

PRACTICE EXERCISE

Total: 50 marks (40 minutes)

- 1 Define 'quality'. (3 marks)
- 2 Give four examples of tangible measures of quality. (4 marks)
- 3 Give two examples of intangible measures of quality. (2 marks)
- 4 Explain two benefits of a successful quality system. (6 marks)
- 5 Outline two issues or problems involved in setting up a quality system. (6 marks)
- 6 Describe the differences between quality control and quality assurance. (6 marks)
- 7 Explain why more firms are moving from quality control to quality assurance. (6 marks)
- 8 What does the acronym TQM stand for? (3 marks)
- 9 State five features of a TQM system. (5 marks)
- 10 What is wrong with the following statement? 'BS 9001 is the British Standard awarded to organisations that possess quality assurance systems that meet the standards set. The international equivalent is ISO 5750.' (3 marks)
- 11 Explain one benefit and one weakness of the quality standards system. (6 marks)

CASE STUDY 1 Constance Products plc

Jake Turner was determined to succeed. Since his appointment as operations director at Constance Products, he had vowed that he would restore the company's tarnished image.

Jake's first action had been to dismantle the firm's quality control inspection at the end of production.

With the backing of the managing director, Sarah Hall, Jake had presented his ideas to the workforce. Each worker would become responsible for his or her own quality, and any worker could stop the production line if he or she felt that there was a problem. The workers were particularly pleased to hear that the production line would be closed down for 2 weeks to enable it to be redesigned and that they would be given training in the new quality assurance procedures.

The first few weeks were a disaster. Everyone produced slowly to avoid mistakes, but gradually productivity improved. For Jake, the subsequent improvement in quality was the most pleasing result, but the workers saw it differently. After 9 months they were

finding that greater responsibility meant a more interesting job. Sam Bulmer, the human resources manager, was overjoyed at the increased morale in the workforce and the fall in staff turnover, and people were looking forward to the productivity bonuses that were being anticipated in 3 months' time.

Sarah wanted to be certain that the new quality assurance system was improving quality. She asked Jake to provide data on the main quality measures used by the company, to show levels of performance before, during and after the introduction of the new quality system. The results are summarised in Table 24.1.

Table 24.1 Measures of quality at Constance Products plc

	Before change	Early stages of implementation	After change
Delivery time (days)	1.4	3.0	0.7
Deliveries on time (%)	93	93	99
Scrap rate (%)	1	5	3
Customer satisfaction rating (%)	88	68	96
Customer complaints (%)	2	7	3
Employee satisfaction rating (%)	63	51	92

Questions

Total: 50 marks (60 minutes)

- 1 Explain how the system of quality control formerly used at Constance Products helped to ensure high quality. (6 marks)
- 2 Analyse the reasons why a shift to quality assurance led to 'increased morale in the workforce'. (8 marks)
- 3 To what extent did quality suffer during the early stages of the change from quality control to quality assurance? (15 marks)
- 4 Evaluate the overall success of the new system once it had been established. (15 marks)
- 5 Identify one measure of quality that could still be improved and suggest how Constance Products might improve that aspect of its operations. (6 marks)

CASE STUDY 2 The concerned consumer poll, 2007

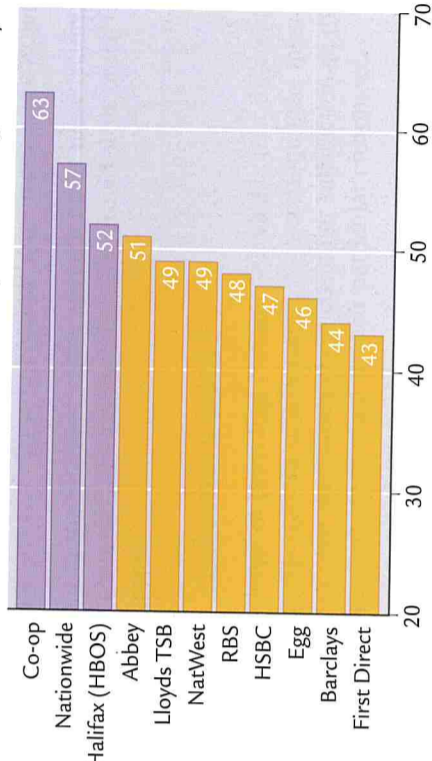
Populus defines a concerned consumer as someone who makes decisions about purchases based on social and environmental factors and not only on price. Approximately half of the UK population are classified as 'concerned consumers'.

Figure 24.1 shows the results of the Populus survey of bank customers in the UK in July 2007. The survey concluded that the quality of customer service was the single most important factor in determining which

bank or building society a person used. However, compared with previous surveys there was much greater emphasis on the security of personal data systems used by banks to prevent identity theft and fraud. This factor is now ranked as the second most important factor, and with the growing use of internet banking, analysts expect this to become the number one factor in the near future, particularly as fewer customers are now visiting their branches.

Figure 24.1 Banking survey results

Rate the following companies on your impressions of their behaviour. 100 means you would go out of your way to buy their products or services and advise others to do so. 1 means you would avoid their products or services and advise others accordingly. 50 means you have no particular feelings either way.



Quality of customer service	4.41
Security of personal data	4.36
Level of fees and charges	4.21
Products and services	4.04
Looking out for your interests	4.03
Ethical standards	3.83
Branch location	3.66
Environmental efforts	3.65
Community work	3.65
Always banked there, cannot be bothered to move	3.14
Recommendations of friends or family	3.07

On a scale of 1 to 5 (where 5 is the most important), how important are the following factors in determining your choice of bank or building society and your decision to stay with them?