Module: Business Processes
Unit: Quality Management
Lesson: The Practical Application of Quality

The Practical Application of Quality

Quality Management Systems

Earlier in this unit we discussed the transition from quality control - normally by means of some sort of inspection of output - through to monitoring of the process - firstly by some form of statistical analysis of the process and then by the sort of more immediate monitoring and correction of the process proposed by Shingo. These latter activities can be considered as moves in the direction of quality assurance. According to the Marketing Accountability Standards Board, quality assurance refers to the systematic measurement, comparison with a standard, monitoring of processes and an associated feedback loop that confers error prevention. This can be contrasted with quality control, which is focused on process outputs. Some versions of quality assurance will even seek to design and document processes so that a certain level of quality is assured so long as the correct procedures are followed.

Quality Management System

Central to such an approach to quality assurance is a Quality Management System (QMS). Beckford (2002) defines a QMS as a 'Formal record of an organisation's method of managing the quality of its products or services. It needs a systematic, ordered approach, leading to third party certification of the system, not the quality.' Kanji and Asher (1996) proposed a thirteen step process for the creation of a QMS. We reproduce these steps below.

Step 1 Obtain management understanding of, and commitment to, the quality approach

Step 2 Define the scope of the activities to be included in the QMS

Step 3 Define the organisational structure and responsibilities of those within the scope of the QMS

Step 4 Audit the existing systems and procedures against the requirements of the standard

Step 5 Develop a plan to write the necessary procedures

Step 6 Train sufficient personnel to write their own procedures

Step 7 Draft and edit the procedures and gain agreement to them

Step 8 Compile a draft quality manual

Step 9 Implement the system on a trial basis

Step 10 Train internal auditors to carry out audits of the system and its operation

Step 11 Revise the operation of the system in the light of the result of audits and other information

Step 12 Apply for registration (sometimes called third-party approval) from an accredited body

Step 13 Maintain the system by internal audit, using it as an opportunity to improve

While this appears to be a fairly sensible, comprehensive approach to the establishment of a QMS, Beckford (2002) made a number of criticisms or qualifications of it as follows:

Step 1. Beckford felt many managers find it much easier to commit to a QMS than to the underlying quality performance it is put in place to achieve: if a QMS is to lead to quality, that commitment by senior management to quality itself is essential. In its absence Beckford believes that the QMS will tend just to be used to find people to blame when things go wrong and not to contribute significantly to quality performance.

Step 2. Beckford feels that this step is a little short sighted and that, while priorities need to be established for inclusion in the QMS, ultimately an ideal position to aim for would be for all an organisation's activities to be included in its QMS and even perhaps for the QMS to be extended to cover supplier relationships where appropriate.

Beckford feels that while step 3 is necessary it carries the danger of fossilising the company's organisational structure. As Beckford implies, in modern times quality is likely to require quite a fluid organisational structure over time to allow it to respond to dynamic organisational change and it is important that the QMS does not inhibit this.

Concerning steps 7 and 8, Beckford concedes that traditionally QMSs have been fundamentally about ensuring that an organisation consistently adheres to optimally designed processes and procedures. However, as we shall see later, a more recent trend in the approach of QMSs is to seek to reduce the extent of procedural documentation contained within the organisation's quality manual. In this way the QMS becomes less cumbersome and bureaucratic and more reliance is placed upon managing employee skills than on simply making sure that employees consistently stick to required documented procedures.

The final step proposed by Kanji and Asher reflects the need for organisations to continuously improve if they are to maintain quality performance in the eyes of their customers. It should be said that, in their earlier days, QMSs tended to focus more upon ensuring that procedures necessary to achieve a given level of quality were adhered to but more recently they have increasingly recognised that the demands of competition and the changing requirements of customers mean that they must reflect the need to continuously improve quality rather than just seek to maintain consistent processes.

ISO 9000

The International Organisation for Standardisation's series ISO 9000 is the highest profile and most widely utilised QMS. It was first introduced in 1987 - drawing upon existing British and European standards. It has since been through a series of modifications, normally based upon quite wide consultation with stakeholders, with the most recent occurring in 2008. The 2008 and earlier 2000 modifications have served to reduce the standard's very extensive requirement for documentation of procedures (although that still exists) and to require accredited companies to recognise customer perceptions of quality. Also companies seeking accreditation under it must recognise the need for continuous improvement rather than just consistency of processes and procedures, which was the main requirement of earlier versions of the standard. Modifications have also tended to move towards a more generic standard applicable to a wider range of organisations - i.e. large, medium or small, private or public sector etc. It is fair to say that such changes are part of modern approaches to quality management, some of which we will examine further in this course, moving to something of a common, consensus based approach.

overview of ISO 9000

An initial overview of ISO 9000 is given in the following article from Perry Johnson Registrars available at:

http://www.pjr.com/standards/i so-90012008/benefits-of-iso-90 00 (Permission to reproduce pending)

Perry Johnson is a company who carry out the third party accreditations of organisations. Consequently you can expect them to be very positive about ISO 9000, as they use this article as part of their efforts to attract business.

Quality is something every company strives for and is often very difficult to achieve. Complications concerning efficiency and quality present themselves everyday in business, whether an important document cannot be found or a consumer finds a product not up to their expectations. How can a company increase the quality of its products and services? The answer is ISO 9000.

As standards go, ISO 9000 is one of the most widely recognised in the world. ISO 9000 is a quality management standard that presents guidelines intended to increase business efficiency and customer satisfaction. The goal of ISO 9000 is to embed a quality management system within an organisation, increasing productivity, reducing unnecessary costs, and ensuring quality of processes and products.

ISO 9001:2008 is applicable to businesses and organisations from every sector. The process oriented approach makes the standard applicable to service organisations as well. Its' general guidelines allow for the flexibility needed for today's diverse business world.

ISO 9000 is set up as a collection of guidelines that help a company establish, maintain, and improve a quality management system. It is important to stress that ISO 9000 is not a rigid set of requirements, and that organisations have flexibility in how they implement their quality management system. This freedom allows the ISO 9000 standard to be used in a wide range of organisations, and in businesses large and small.

process-oriented approach

One important aspect of ISO 9000 is its process-oriented approach. Instead of looking at a company's departments and individual processes, ISO 9000 requires that a company look at "the big picture." How do processes interact? Can they be integrated with one another? What are the important aspects of products and services?

Once this process-oriented approach is implemented, various audits can be done as a check of the effectiveness of your quality management system. There are three main types of audits - 1st, 2nd, and 3rd party audits. An internal audit is a 1st party audit. ISO 9000 encourages (and requires) this type of audit so that an organisation can get feedback quickly from those who know the company best. However, this audit process cannot be viewed as impartial. Therefore, 2nd party audits allow for a consumer to evaluate the performance of an organisation. As an alternative to a 2nd party audit, many companies choose to become certified with ISO 9000 through a 3rd party audit. In this case, an independent certification body comes into an organisation and evaluates it in terms of the ISO 9000 guidelines. If an organisation meets the requirements of the standard, it becomes certified in ISO 9000 and carries a seal of quality recognised throughout the world.

The importance of ISO 9000 is the importance of quality. Many companies offer products and services, but it is those companies who put out the best products and services efficiently that succeed. With ISO 9000, an organisation can identify the root of the problem, and therefore find a solution. By improving efficiency, profit can be maximized.

As a broad range of companies implement the ISO 9000 standards, a supply chain with integrity is created. Each company that participates in the process of developing, manufacturing, and marketing a product knows that it is part of an internationally known, reliable system.

Not only do businesses recognize the importance of the ISO 9000, but also the customer realizes the importance of quality. And because the consumer is most important to a company, ISO 9000 makes the customer its focus.

Problem Solving

When problem solving, it is important to find the cause of a problem in order to develop a solution. Sometimes, the most obvious cause is not the right one. This is why ISO 9000 stresses the importance of finding the root cause(s) of a problem. There may be multiple, subtle reasons why a process isn't working correctly, and finding the actual causes will lead a company one step closer to a solution and implementation of corrective actions.

The goal of finding root causes is to improve the way problems are managed. Becoming adept in recognizing the root causes of a problem will lead to a reduced impact, a containment of error, and the prevention of recurrence. Identifying and correcting root causes will also lead to the reduction of unnecessary efforts, which in turn will lower the cost of maintaining quality. As more and more corrective actions are taken, processes will become more stable, and continual improvement will face less interruptions.

Other Management Systems

ISO 9000 is a standard for a quality management system that closely resembles many other management systems. These other systems, based on health and safety, the environment, and business continuity, can be integrated into an overarching business management system. Benefits of this system include aligned interests, reduced costs, and improved efficiency. With one of these systems in place, it is easier to implement any of the others; many documents required for a different standard are already prepared, and personnel are already accustomed to the audit process. Using multiple standards will not only increase the efficiency of an organisation, but increase the integrity of its operations.

ISO 9000 is a standard created to make the attainment of quality, consistent products easier by providing specific steps for development of an organisation's quality management system. This quality management system is meant to monitor the progress of a product or service as it goes through each stage of production, from development to testing to assembly to customer feedback.

One cornerstone of ISO 9000 is continual improvement. No company should ever be satisfied with the conditions of a process at the given moment; they should always be looking for ways to make these processes more efficient and effective. ISO 9000 was written with the business world's insatiable desire for excellence in mind. This is why continual improvement is a requirement of the standard - to inspire progress and the pursuit of perfection.

ISO 9000 and small businesses

ISO 9000 is an internationally recognised standard, and that may seem daunting for some smaller businesses. How are they going to implement the same standard adopted by multi-national corporations? Quite easily, actually. ISO 9000 is a flexible standard that lays down requirements for an organisation to follow, but allows the organisation to fulfil these requirements any way they choose. This increases ISO 9000's scope of effectiveness, allowing a wide range of companies to create quality management systems that match their needs.

ISO 9000 is seen in every sector of the business world, and its success is a testament to its worth. With a focus on customer satisfaction, products and services improve and flourish under ISO 9000's quality management system. With a combination of continual improvement and corrective actions - tenets of ISO 9000 - a business will create processes that run smoothly and efficiently.

A good foundation builds a good business, and ISO 9000 is a good foundation for small businesses that want to expand their market. By introducing a quality management system like ISO 9000 to a small business, the quality of processes will increase and costs due to inefficiency will decrease. In addition, a small business will be able to advertise their use of the internationally recognised ISO 9000. This may create business opportunities that were not available before an objectively verified quality management system was in place.

Having management systems in place, such as ISO 9000, will also help when selling a business. The integrity and value of a small business will be apparent with well-documented processes and proof of quality. ISO 9000 will ensure the reputation of your business in any situation.

Above ISO 9000 is referred to as requiring a process oriented approach by the organisations it accredits. We will discuss process based approaches to organisational activity later in this module. For now though carry out some research and post on the group learning space what you understand by the term 'process based approach'

Further information - more from the perspective of what needs to be done to achieve ISO accreditation is provided by this briefing to by BHP information solutions Ltd. The briefing is reproduced here by their kind permission:

The ISO 9000:2008 series

A The ISO 9000:2008 series of standards replaces the ISO 9000:2000 series.

- It is designed to apply to all types of business and focuses on delivering customer satisfaction.
- There is less emphasis on paperwork and each business decides how best to document the planning, operation and control of its processes.

B ISO 9000:2008 consists of a number of standards.

- ISO 9000:2005 sets out the fundamentals of quality management requirements and contains a glossary of terms used across the ISO 9000 standards.
- ISO 9001:2008 is the new, unified standard against which you can be certified.
- ISO 9004:2000 gives quality management systems guidelines for performance improvements.

C The full series of ISO 9000 publications includes guidance on the standards.

- Copies are available from the British Standards Institution (020 89969001; http://www.bsi-global.com/shop) and the International Organisation for Standardization http://www.iso.org).

Below we reproduce with permission a briefing on ISO 9000 produced by BHP Information Solutions Ltd; more information on this organisation and the briefings they produce can be found at http://www.bhpinfosolutions.co .uk/

Many companies see the introduction of a quality management system as a major step forward in controlling and improving their key processes. Other companies simply react to customer demands that their suppliers should have suitable systems.

Running a Quality System

The ISO 9000 quality system standard series provides guidance and new requirements for running a quality system.

This briefing outlines:

- The practical benefits of using a quality system.
- How to introduce a quality system.
- How to achieve ISO 9001, the standard against which you can be certified.

1. The benefits

1.1 A quality management system provides improved control of key processes. All employees follow agreed processes for carrying out key activities, reducing the risk of costly mistakes.

1.2 A quality system provides a sound basis for improving quality and customer satisfaction.

- The system describes existing key operations.The system can be adjusted to account for essential changes, such as new technologies, new customers and new ideas.
- The system provides a way of collecting and acting on suggestions for improvements.This improves the chances that any broader quality management initiative will be successful and continuous.

1.3 A quality system lets you manage growth more effectively.

- The system makes it easier to integrate new employees and activities.
- Having a system makes it easier to stay in control.

- Many customers demand that each of their suppliers has a quality system.
- They want to make sure that the quality of your product or service meets their needs.
- Many larger companies may require the system to be ISO 9001 'certified'.

2. Improving existing practice

Setting up a quality system usually involves recording current methods of doing key tasks.

2.1 Start by looking at your current practices in key areas. These will tend to be:

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- Mission critical' activities, where errors will cause serious problems.Typically, these will be activities that directly affect customer satisfaction.
- Areas that are causing concern.Concentrating on key areas brings the fastest improvements in effectiveness.The system can be rolled out later to other areas.

2.2. Plan your approach.

- Think about what resources you will need.
- Analyse your current business processes by discussing them with the employees involved.
- Agree a format for recording information.This will include a description of any processes and any related instructions.

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- Document the processes in the agreed format.
- Authorise the processes.Usually, a specified senior manager will be responsible for authorisation.

2.3 Do what is necessary to put the processes in place.

- Distribute details of the processes to the employees involved.
- Train employees so that they are competent at their job.

2.4 Check the new processes are working. Problems may occur, because of:

- Errors in the earlier process-writing stage.
- Employees working in a different way from that agreed.
- Changes in circumstances since the original processes were agreed.Finding and fixing problems shows that the system is being used positively.

2.5 Act to correct the problems, by:

- Reviewing results from the checking process.
- Preparing (and authorising) revised processes.
- Making sure that employees are trained to follow the revised processes.

In this way, existing practice builds to become an effective quality system. The authorised processes set out the agreed best working method, but can be updated when necessary.

This is effectively an expanded Plan, Do, Check, Act cycle as shown below

[Figure 1.06 - Expanded Plan, Do, Check, Act cycle]

3. ISO 90013.1 ISO 9001 (or 'BS EN ISO 9001') is the internationally-agreed standard for effective quality systems. ISO 9001 makes sure that your quality system will maintain quality at a consistent level. It is up to you to decide what that quality level should be in order to meet customer requirements and satisfaction.

- A quality system meeting ISO 9001 will cover the full range of activities that affect the customer. It will also include measures to make sure the quality system runs smoothly.
- A quality system based on ISO 9001 can be separately assessed to prove that it meets the standard (see 4 below).

3.2 ISO 9001 focuses on how your quality system should be managed.

- It is based on eight quality management principles which you must follow to achieve the standard.
- It requires that you document your systems.
- It involves a commitment to continual improvement.
- It requires full involvement from senior managers.

3.3 The main advantage of ISO 9001 is that it is a flexible and logical way to achieve a recognised standard system.

- The requirements of ISO 9001 may be tougher than those of a basic 'in-house' quality system.For example, it is common for in-house systems to bypass internal audit procedures.

- Achieving ISO 9001 certification (see 4) demonstrates that you are serious about quality.

- Many larger companies, in particular, are reassured by suppliers who have a quality system that is certified to ISO 9001.This may be especially important if you want key supplier status.

3.4 Be aware of the costs involved. These include:

- Designing and introducing the system.

- Using the system. A poorly-designed system can be expensive and bureaucratic (see 6).

- Certification and 'surveillance' visits.Costs can run to several thousand pounds but should be more than offset by the benefits the system will bring (see 5 below).

Some companies whose customers do not demand ISO 9001 choose to postpone certification. Others feel that the outside audit of their quality system is a worthwhile exercise.

4. Certification

Certification involves an independent assessment of your quality system to confirm that it meets the requirements of ISO 9001.

4.1 You will need to design, document and set up your own quality system. The system will need to cover all the requirements of the ISO 9001 standard.

- You may need outside help (see 5.2 below).

- Your quality system cannot be audited until you have generated documentary evidence to show that you are meeting the standard. Many certification bodies will not conduct a formal assessment until the system has been operating for at least three months.

4.2 To find a certification body with relevant experience in your sector and accreditation from the United Kingdom Accreditation Service (UKAS), visit UKAS at http://www.ukas.com.

- Certification by a non-UKAS accredited body is likely to lead to credibility problems with your customers.

4.3 Arrange a visit from the certification body's auditors.

- They will seek objective evidence that you are complying with the ISO 9001 standard.UKAS prohibits auditors from acting as consultants. They will not tell you how to meet the standard but can offer advice.

4.4 The auditors will tell you of any shortcomings in your system.

- If you satisfy the standard, the auditors recommend the award of certification.

- You can also be certified if the auditors only identify a small number of 'minor' problems. You will be required to correct these problems within a specified timeframe.

- If the auditors find more serious 'major' problems, you will be required to correct these and possibly undergo a re-audit before certification is achieved.Once you are certified, you can display the certification body's logo, and if the body is UKAS-accredited, the UKAS 'tick and crown' symbol (consult AKAS about exceptions to this rule).

4.5 All certification bodies are required to revisit registered companies to make certain they still meet the requirements of the standard. These surveillance visits normally take place annually at agreed dates.

- You will be given time to deal with any minor or major problems which are identified before any action is taken to withdraw your certificate.

5. Costs and resources

5.1 The largest cost of ISO 9001 is the involvement of company employees.

- Reducing this cost by minimising employee involvement is a false economy. The 'ownership' created by involving employees in designing the quality system increases the likeliness of them accepting it.

5.2 The next largest cost will be for designing and developing the system. This needs to be led by someone with experience in this particular field.

- You may have someone within your own organisation that has carried out this role, perhaps with a former employer.

- Your local business support organisation may offer free or subsidised advice and training, and will be able to provide names of approved consultants.

5.3 Grants for work in this area tend to be directed through your local business support organisation. Different areas have different grants, which depend on local conditions.

- A typical grant may cover up to 50 per cent of the cost of an approved consultant.

5.4 Certification fees are around £800 for the smallest companies. Overall costs depend upon company size and the number of locations involved.

- Ask certification bodies for quotes for initial audits and surveillance visits. Many will give an all-inclusive price, including surveillance visits for three years.

- Ask your certification body if it offers special rates for small companies. Typically, special rates will depend on how long the assessment is likely to take, which is generally based on the type of activity, number of staff employed and number of operating sites.

5.5 The standard requires that companies have trained internal auditors to carry out audits on the system.

- For further details, contact the International Register of Certificated Auditors (020 72456833; http://www.irca.org). An internal audit can provide an effective way of monitoring the system and identifying areas for improvement.

6. A healthy system

Most companies will eventually achieve certification if they wish to. But in doing so, they often build systems that are far too complicated for their own needs. To avoid this situation:

6.1 Do not create too much paperwork.

- Look at using working documents themselves as a way of keeping records.

- Challenge every new form that is suggested. Can an existing form be changed instead?

- Keep the number of controlled copies of system documents to a sensible minimum. ISO 9001 does not demand that everyone has a copy of everything.

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- Use your IT system to minimise the need for paper copies.Give employees access to key documents through your intranet or network.

6.2 Make sure that internal audits are carried out regularly.

- Use these reports to monitor the system and drive improvements.
- Continually question whether you are running the system or the system is running you.

6.3 Introduce a balanced method for dealing with changes to the system.

- The method must be formal enough to maintain management control.
- The method must be informal enough to encourage employees to put ideas forward. If not, employees will lose respect for the system and may introduce changes informally instead.

6.4 Take every opportunity to compare your system with those of other companies, e.g. suppliers, sister companies and customers.

- Use supplier assessment audits
- Use customer questionnaires.
- Create a forum for discussion.

EFQM Excellence Model.

The European Foundation for Quality Management (EFQM) seeks to promote organisational quality and excellence in Europe. Rather like ISO 9000, its model of quality or excellence has gone through some modifications and is now called the EFQM Excellence Model. Previously it had been known as the Business Excellence Model. Removal of the word 'business' signalled EFQM's intention that the model should be applicable to organisations in the public and voluntary sectors as well as to private sector businesses. The most recent versions of the Excellence model have been introduced in 2010 and 2013, with the latter version being introduced in October of that year (after the initial time of writing of this material).

Introducing the EFQM Excellence Model.

Below we set out some (adapted) introductory details about the model that are available from the EFQM website at http://www.efqm.org/en/tabid/1 32/default.aspx as the EFQM is discussing its own model again it will be focusing on positives (Permission to reproduce pending)

The EFQM Excellence Model is the most popular quality tool in Europe, used by more than 30,000 organisations to improve performance. It supports you to self-assess and reflect. 84% of our members say that the EFQM Model helps to improve their organisation.

The EFQM Excellence Model has been reviewed to ensure it reflects the world we operate in. It encourages organisations to move from rigid corporate structures to more agile ones that are better suited to the rigours of today's global economic environment.

"All European organisations, both in the public and private sectors, are facing new challenges. The increasing pressure to compete on a global stage with limited resources means we all have to work together to secure our future prosperity, and that of generations to come", explains Herman Van Rompuy, President of the European Council. "The EFQM Excellence Model provides a framework that encourages cooperation, collaboration and innovation that we will need to ensure this goal is

achieved", he continues.

It is a framework to:

1. Assess your performance, to identify key strengths and improvement areas
2. Integrate existing tools, procedures and processes, to align them all and remove duplicate ones
3. Introduce a way of thinking that encourages reflection and stimulates continuous improvement
4. Identify what actions are really driving your results, which areas need more attention, and which approaches should be made redundant.

Its benefits include the following:

1. Addresses the needs of all stakeholders
2. Ensures that initiatives don't run on a stand-alone basis but are interlinked towards the same goal
3. Shows stakeholders that you are a credible, trustworthy partner achieving sustainable results
4. Helping achieve results faster, more effectively and efficiently.
5. Helps define solutions tailored to specific organisations and situations
6. Easy to use and understand, as it is developed by organisations for organisations

Any organisation, regardless of size or sector can use the EFQM Model.

The EFQM Excellence Model is used as a basis for (self) assessment, an exercise in which an organisation is graded against a detailed set of 9 criteria. These criteria are based on the 8 Fundamental Concepts of Excellence. Finally, the RADAR logic is used to score organisations.

The model is updated every three years to ensure it reflects the current and future environment.

Through the 9 criteria you can understand and analyse the cause and effect relationships between what your organisation does and the results you achieve. Five of these criteria are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does and how it does it. The 'Results' criteria cover what an organisation achieves.

Each of the 9 criteria has a definition, which explains the high level meaning of that criterion. To develop the high level meaning further, each criterion is supported by a number of criterion parts or sub-criteria. The RADAR logic helps you to assess and score the level of attainment against each sub-criterion.

The Nine criteria of the Excellence Model

The 9 Criteria are: 1. Leadership 2. Strategy 3. People 4. Partnerships & Resources 5. Processes, Products and Services 6. Customer Results 7. People Results 8. Society Results 9. Business Results

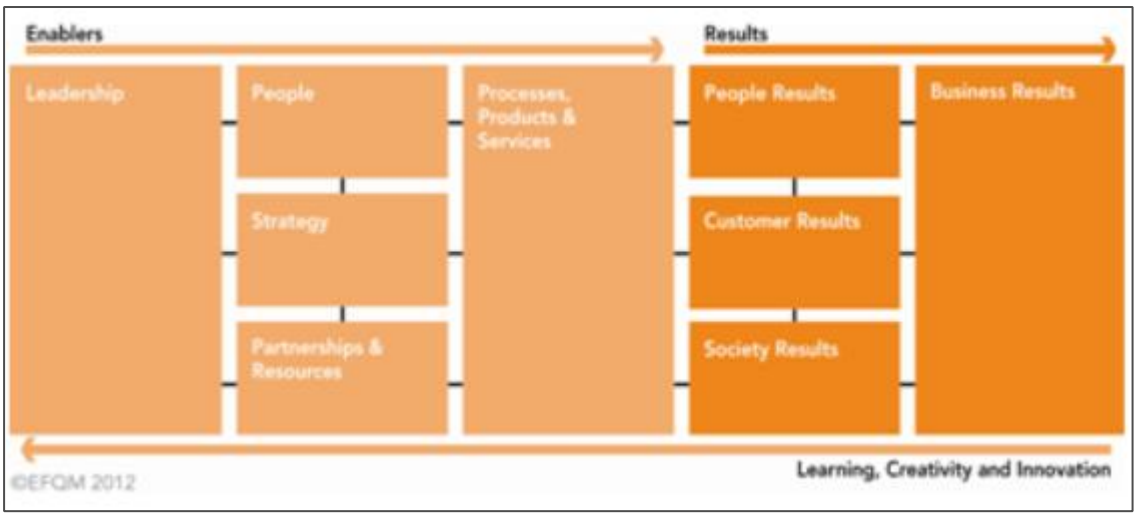
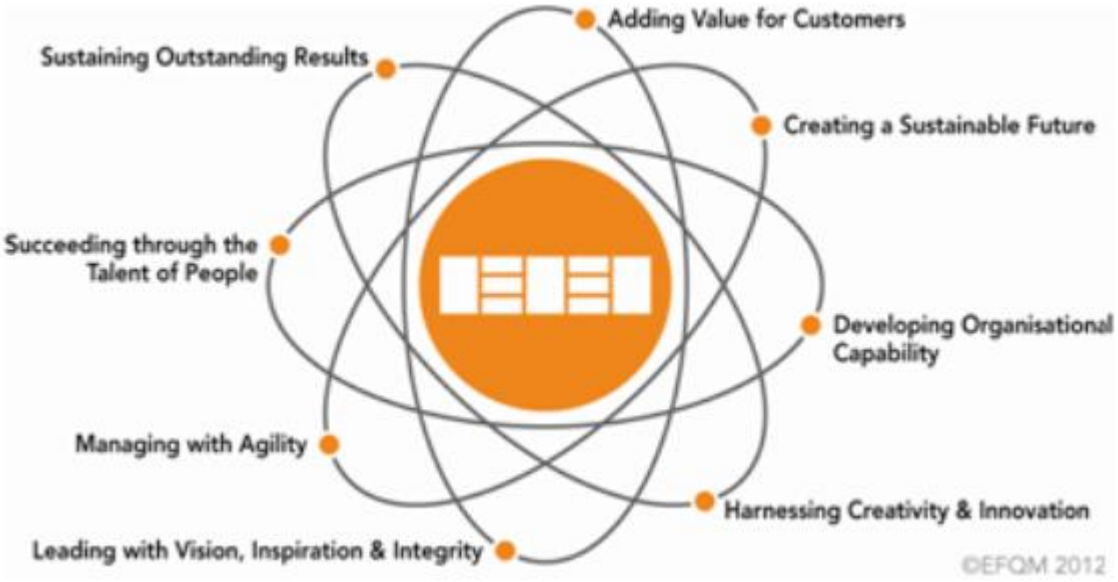


Figure 1.07 - The EFQM Excellence Model criteria

The Fundamental Concepts of Excellence of the Excellence Model

The Fundamental Concepts of Excellence are the underlying principles of the EFQM Excellence Model and are the essential foundation of achieving sustainable excellence for any organisation. They can be used as the basis to describe the attributes of an excellent organisational culture. They also serve as a common language for senior management.



The diagram above sets out the excellence concepts underlying the model's 9 criteria; these concepts are discussed briefly below.

Adding Value for Customers

Excellent organisations consistently add value for customers by understanding, anticipating and fulfilling needs, expectations and opportunities.

Creating a Sustainable Future

Excellent organisations have a positive impact on the world around them by enhancing their performance whilst simultaneously advancing the economic, environmental and social conditions within the communities they touch.

Developing Organisational Capability

Excellent organisations enhance their capabilities by effectively managing change within and beyond the organisational boundaries.

Harnessing Creativity & Innovation

Excellent organisations generate increased value and levels of performance through continual

improvement and systematic innovation by harnessing the creativity of their stakeholders.

Leading with Vision, Inspiration & Integrity

Excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics.

Managing with Agility

Excellent organisations are widely recognised for their ability to identify and respond effectively and efficiently to opportunities and threats.

Succeeding through the Talent of People

Excellent organisations value their people and create a culture of empowerment for the achievement of both organisational and personal goals.

Sustaining Outstanding Results

Excellent organisations achieve sustained outstanding results that meet both the short and long term needs of all their stakeholders, within the context of their operating environment.

in lesson one we presented a set of quality management principles established by the ISO. For this activity you should refresh your memory of those principles and then consider the main differences between them and the EFQM's fundamental concepts of excellence. Post your thoughts on the Group learning Space on I learn.

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You should work systematically through the website, reading the following sections of the website.

- The EFQM Excellence Model
- What is Excellence?
- The Need for a Model
- Fundamental Concepts Model Criteria
- Enables
- Results
- RADAR logic
- EFQM model in action

In the final section you will find that you can download pdf assessment forms, which allow you to assess your organisation, or any other with which you are familiar, against each of the Excellence Model's enablers and results. You should select at least one assessment area, download and fill out the pdf and upload it in the group learning space.

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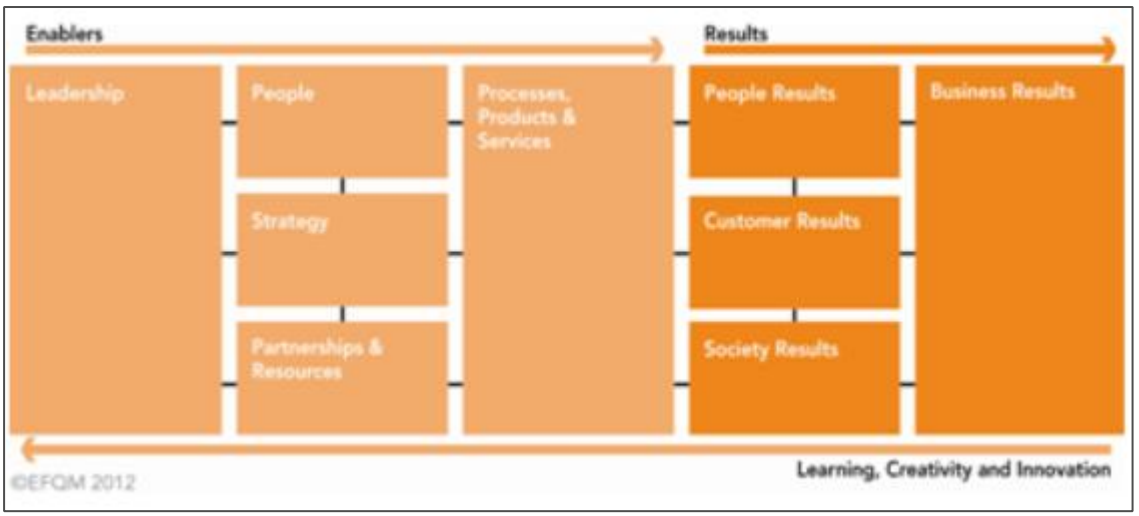

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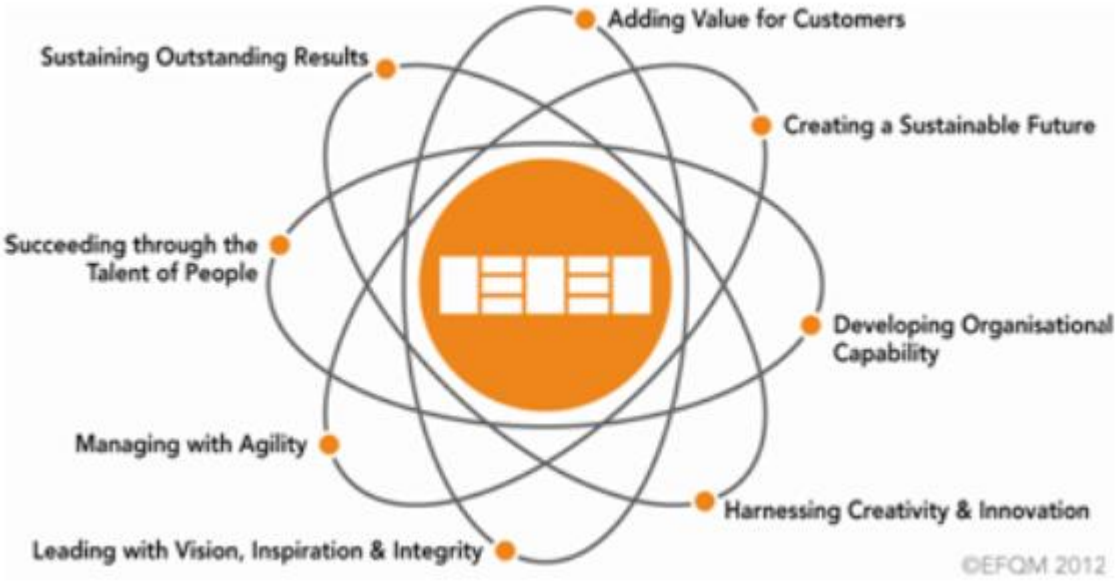

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Excellent organisations enhance their capabilities by effectively managing change within and beyond the organisational boundaries.

Harnessing Creativity & Innovation

Excellent organisations generate increased value and levels of performance through continual

improvement and systematic innovation by harnessing the creativity of their stakeholders.

Leading with Vision, Inspiration & Integrity

Excellent organisations have leaders who shape the future and make it happen, acting as role models for its values and ethics.

Managing with Agility

Excellent organisations are widely recognised for their ability to identify and respond effectively and efficiently to opportunities and threats.

Succeeding through the Talent of People

Excellent organisations value their people and create a culture of empowerment for the achievement of both organisational and personal goals.

Sustaining Outstanding Results

Excellent organisations achieve sustained outstanding results that meet both the short and long term needs of all their stakeholders, within the context of their operating environment.

in lesson one we presented a set of quality management principles established by the ISO. For this activity you should refresh your memory of those principles and then consider the main differences between them and the EFQM's fundamental concepts of excellence. Post your thoughts on the Group learning Space on I learn.

RADAR

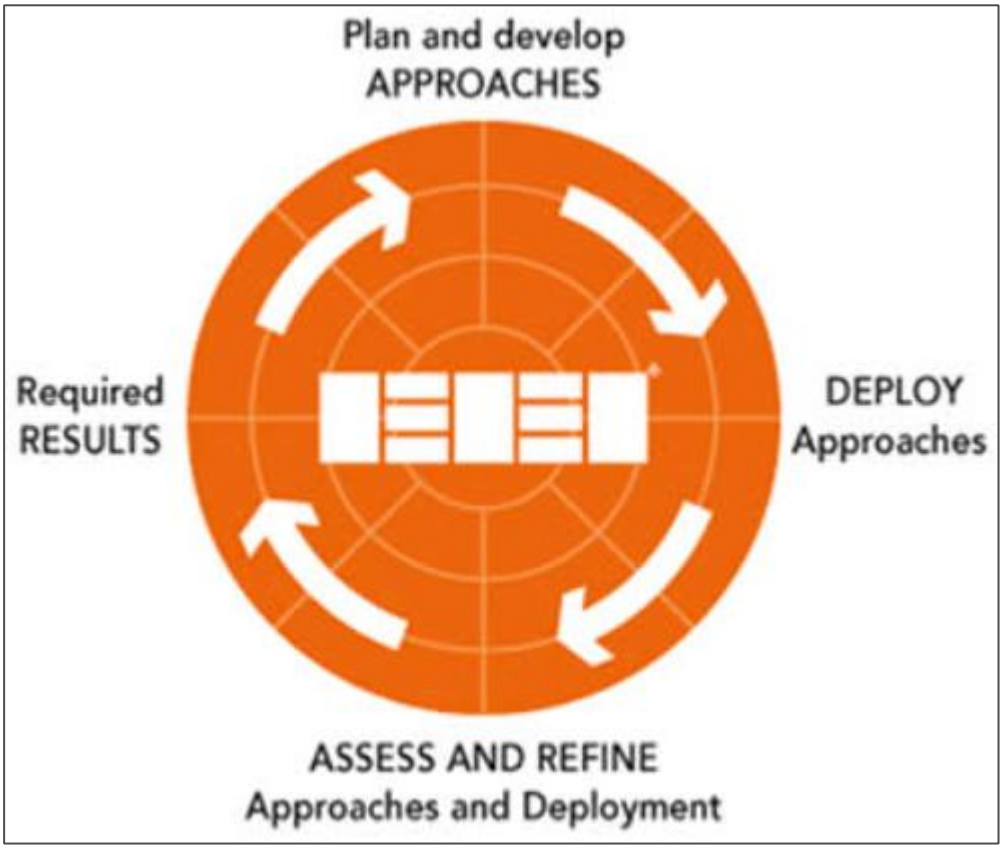


Figure 1.09 - The RADAR Logic

According to EFQM, the RADAR Logic is a dynamic assessment framework and powerful management tool that provides a structured approach to questioning the performance of an organisation. RADAR logic states that an organisation needs to:

1. Determine the results it is aiming to achieve as part of its strategy

2. Plan and develop an integrated set of sound approaches to deliver the required results both now and in the future

3. Deploy the approaches in a systematic way to ensure implementation

Assess and refine the deployed approaches based on monitoring and analysis of the results achieved and ongoing learning activities

Uses of the EFQM Excellence Model

Kelemen (2003) identified four ways in which the EFQM Excellence model can be used by organisations.

These are

1. as a framework for developing organisational goals in a tangible, measurable way;

2. as a framework which helps organisations identify and understand the systemic nature of their business, key linkages and cause and effect relationships;

3. as a basis for applying for the European Quality Award;

4. as a diagnostic tool for assessing the current health of the organisation.

In addition many public sector organisations in particular have used the model as a means of undertaking benchmarking comparisons with each other and thus being able to share best practice and team from each other.

Criticisms of the EFQM Excellence Model

Beckford (2002) makes some criticisms of the model. He feels that assessment against it relies excessively upon perceptions and opinions rather than on objective measures. He claims that some organisations have found it to be bureaucratic and cumbersome to use. Also as it relies extensively on self assessment by managers, opportunities exist to manipulate assessments in the interests of the managers undertaking the self-assessment.

Finally Beckford believes that the model does not possess the dynamic qualities that are potentially available to it. Its identification of enablers and results means that it could develop a rigorous set of cause and effect relationships that, assuming appropriate objective measurements could be made, could form a dynamic business model for the organisation concerned. This model could be used, for example, to test out the likely impact of proposed changes to an enabler area before the change was actually introduced.

Such a set of detailed cause and effect relationships seems to be much easier to achieve in a rather different model - the Balanced Scorecard - and seems, according to Beckford, to be have been neglected somewhat by the EFQM Excellence Model.

An overview of the changes that have been made to the EFQM model in 2013 can be found in the brief video available at http://www.youtube.com/watch?v =ioyMjUc2g60

You should now read the article ‘Empirical evidence on applying the European Foundation for Quality Management Excellence Model, a literature review’, authored by H.J. Doeleman, S ten Have and CTB Ahaus, and published in the journal ‘Total Quality Management’, 2014, volume 25, No. 5 on pages 439 – 460.You can access this article via the EBSCO ‘Business Source Complete ‘database in ilearn. In reading the article you should focus particularly on section 3.

Once you have read the article you should post brief notes in the group learning space on one of these topic areas.

1) Results gained by the implementation of the EFQM model

2) Good practice in the implementation of the EFQM model

3) The relationship between the EFQM model and other quality management models.

Malcolm Baldridge National Quality Award

To some extent the Malcolm Baldridge National Quality Award is the US equivalent of Europe's EFQM Excellence Model. Each year up to two companies can win the award in each of the following four categories

- manufacturing
- service
- small business (less than 500 employees)
- non-profit organisations

The award's core values are

1. customer-driven quality;
2. leadership;
3. continuous improvement and learning;
4. valuing employees;
5. fast response;
6. design quality and prevention;
7. long-range view of the future;
8. management by facts;
9. partnership development
10. public responsibility;
11. results focus.

Tai and Przasnyski (1999) found that award winners in the private sector categories saw their shareholder value increase, while Hendricks and Singhal (1999) found evidence that award winning companies do better than others on a number of counts, such as operating income, sales, total assets, return on sales and return on assets (as reported by Kelemen (2003)).

Total Quality Management (TQM)

Although TQM is a high profile concept in quality management there is in fact a surprising amount of uncertainty about exactly what the term refers to. Back in 1994 Spencer as reported by Kelemen (2003) carried out a thorough review of the then literature on TQM. He found a substantial number of different perceptions of what TQM was from different writers. He found that TQM was described as being, for example,

- a new way of thinking about organisations (Chorn 1991)
- a comprehensive way to improve total organisational performance and quality (Hunt 1993)
- a systematic approach to the practice of management (Olian and Rynes 1991)
- an alternative to management by control (Price 1989)
- a paradigm shift (Broedling in Spencer 1994)

Obviously the above are by no means mutually exclusive and may each contain a valid insight about some aspect of TQM; however, their variety does reflect some of the ambiguity about the exact nature of TQM as mentioned above.

As Kelemen (2003) suggests, it is possible to identify two distinct strands of thought concerning TQM.

1. A 'hard' approach stresses continuous improvement using statistical methods of different sorts. This approach tends to be linked with the early writers we looked at previously and focuses primarily on improving 'hard' variables such as productivity and profitability.

2. A 'softer' strand of thought can also be identified though, which focuses upon issues such as leadership, employee involvement and empowerment and organisational culture. Such an approach is more associated with the works of the later American writers we examined and its prime aim is to create an organisational culture which is coherent and effectively aligned to the perceived needs of the organisation's customers.

A comprehensive definition of TQM proposed by Hill (1991) brings together both of the above strands. He thus sees TQM as 'a business discipline and philosophy of management which institutionalises company-wide planned and continuous improvement through employee involvement and participation with the purpose of satisfying the customers in the marketplace. (As reported in Kelemen 2003))

A number of writers suggest pre-requisites necessary to be in place for TQM to be successful. These include:

- top management commitment
- management by 'fact' - including data generated by statistical tools and techniques
- employee involvement

Below we set out a brief overview of TQM taken from the ASQ website, which can be accessed at:

http://asq.org/learn-about-qua lity/total-quality-management/ overview/overview.html (Permission to reproduce pending)

The Primary Elements of TQM

TQM can be summarised as a management system for a customer-focused organisation that involves all employees in continual improvement. It uses strategy, data, and effective communications to integrate the quality discipline into the culture and activities of the organisation.

1. **Customer-focused**. The customer ultimately determines the level of quality. No matter what an organisation does to foster quality improvement - training employees, integrating quality into the design process, upgrading computers or software, or buying new measuring tools - the customer determines whether the efforts were worthwhile.

2. **Total employee involvement**. All employees participate in working toward common goals. Total employee commitment can only be obtained after fear has been driven from the workplace, when empowerment has occurred, and management has provided the proper environment. High-performance work systems integrate continuous improvement efforts with normal business operations. Self-managed work teams are one form of empowerment.

3. **Process-centred**. A fundamental part of TQM is a focus on process thinking. A process is a series of steps that take inputs from suppliers (internal or external) and transform them into outputs that are delivered to customers (again, either internal or external). The steps required to carry out the process are defined, and performance measures are continuously monitored in order to detect unexpected variation.

4. **Integrated system**. Although an organisation may consist of many different functional specialties often organised into vertically structured departments, it is the horizontal processes interconnecting these functions that are the focus of TQM.

Micro-processes add up to larger processes, and all processes aggregate into the business processes required for defining and implementing strategy. Everyone must understand the vision, mission, and guiding principles as well as the quality policies, objectives, and critical processes of the organisation. Business performance must be monitored and communicated continuously.

An integrated business system may be modelled after the Baldridge National Quality Program criteria and/or incorporate the ISO 9000 standards. Every organisation has a unique work culture, and it is virtually impossible to achieve excellence in its products and services unless a good quality culture has been fostered. An integrated system connects business improvement elements in an attempt to continually improve and exceed the expectations of customers, employees, and other stakeholders.

1. **Strategic and systematic approach**. A critical part of the management of quality is the strategic and systematic approach to achieving an organisation's vision, mission, and goals. This process, called strategic planning or strategic management, includes the formulation of a strategic plan that integrates quality as a core component.

2. **Continual improvement**. A major thrust of TQM is continual process improvement. Continual improvement drives an organisation to be both analytical and creative in finding ways to become more competitive and more effective at meeting stakeholder expectations.

3. **Fact-based decision making**. In order to know how well an organisation is performing, data on performance measures are necessary. TQM requires that an organisation continually collects and analyses data in order to improve decision-making, achieve consensus, and allow predictions based on past history.

4. **Communications**. During times of organisational change, as well as part of day-to-day operations, effective communications plays a large part in maintaining morale and in motivating employees at all levels.

These elements are considered so essential to TQM that many organisations define them, in some format, as a set of core values and principles on which the organisation is to operate.

Evaluation of TQM

A number of commentators suggested that TQM had very positive effects on e.g. company profitability or cost performance (e.g. Garvin (1987), Hendricks and Singhal (1999). However, towards the end of the 1990s more evidence emerged of quite widespread failure and abandonment of TQM programmes - many of which it was suggested had been started as something of a copycat syndrome or exercise in 'keeping up with the competition' rather than as a result of top management thinking through issues of TQM and being convinced that a TQM programme was likely to benefit the company.

A number of explanations were subsequently put forward to try and explain the quite significant level of TQM programme failure/abandonment.

These included

- lack of integration of TQM into day to day business practices, with TQM being introduced more as an add on
- lack of real top management commitment to TQM particularly when it seemed that it would generate benefits in the long term rather than the short term
- difficulties in developing human resource management practices consistent with TQM
- difficulties of maintaining TQM in times of job insecurity or redundancies
- initiative overload. TQM's presence amongst a number of quality initiatives reduced its effectiveness for a variety of reasons. These included TQM being perceived as 'just one more management fad', confused or conflicting messages being given by different initiatives or simply 'initiative fatigue'.

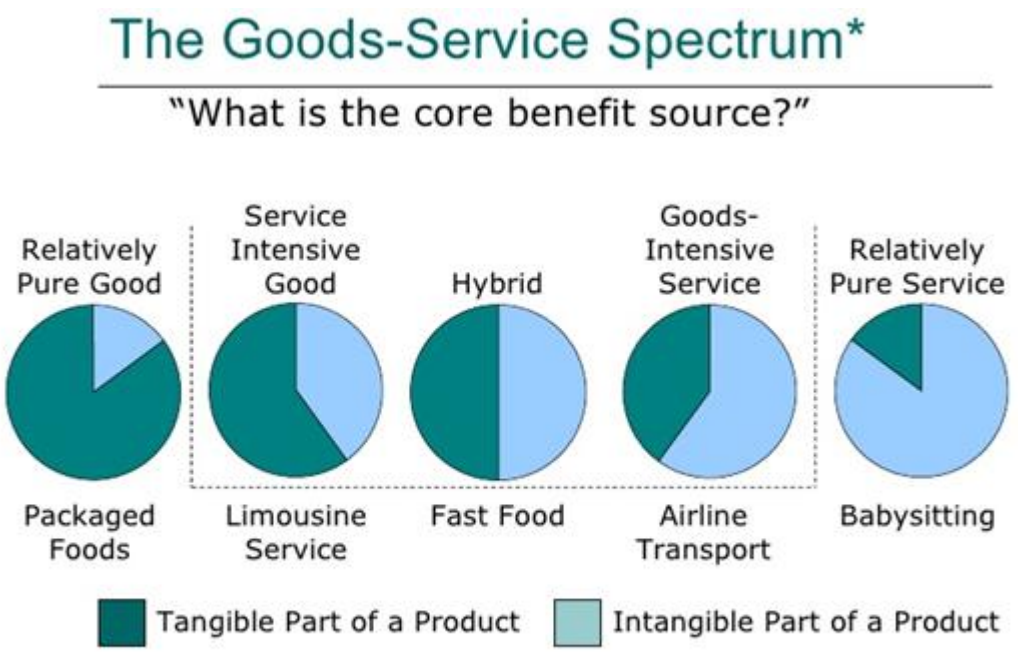
Service quality

As you will probably have gathered from our coverage of quality issues thus far, the origins and development of quality management have been dominated by considerations of quality in manufacturing. However, in more recent times, much work has been done on quality in service-based industries and most theories and models of quality management would now tend to aim for wide application across a range of activities and also across private, public and often voluntary sectors.

At the outset of our treatment of service quality it is important to say that it is misleading to suggest that there is a clear distinction between manufacturing and service industries. The distinction between a good, which one might expect to be provided by manufacturing industry, and a service, which would be provided by a service industry, is not that clear-cut either. Obviously at a simple level a good will be tangible and a service intangible but once one looks at actual good or service offerings the distinction is less clear. Increasingly service elements are important parts of goods offers and indeed are ways of trying to gain competitive advantage - for example warranties and after sales service offers are important ways by which car manufacturers compete with each other. Similarly services like management consultancy require some tangible goods to deliver the service, such as laptops and paper. Thus, instead of distinguishing between simple goods and services, it is much more realistic to talk in terms of a spectrum of tangible and intangible dominant offerings, along which different products will be positioned. The spectrum below, downloaded from:

http://www.slideshare.net/euro med/services-marketing-3016210 (Permission to reproduce pending)

which was part of a Services Marketing presentation by Dr. Zannie Giraud Voss is an example of one such spectrum.



*Berry, L. and P. Parasuraman (B&P), *Marketing Services: Competing Through Quality*, The Free Press: New York, 1991, p. 9

group learning activity

Consider a product offering of an organisation with which you are familiar. Consider whereabouts on the above spectrum it lies. In doing this list out both the tangible and the intangible elements of the offering. Post your work in the Group Learning Space on ilearn.

As we have said, much quality management work initially focused upon the manufacturing or tangible offering end of spectra such as that above. Of course such offerings quite easily lend themselves to definitions of quality such as 'conformance to specification', since tangible goods manufacture would generally be based upon some form of specification.

Indeed some have argued that the emergence of significant service based industries contributed to the increased recognition that customer perceptions were central to perceptions of product quality, whether those products were tangible or intangible dominant. (Kelemen 2003)

Having suggested above that there are no such things as pure goods and pure services but only tangible dominant and intangible dominant offerings, it is still worth recognising that one can identify clear characteristics of offerings at each end of the spectrum. Thus

Tangible dominant offerings E.g. a washing machine.	**Intangible dominant offerings** E.g. a counselling session.
Tangible Capable of being stored	**Intangible** Incapable of being stored.
Physically enduring	Perishes as soon as produced/consumed
Is typically consumed after production in a different place.	Production and consumption occur at the same time and place.

my learning space activity

As you read through the above characteristics of an intangible offering such as a counselling session, consider how far relatively recent technological development may alter some of the characteristics identified above.

feedback

One could argue that technological development has, for example, allowed counselling sessions to be recorded and hence stored - e.g. so that either party may review the session later. Similarly technology can allow sessions to occur 'virtually' so each participant is in a different location. I have even heard of counselling services that offer email based counselling that allows activity to take place at different times, though I suspect that counselling professionals may feel that the last two variants, and particularly the final one, may lead to a lower quality service.

group learning activity

Try and think of examples where the introduction of technology into a service activity can lead to a deterioration in service quality.

feedback

An obvious example might be automated switchboards and telephone response systems used by a large number of contemporary organisations as they deal with large volumes of customers. These are often seen as offering poor, unresponsive service. Indeed some organisations seek to differentiate themselves by offering human call operators rather than automated systems.

Post any other examples you can think of in the group learning space.

Dimensions of manufacturing quality

As we have seen above Garvin (1987) generated a range of dimensions that he thought were appropriate in describing the quality of a good (or tangible dominant offering.)

These are set out below, downloaded from Ken Karch's blog accessible at:

http://shoablog.blogspot.co.uk /2008/07/garvins-eight-dimensi ons-of-product.html (Permission to reproduce pending)

David Garvin of the Harvard Business School developed a system of thinking about quality of products (some are applicable as well to services). Following is a summary of his eight dimensions of quality. Tenner & Detoro's book *Total Quality Management*.(Tenner and Detoro, 1992)**Eight Dimensions of Quality**"...David Garvin has defined eight dimensions that can be used at a strategic level to analyze quality characteristics. Some of the dimensions are mutually reinforcing, whereas others are not -improvement in one may be at the expense of others. Understanding the trade-offs desired by customers among these dimensions can help build a competitive advantage. Garvin's eight dimensions can be summarised as follows:1. **Performance**: The product's primary operating characteristic. For example, performance of an automobile includes traits such as acceleration, handling, cruising speed, and comfort; performance of an airline includes on-time

arrival.2. **Features**: Secondary aspects of performance. These are the "bells and whistles" that supplement the basic functions. Examples include free drinks on planes and sunroofs on cars. The line separating primary performance characteristics from secondary features is often difficult to draw. Further, customers define value in terms of flexibility and their ability to select among available features, as well as the quality of those features.3. **Reliability**: Probability of successfully performing a specified function for a specified period of time under specified conditions. Reliability of durable goods is often measured as the mean time to first failure or mean time between failures. These measures, however, require a product to be in use for a specified period of time and are not relevant in the case of products and services that are consumed instantly.4. **Conformance**: Degree to which a product's design and operating characteristics meet established standards. Although this is sometimes defined as "conformance to requirements," a sounder analysis will be obtained by examining each characteristic's divergence from its target value. This more robust measure of conformance is built on the teachings of prize-winning Japanese statistician Genichi Taguchi.5. **Durability**: A measure of product life. Durability can be defined as the amount of use obtained from a product before it deteriorates to the point that replacement is preferred over repair. Durability is closely linked to both reliability and serviceability. Consumers weigh the expected costs of future repairs against the investment in and operating expenses of a newer, more reliable model.6. **Serviceability**: The speed, courtesy, competence, and ease of repair. The cost of repairs includes more than the simple out-of-pocket costs. Serviceability covers this full dimension by recognizing the loss and inconvenience due to downtime of equipment, the nature of dealings with service personnel, and the frequency with which repairs fail to correct the outstanding problems.7. **Aesthetics**: How a product looks, feels, sounds, tastes, or smells. Aesthetics is largely a matter of personal judgment and a reflection of individual preference; it is a highly subjective dimension.8. **Perceived Quality**: Reputation. Consumers do not always have complete information about a product's or service's attributes; indirect measures or perceived quality may be their only basis for comparing brands..."

As Kelemen (2003) points out, evaluation of quality against a number of Garvin's dimensions relies to a considerable extent upon subjective judgement. This reinforces our point above that it is wrong to suggest that only the quality of intangible dominant services are subject to such judgements.

Service quality and expectations Moving on to service (or intangible dominant) quality considerations - one of the most influential definitions of service quality saw both customer perceptions and expectations of quality as central to it. This is Gronroos' (1984) definition, which can be characterised as follows:

Service expectations (dependent on prior experience, advertising, price, word of mouth etc)
Perceived standard of delivery = Service quality (The difference between service expectations and perceived standard of delivery)

Thus Gronroos saw service quality as a gap - the gap between customers' expectations of quality prior to their experience of the service and their actual perceptions of the service. One obvious implication of this approach is the importance of organisations managing the expectations of their customers.

SERVQUAL

This concept of quality as a gap between customer's expectations and perceptions is central to an important approach to the measurement of service quality known as SERVQUAL. This was developed by a trio of authors - Berry, Zeithaml and Parasuraman.

A good overview and critical appraisal of this approach is given in the article below;

Shahin, A. (2006). "SERVQUAL and model of service quality gaps: A framework for determining and prioritizing critical factors in delivering quality services", in Partha Sarathy, V. (ed.), *Service quality - An introduction*, Andhra Pradesh: ICFAI University Press, pp. 117-131.

This can be accessed via http://www.scribd.com/doc/8486 222/Servqual-a-Shahin and is used as part of this lesson by kind permission of the author Dr. Arash Shahin of the University of Isfahan, Iran. You should now read the whole article. If you have any problems accessing it please contact me at jbowdery@rdi.co.uk or via I learn

Quality in different organisational functions

We finish this unit with a few reflections upon the relationship between quality management and different functions within organisations.

Strategy

Quality often has strong links with strategic management; to understand why we need to define strategy. An appropriate definition given by Johnson, Scholes and Whittington (2011) is simply that strategy 'is the long term direction of an organisation'. Porter (1996) offers an alternative definition saying 'competitive strategy is about being different. It means deliberately choosing a different set of activities to deliver a unique mix of value.' Clearly quality may be central to the difference that is key to Porter's view of competitive strategy, while much experience of quality initiatives and quality management is that, if they are to succeed, top management needs to have a strong commitment to them over the long haul. In other words quality must be pursued strategically and become part of the long term direction of an organisation.

Marketing

Marketing has several close links with quality management. The identification of user or customer needs is of course central to marketing as a function and also to most contemporary views of quality. A reasonably recent development in marketing has been the shift away from transactional marketing, where an organisation is focused on maximising short term sales, to what has been called 'relationship marketing'. This seeks to build up long term relationships with customers for a variety of reasons, not least because research has suggested that retaining an existing customer is significantly less expensive than acquiring a new one. One of the enablers of more recent versions of the EFQM Excellence Model is 'Partnerships and Resources' which recognises that long term relationships with customers as well as with suppliers and other stakeholders are central to being an 'excellent' organisation.

Design

As we have seen, enlightened views of quality management recognise that quality considerations need to extend right back to the design stage of a product's life. Kelemen (2003) reports on the study by Ahire and Dreyfus (2000) of 418 manufacturing plants across different industries. The study found that design and process management were equally important in influencing both the levels of

internal failure related costs such e.g. those associated with rework, scrap etc. and external ones such as complaints, warranty related costs etc.

Accounting

One implication of the centrality of quality to competitive advantage has been the development of what some have called 'strategic management accounting'. Here organisations' accounting functions have embraced significant amounts of measurement of non-financial variables as well as traditional financial ones. A high profile example of this has been measurement using the balanced scorecard where organisations typically measure performance not only financially but also in areas related to customers, internal business processes and the organisation's capacity for learning and future growth. (Kaplan and Norton, 1996)