the future of quality

by Patrick Townsend & Joan Gebhardt

The sharp improvement in the quality of goods and services in recent times begs the question: now what? In this thought provoking article, quality gurus Patrick Townsend and Joan Gebhardt show how the concept of quality has changed and will change in the future.

The current quality movement begins a little more than thirty years ago when the term ‘quality’ as a consciously sought attribute for products and services, was inserted into the worldwide business vocabulary by Japanese manufacturers. The introduction of less expensive and far more reliable automobiles and, subsequently, electronics caught American customers and manufacturers by surprise. A pleasant surprise for customers, it was a nasty shock for the makers of cars and electronics.

Prior to that phenomena, ‘quality’ had been a specialty characteristic. Items such as Swiss watches, German optics equipment, and English bone china were commonly acknowledged as being better than anything else in their respective categories, but at a price. Customers accepted that the implied guarantee of superiority cost extra. Often, quite a bit extra.

There had, interestingly, been no particular public outcry for a change. Almost everything that was being made had problems but, in a sense, everyone pretty much made junk and bought junk and broke even over the long haul. Planned obsolescence, the deliberate manufacturing of items that would not last beyond a
DEMAND for QUALITY products was the culmination of a SHIFT in POWER

pre-determined length of time, was a concept that was seriously discussed in the US in the late 1950s as a viable way to keep an economy humming.

the power equation
To understand the evolution that brought about a sea-change in collective thinking, consider the world to be made up of people in three categories: owners/managers, workers and customers. Virtually everyone falls into two categories simultaneously at most points of their lives, yet the three categories are usually discussed as if they are separate entities.

Comments about a particular labor contract being "good for the workers" (despite its impact on prices in the marketplace or corporate profits), or of a price adjustment being "good for the customers" (despite the impact on workers or owners), are examples of this habit of compartmentalizing. Back to the example of those Japanese cars in America: good for American consumers, extremely threatening to American workers and owners/managers.

The demand for quality products was the culmination of a shift in power in commercial relationships. Over the first few thousand years of commerce, owners/managers were truly "the boss". They decided what would be made, what wages their workers would receive, and what price goods would command in the marketplace. It was a world of either virtual monopolies or one in which a few competitors exercised a high degree of cooperation to maintain steady prices and wages.

If a worker was unhappy, his or her options were limited. Competitors paid the same wages. Moving was expensive but they did eventually give workers a sort of 'junior partner' status. Workers now had some, admittedly limited, input on wages and benefits. This, in turn, impacted what would be made, where it would be made, and how much it would cost. Consumers were still, by and large, powerless.

The Japanese were the immediate catalysts for the shift of power into the hands of the consumers. When the first boatload of Toyotas reached port in California, it also brought the seeds of revolution. Since then, consumers have grown used to making purchasing decisions based on relative quality, and as

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and counter-cultural (if not illegal). A customer's options were similarly restricted. He or she could pay the named price or do without. Goods were rarely shipped great distances due to the high cost of transportation; costs often inflated through protectionist national import tariffs.

In the late 19th century, workers began to make a play for some of the power. The labor movement exhibited itself in everything from the formation of unions to the introduction of communism. Owners/managers didn't give up without a fight, the capabilities of the Internet expanded and people became comfortable with using their computers to shop, the service component of the economy also began to experience a dramatic adjustment with regards to the question of who held the power.

The response to this shifting of power to decide what will be sold, at what price, and how well-made and/or how well-delivered it must be is most often called "the quality movement."

from goal to competitive strategy
For a movement that literally
touched virtually every consumer in the world, particularly in first- and second-world nations, there remain substantial inconsistencies in vocabulary and practice. It perhaps speaks to the potential of a well executed quality effort that so much has been accomplished when there are so many different viewpoints on how best to achieve the goal. Even the definition and what needs to be emphasized differs from guru to guru, from company to company.

This confusion has been present since the beginning of the quality movement in America, generally traced to the 1980 broadcast by the National Broadcasting Company, "If Japan Can, Why Can't We?"

W. Edwards Deming was featured in that program and, at the age of 80, was promptly elevated to business superstar status, quickly outdistancing contemporaries such as Joseph Juran and Armand Feigenbaum, at least in the popular press.

For the first time, quality became more than the goal: it became a discussion of how to reach the goal. While quality as an attribute was not new (witness the perfection of the Taj Mahal), now quality became a competitive strategy.

Deming became a one-man industry, with a herd of unofficial "Deming disciples" scurrying along in his wake. The disciples contributed greatly to the initial, and lasting, confusion (Deming contributed by never correcting the disciples) by paring Deming's message down to a purely rational, numbers-only approach. This, despite Deming's repeated admonitions. For example, in his seminal book, Out of the Crisis, he urges seeking input from every employee, respecting the dignity of every person on the payroll. For Deming, numbers were never enough.

Another prime driver of the quality movement is the same thing that caused its birth: competition. As transport costs continue to slide, and as international efforts to lower or eliminate trade barriers continue, every nation's local industries and service providers can expect more and more competition at their local sites. Customers, becoming aware of their power, have tired of the 'Buy Local' campaigns mounted by owners/managers and workers' groups. Being recognized as the alternative in any market attracts, and keeps, customers. In short, quality makes money.

**Exhibit 01: Star Trek**

*"Today there is no single approach; multiple approaches are needed."
Bill Denny
CEO, Texas Quality Foundation*

*"Business schools must teach the principles of quality and behavior so that corporate decision-makers can better analyze the needs of their organizations rather than follow fads."
Curt Reimann
Founder and Director, United States Malcolm Baldrige National Quality Award*

*"Quality must be understood not just within the enterprise but in the context of the value chain."
Nat Natarajan
Professor, Tennessee Technological University*

*"We are what we repeatedly do. Excellence, then, is not an act but a habit."
Aristotle
Philosopher, Athens*

**The Wisdom of Crowds**

Curt Reimann, the original director of the United States Malcolm Baldrige National Quality Award and now the Mayberry Chair of Excellence at Tennessee Technological University (TTU), feels that, "The performance efforts of
a QUALITY process does PROVIDE a SYSTEMATIC way to CAPTURE information

the future will require a much better sense of company specific competitiveness requirements. Being company specific requires two things: eternal vigilance, and broad-based knowledge of operations.

In previous times, the levels of competition were such that many organizations were able to survive, and sometimes even thrive, while being driven by the thinking of only one person or a small management team. He, she, or they did the thinking; everyone else simply had to do what they were told to do.

There will always be a place for visionary thinking to drive a company, and when the vision is wrong (think of Motorola’s satellite system debacle), it will trump other efforts. But companies that rely on a few visionaries are in serious and constant danger of being out-thought. If Company A’s actions are based in the whole on the ideas and innovation of one person or one specific small group of people, while Company B is also encouraging and harvesting the ideas of every person on the payroll, Company B will most likely prevail over the long haul. With more competitors, the differences between products and services have become more subtle and the data points that customers check have become more numerous. In such an environment, the more folks that contribute to the continual analysis and improvement of the company’s output, the better, even if it means the president of the company or other managers have to surrender some ego and some power.

Staying ahead of the competition gets harder every day because as Reimann points out, “Since the winding down of the mass production era, when many US companies were playing catch-up in quality and the productivity driven by it, the competitive landscape is now much more complex.” A quality process does, however, provide a systematic way to capture information from everyone on the payroll, providing

"Let’s make exactly what we promised" but it is never easy. Bill Denney, CEO of the Texas Quality Foundation, an organization dedicated to spreading quality principles and overseeing the state’s annual quality award, concurs that there are two types of quality: method (or how we work), and attribute (what we deliver), with the second being a lagging indicator of progress.

A similar approach is to think of quality as having two components: quality in fact (achieved by doing exactly what you set out to do by fulfilling your own specifications) and quality in perception (achieved when a customer believes that what you are offering matches his or her expectations). The goal for the producer: To insure that what it is actually offered in the marketplace is at least what the customer wants (i.e. the organization’s

QUALITY may appear to be a SIMPLE enough concept but it is never EASY

the needed eternal vigilance and broad-based knowledge of operations.

customers as co-creators

Quality may appear to be a simple enough concept (eg specifications align with the customer’s expectations). This requires recognizing that the customers’ preferences constitute a constantly shifting set of requirements.

By continually checking with the customer and refining
specifications to meet expectations, an organization creates the Plan-Do-Check-Act cycle, familiar to all "quality methodology specialists", on a grand, multi-process scale. Denney observes that, in the future, "Quality systems and improvement methods will be applied across entire organizations and not limited to product development or service delivery."

**multi-process approach**
A good share of the differences in approach from company to company are caused by organizational challenges dependent on a wild variety of conditions from the sophistication of customers to the ferocity of competition to the company's own track record for change and improvement. As Denney says, "What we do day after day to improve all areas of our organizations is what really counts. Method quality isn't a single tool, although a set of tools is needed. There is no single approach, multiple approaches are needed."

His point that there "is no single approach" is key. Rapturous single method consultants who have sold each succeeding fad to business managers (who really should have known better) have had a lot to do with slowing the advance of the quality movement worldwide. From reengineering to benchmarking, to ISO, to six sigma, to lean, to various other, partial, rational-only methodologies requiring the participation of only a very few people have delivered temporary, partial results. They function far more effectively as tools within a comprehensive quality effort than as some form of secular religion complete with ceremonial garb.

Again, from Denney, "The concept of quality has evolved, and will continue to evolve, from a perceived single event to a continuously changing series of methods to help organizations create capacity, reduce costs, and improve revenue." The pace of that evolution will be greatly accelerated as an increasing number of organizations decide to move beyond single issue methodologies and embrace more comprehensive options.

**quality value chain**
The future of quality cannot be looked at in isolation from the rest of business world. While what single organizations do is certainly relevant, businesses today function increasingly as members of value chains in which they contribute one or more components to the final, marketed product or service. The future of quality will be to meet this challenge.

Nat Natarajan, professor at Tennessee Technological University and Reimann's colleague, says that quality must be understood, "... not just within the enterprise but in the context of the value chain. The value chain in many industries is being pulled apart due to outsourcing. As the organizational and national boundaries between processes get blurred, quality issues will have an impact on the strategies and performance of multiple organizations who share perhaps the same strategic objectives but differing operational goals and tactics."
local CULTURE and MISSIONS are ALLOWED to play their PART

Seconding Natarajan’s view is the 2005 ASQ Futures Study. In compiling the study, the American Society for Quality interviewed 62 people representing many countries and regions of the world, including managers from nine national quality organizations as well as diverse economic sectors. The prime “force for change” in the coming years was predicted to be globalization. It was followed by innovation/creativity/change which could most quickly be achieved through 100% employee participation in a quality effort. Outsourcing, consumer sophistication, and value creation made up the remaining top five forces.

Cooperation across national borders and other boundaries is not optional. Only through cooperation can the final product or service, the end result of efforts put forward by a series of organizations, be competitive. Fortunately, there is a common framework available, born of the American effort to define a national quality award in 1987.

totem poles of quality

Now the starting place for the thousands of quality awards worldwide (including the Tata Business Excellence Model) is the United States Malcolm Baldrige National Quality Award, inspired by the role that the Japanese Deming Prize appeared to have played in that country’s meteoric rise from having an economy devastated by war to being an international business power.

The Baldrige, however, took a very different approach than that of the Deming. The Deming Prize was prescriptive in its intent, spelling out specific procedures to be followed. The founders of the Baldrige, led by Curt Reimann, chose a non-prescriptive approach, concentrating on what was being accomplished and asking what procedures insured that the improvement would be maintained and repeated until the next innovation.

Such an approach made it possible for dissimilar organizations from different parts of the globe to work together successfully. What counted, and still counts, is the relationship between the product and the process. Companies can learn from each other, but exact duplication of methodology is not needed. The Red Cross can benchmark milk delivery methods to learn how to transport cold liquids. Local culture and missions are allowed to play their part.

One of the best things that has happened to help guarantee a bright future for quality has been the expansion over the last several years of the types of organizations for which there are Baldrige criteria. Originally, the award sectors were limited to manufacturing, service, and small business (defined as 500 or fewer people, either manufacturing or service). Now there are criteria for healthcare, education, and non-profit organizations, with criteria specifically for government entities being developed.

Reimann says that, “Differing missions and cultures as well as differing tools and techniques are expected to result in a variety of models from which others can learn. The learning is expected to go beyond technical factors and include leadership and human factors. Needless to say, the leadership and human factor side of things has been most troublesome and short-lived. The tools are more enduring.”

This adaptation of the central principles of quality to an
not EVERYONE who asks for INFORMATION does a good job of LISTENING

ever wider range of organizations is the strongest single reason for believing that the future of quality is extremely promising. The more people are exposed to the underlying thinking, and to the possible results, the more they will demand their expectations be met, no matter what provider they are dealing with.

Natarajan is of the opinion that, “In the future, we are going to see greater deployment of quality concepts and tools in the important sectors of the economies of nations, for example in education, healthcare, the non-profit and the government sector. While aiming to duplicate the success of the quality movement in manufacturing, these sectors can and should avoid the pitfalls such as chasing fads, one-size-fits-all approaches, confusion caused by labels and the tool-driven mindset.”

learning from mistakes

Reimann believes that there is a great need for quality in business education, that there is a need both to bring quality principles and behavior into the world of education and to educate corporate decision-makers on options and reasons, enabling them to analyze the needs of their organizations rather than follow fads. The adaptation of quality principles in the field of education will facilitate the ability and probability of well-informed instruction reaching business leaders, be they current leaders or future captains of industry.

In fact, Reimann asserts that, “Quality concerns need to become more mainstream, things we learn during our education. As such, these concepts will not be the property of the ‘quality community’. The future would indeed be bright if organizational leaders in other sectors become leaders in creating quality concepts and tools that improve performance within their sectors.”

In addition, Reimann states that some of the possible areas on which educators should focus are "organizational performance, performance comparisons and performance management" and "customer and stakeholder requirements which include market dynamics, competition, and public responsibilities." One ready area for "public responsibilities" is an organization’s impact on the environment. An increasing number of formal studies and reported experiences support the idea that quality practices, with their emphasis on the reduction of waste and the increase of efficiency and sensitivity to customer preferences are almost always "green" in their impact on their surroundings.

The idea that organizations will actually learn from the mistakes and trials of others is often a fantasy, but there is reason for hope in the field of quality. The most beneficial aspect of the Baldrige and its many adaptations is the emphasis on teaching others. In the United States, it is not optional. When applying for the Baldrige, an organization must make the commitment - if they win - to teach virtually anyone who asks about their journey to quality and the lessons learned along the way.

quality listening

Unfortunately, not everyone who asks for information does a good job of listening. It is ironic that some of the most commercially popular "quality
lately, there appears to be a need to get beyond the word quality

fads" in recent decades began as integral components of a company's successful efforts to win a Baldrige. After securing a Baldrige in 1988, the inaugural year of the award, Motorola explained Six Sigma as one of its tools. In 1990, Xerox introduced the world to Benchmarking, one of its tools. Unfortunately, each was taken out of context, turned into a standalone process and declared "the solution" by various consultants/authors. Each then became a single method fad.

It may be that each of the various methods had to be tried out in isolation, working out internal kinks, before being ready to be folded into a comprehensive approach, such as a Complete Quality Process (CQP). A CQP is a methodology that begins with the assumption that every person on the payroll is called upon to participate, and uses seven components to make it possible for an organization to use all the appropriate tools.

The seven components are conceptually simple: top management commitment; leadership; participation; communications; training; recognition, gratitude, and celebration; and measurement. In an ideal future, business leaders would recognize that while none of the components in isolation are the answer, together they represent a formidable array of tools to meet the challenges of quality. CQP theory and practice also emphasizes that just as quality is both rational and emotional, each of the seven CQP components includes both rational and emotional factors.

Despite the occasional problems that befall those who don't listen well, the sharing of information across boundaries has been a tremendous boon to American business. The long running growth in American business that continues to confuse analysts and cause the rethinking of the business cycle theories of old, dates back to the beginning of lessons provided by Baldrige winners. Cause and effect are difficult to prove but, at least, the timing provides circumstantial evidence that a growing interest in the concept and methodologies of quality benefits national economies. The first evidence of this was the rise of post war Japan as an economic superpower.

role of leadership

The evolution of the vocabulary surrounding the concept of quality also offers hope for a strong future. Lately, there appears to be a need to get beyond the word 'quality' as it has been so badly abused, misused, and misunderstood, as demonstrated by business owners saying such things as, "Quality? Yeah, we did that. In 1998, I think. Didn't work well."

The phrase most commonly employed of late, both in conjunction with the Baldrige and its associated programs and in the business world at large, is "performance excellence". The best definition of the phrase is:

quality + leadership = performance excellence

Twenty years ago, the publishers of Commit to Quality, one of the very first books on the topic of service quality, insisted on removing a chapter on leadership because they considered the link to quality to be weak.

"Performance excellence" is an acknowledgment that rational-only quality tools must be combined with the human element exemplified in leadership if either is to have a lasting impact. Fortunately, there has already been some movement toward incorporating leadership into the curriculum of MBA degrees, but the future of quality will depend on how quickly and thoroughly this change is made. Currently, MBA students concentrate on productivity and management, the rational, with only a dusting of quality and leadership, the emotional.

For many practitioners of quality, however, the word has
always included emotional elements. A decade ago, we defined leadership as, "The creation of an environment in which others can self-actualize in the process of completing the job". This definition envisions both a physical and an emotional setting within which workers (and ideally, all workers) will be able to use the various quality tools to best advantage not only for the continual improvement of the organization, but also for their own growth and achievement.

Impact of Democracy
The future also belongs to companies that are located within the national boundaries of any sort of a democracy. These companies have a natural advantage since it is difficult for those in charge of operations located in autocratic settings to create an environment that is at odds with the larger, all-enveloping atmosphere. Enterprises in autocratic settings will go as far as adherence to rational techniques can carry them, but they will fall short of the results possible for operations that benefit from both leadership and quality tools.

In short, the future of national economies depends on how well the lessons of quality are deployed. The customers have the marketplace power and they are not going to give it back. In order to compete in any field, an organization must work to determine its customers' expectations and to insure that its own specifications at least rise to the level of those expectations. This can only be done through the simultaneous implementation of all appropriate quality tools. In most arenas, particularly the world of commerce, an organization can pursue quality or prepare for bankruptcy. ■

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