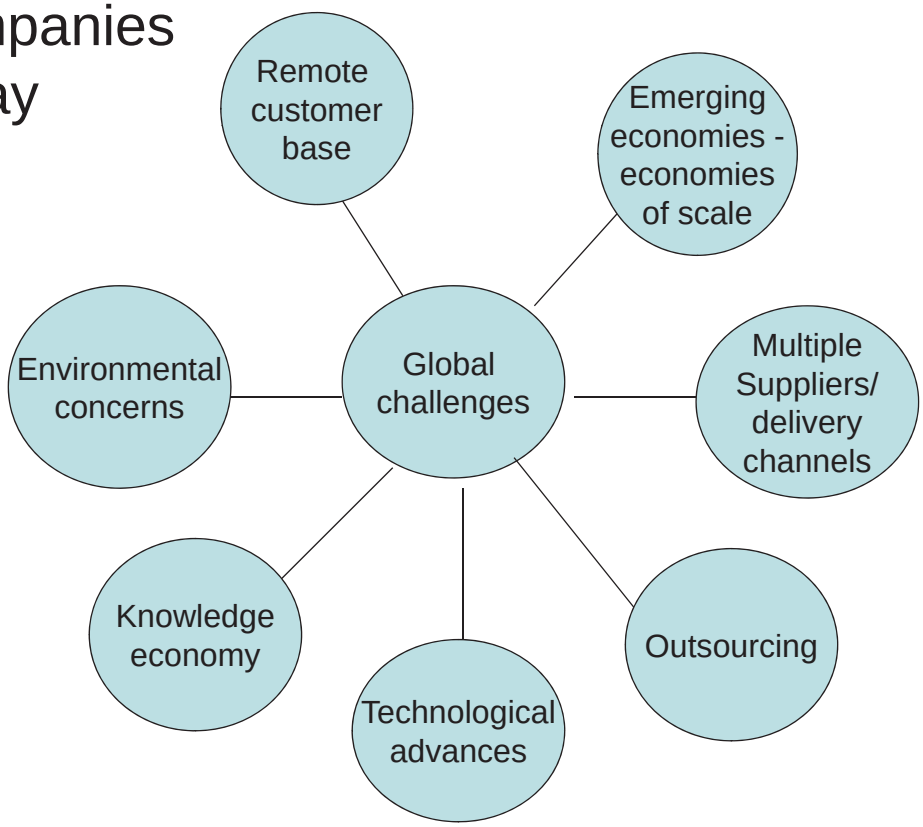
# Our research study

- We are carrying out an in-depth research study into companies to find out how they are re-positioning their quality efforts to meet the global challenges and what can be learned
- We will share our emerging findings with you and would welcome your views and experience
- There will be an opportunity to benchmark your own company's best practice profile against those in the research study

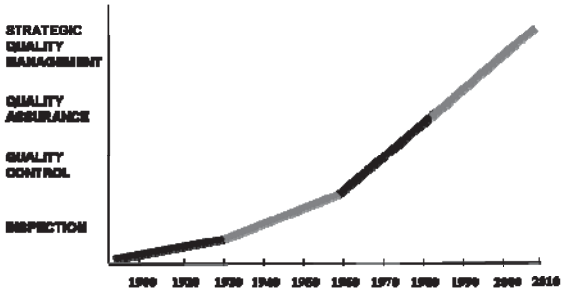
# Research Methodology

- Companies drawn from a wide range of sectors and industries, internationally
- Large and small businesses
- In-depth studies
- Supported by extensive review of economic and environmental surveys

# An overview of global challenges facing companies today



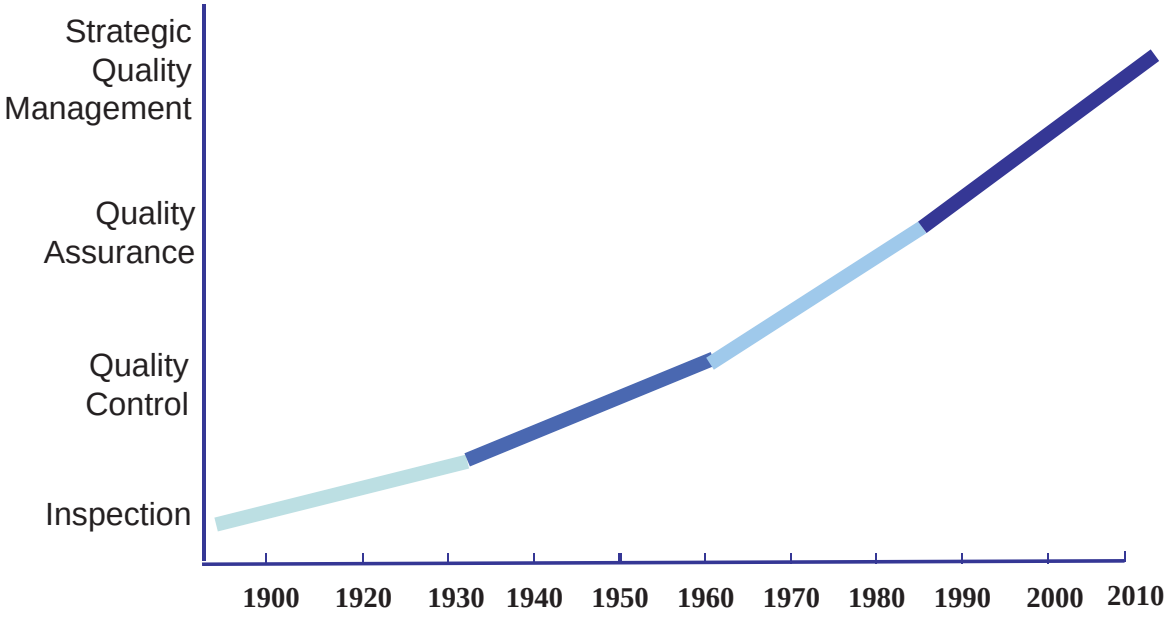

# The evolution of quality and competitiveness




A Journey through the "Quality Eras"

# The Evolution of Quality

***Quality Eras***




## Changing quality views and focus over recent decades

| Quality Era | View of Quality | Focus | Role of Quality Professional | Responsibility for Quality | Approach |
|---|---|---|---|---|---|
| Inspection | Problem To be sorted | Internal | Sorting | Inspectors | Inspect in |
| Quality Control | Problem to be solved | Internal | Trouble-shooting | Manufacturing Engineering (Departmental) | Control in |
| Quality Assurance | Problem to be prevented | Internal (mainly) | Compliance/ regulatory | All Departments | Build in |
| Strategic Quality Management | Problem to be managed | External (existing market) | Initiating Improvement Projects | Senior Managers | Manage in |

## A change in quality emphasis over time

| Quality Dimensions | 1980/90's Quality Assurance emphasis | 2000 Strategic Quality emphasis |
|---|---|---|
| Design | Fitness for purpose | Integrated technologies |
| Reliability | Right first time (to be the best) | Right first time (ahead of best) |
| Productivity | Operational costs (cost of poor quality) | Functional costs |
| Delivery and dependability | On-time, to schedule | Matching customers' strategic milestones |
| Service (after-Sales) | Monitor customer satisfaction | Continuous support |
| Promotional Follow-up | Build customer confidence | Build customer loyalty |

## Typical "quality dilemmas"

- Producing a quality product or service is no guarantee of survival
- Compliance to quality standards does not assure competitiveness in the longer term
- Customer demands and the market place are moving faster than we are able to respond
- Delivering "more for less" – improving outputs and outcomes with fewer resources
- Maintaining solid disciplines (such as QA tools and techniques) whilst being more dynamic and innovative

# Syndicate activity: Changing quality emphasis

Drawing on your own experience, in what way does the quality management emphasis need to be changed to address the typical "quality dilemmas?"

# Emerging findings from our research study….key characteristics identified

- √ A greater level of innovation and responsiveness
- √ Collaborations and partnerships
- √ Customer-centric approaches adopted
- √ Relationships strengthened, talent and knowledge management fostered

## A change in quality emphasis over time

| Quality Dimensions | 1980/90'squality emphasis (QA) | 2000 strategic emphasis | 2010 competitive emphasis |
|---|---|---|---|
| Design | Fitness for purpose | Integrated technologies | Voice of customer in design |
| Reliability | Right first time (to be the best) | Right first time (ahead of best) | Reputation/image sustained through diversification |
| Productivity | Operational costs (cost of poor quality) | Functional costs | Customer value measures (tangible and intangible) |
| Delivery and dependability | On-time, to schedule | Matching customers' strategic milestones | Exceeds market and customer expectations |
| Service (after-Sales) | Monitor customer satisfaction | Continuous support | Customer "value-added" |
| Promotional Follow-up | Build customer confidence | Build customer loyalty | Customer/partner relationship management |

# Emerging findings

Innovation and Responsiveness

- Dynamic, innovative, risk taking while ***building on strategic quality tools and techniques***
- ***Adaptive*** planning
- Responding quickly to challenges, adapting new ideas

# Emerging findings…

Forming collaborations and partnerships

- Joint approach to knowledge and market sharing
- ***Competitive advantage comes from collective efforts of people*** not from better or cheaper products than others
- Relationships become the focus, not sales or profit

# Emerging findings …

Adopting customer-centric approaches

- Build in the voice of the customer in quality improvement programmes
- Listen to and capture emerging customer needs
- Customer-driven competition, not product-driven competition
- Service-oriented approaches to quality

# Emerging findings …

Strengthening relationships, talent and knowledge management fostered

- Active involvement of people – people alignment to value added streams, breaking down barriers
- Exploiting technology to provide personalised service for customers
- Leadership style encourages innovation, participation
- Proactive learning for improvement outside the organisation

Case study company example

# Characteristics of company

- World-class company with reputation for high quality and innovative products
- Excellent research and development facilities and world leader in technological development
- Recent collaborations and partnerships with complementary organisations to strengthen portfolio of products and services

# Challenges facing company

- Moving into service consultancy, tailoring products and services to meet customer needs: therefore need to get closer to the customer
- 30,000 global delivery channels requires a pricing structure that is flexible to meet market conditions and responsive (no delays)
- Catch up and leapfrog of IT world: competitors also offer quality products and services: staying ahead of the competition is a challenge

# Methodology

- Diagnostic tools© were used by our case study company to identify where and how they needed to reposition their quality strategy.
- These diagnostic tools were developed in partnership with the companies participating in the research study, using an action-learning methodology
- Four “best practice profiles” were produced setting out examples of good practice in each of the key characteristics evidenced in the study.
- The results were used to complete a “capability profile” showing what action needed to be taken to achieve a more competitive quality focus: an example follows of one such characteristic “innovation and responsiveness”

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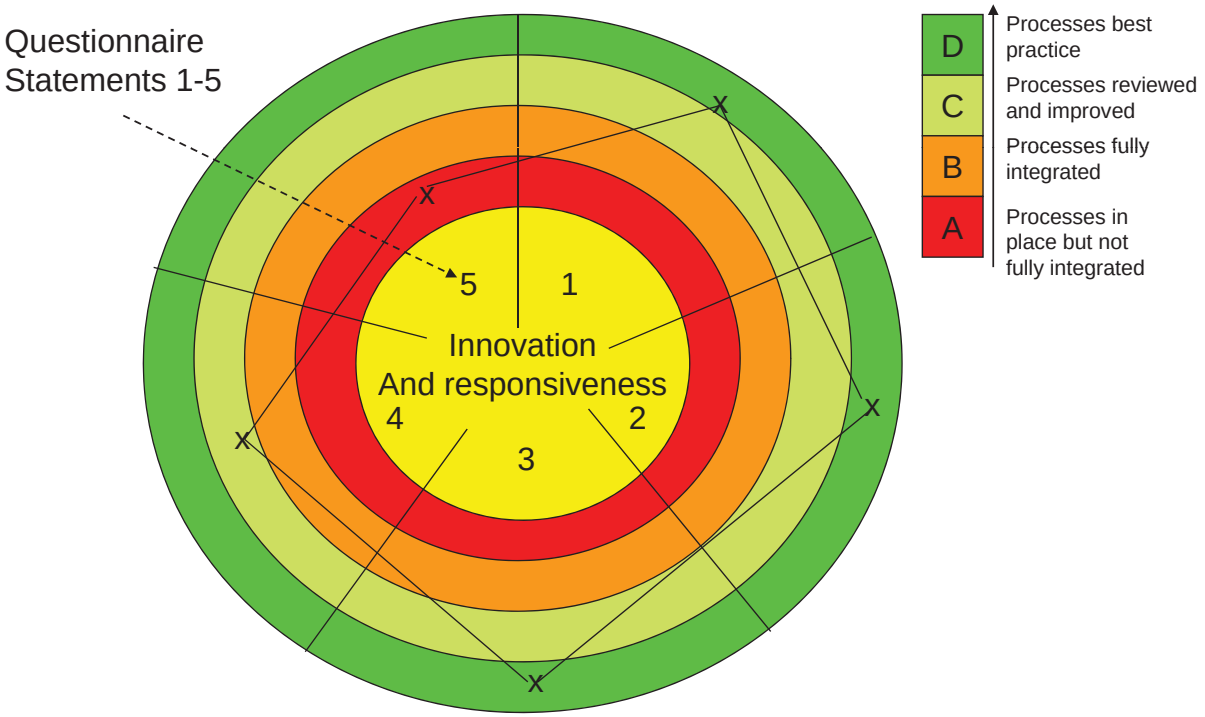
# Best practice profile

| Innovation and Responsiveness | Process in place (not fully integrated) A | Process implemented (full integration) B | process reviewed and improved C | Process considered best practice D |
|---|---|---|---|---|
| 1. In-house problem-solving to improve quality (mainly departmental) | | | | |
| 2. In-house problem-solving (cross-functional) | | | | |
| 3. Innovation applied to processes to meet customer changing demands | | | | |
| 4. New products and services introduced in response to customer demands | | | | |
| 5. Proactively working with customers to design products and services | | | | |

# Capability Profile (example)




# Implications for company

They need to take urgent action

- to capture the voice of the customer

- to work with suppliers to respond more quickly

- to devise a pricing strategy that is flexible and responsive to customer and market

Otherwise they will not achieve their strategic objectives for growth, nor build on their reputation for innovation by providing a more customised service

# Repositioning quality focus

- Proactively learning outside the industry about *customer service added* so that customer receives quality product, quality service and additional product or service to meet their needs
- Mechanisms to *capture the voice of the customer* being put in place
- Tools and techniques being applied that will enable the company to capture the Voice of the Customer, including
  - External benchmarking
  - ServQual
  - Quality Function Deployment
  - Critical to Quality

# SYNDICATE ACTIVITY:

Identifying and sharing examples of best practice

# SOME QUESTIONS TO CONSIDER AND DISCUSS . . .

Q1. Using the “best practice profile” as a guide, identify and share examples of best practice from your experience (i.e. *what* is being done and what *methods* are being used?)

Q2. What are the implications for the quality focus or repositioning of quality effort?

## Best practice profile

| Innovation and Responsiveness | Process in place (not fully integrated) A | Process implemented (full integration) B | process reviewed and improved C | Process considered best practice D |
|---|---|---|---|---|
| 1. In-house problem-solving to improve quality (mainly departmental) | | | | |
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| 5. Proactively working with customers to design products and services | | | | |

# Best practice profile

| Collaborations and Partnerships | Process in place (not fully integrated) A | Process implemented (full integration) B | process reviewed and improved C | Process considered best practice D |
|---|---|---|---|---|
| 1. Collective efforts of people are encouraged to build superior products and services | | | | |
| 2. Needs and expectations of internal customers are known and proactively managed | | | | |
| 3. Needs and expectations of those in the supply chain are proactively managed | | | | |
| 4. Collaborations exist with others within and outside the industry to seize competitive opportunities | | | | |
| 5. Partnerships with customers are used to design customised products and services | | | | |

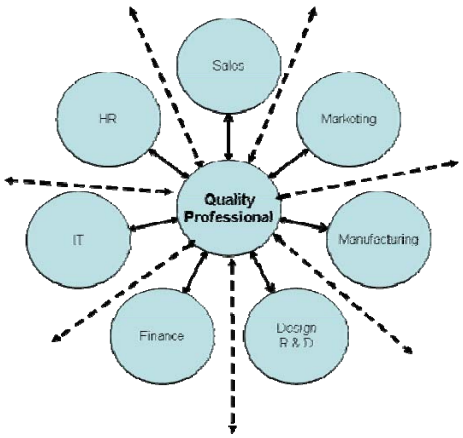
# Best practice profile

| Customer-centric approaches | Process in place (not fully integrated) A | Process implemented (full integration) B | process reviewed and improved C | Process considered best practice D |
|---|---|---|---|---|
| 1. Quality improvement programmes are focused on building in the voice of the customer | | | | |
| 2. Customer value concepts are understood and processes focused on delivering customer value | | | | |
| 3. Non value added processes have been eliminated | | | | |
| 4. Current and emerging customer needs are identified and processes, products and services adapted to meet these | | | | |
| 5. Approaches to quality are more “service oriented” with customers driving competition rather than products | | | | |

# Best practice profile

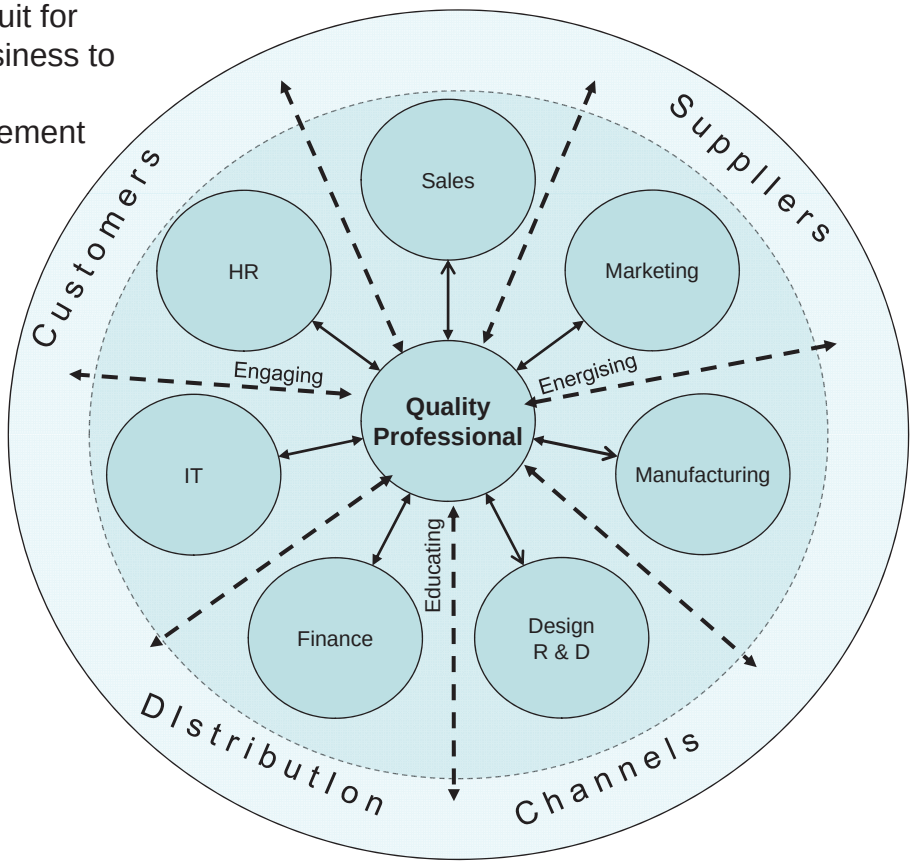
| Strengthening relationships, talent and Knowledge Management | Process in place (not fully integrated) A | Process implemented (full integration) B | process reviewed and improved C | Process considered best practice D |
|---|---|---|---|---|
| 1. There is a participative, collaborative management style and culture of learning | | | | |
| 2. Quality initiatives (such as Business Process Re-engineering and Lean methods are integrated and focused on customer needs) | | | | |
| 3. There is proactive learning for improvement (within and outside the industry) | | | | |
| 4. Key stakeholder relationships are managed proactively, including suppliers | | | | |
| 5. There is constant analyses of changes in society, technology and resources and their impact understood and planned for | | | | |

# The Role of the Quality Professional




"A conduit for the business to drive improvement"

A conduit for the business to drive improvement




# Emerging roles of the quality professional

| Current role | Emerging role |
|---|---|
| Conformance/compliance | Integrating quality standards into business operations - *quality specialist* |
| Improving existing processes and systems – learning for improvement | Focusing on innovation quality, Innovation in the value chain and Proactive learning -*quality innovator* |
| Overseeing quality improvement projects | Leading strategic initiatives designed to build in the voice of the customer, coaching others -*quality consultant* |
| Developing quality plans | Contributing to strategic plans with suppliers and customers - *quality strategist* |
| Trouble-shooting/problem solving (internally) | Organisational development - strategic, holistic - *quality generalist* |