

Quality

Quality:

Different customers will have a different perception of quality

Customers' interpretation of quality may be influenced by a number of factors including:

- Price
- Brand
- Customers' personal expectations and experiences
- Nature of product or service

Quality can be expressed or measured in a number of ways including:

- Aesthetics
- Features
- Core aspects (basic abilities/functionality)
- Performance
- Intangible aspects

Quality is also important when providing a service, the measure we apply may be different:

- Friendliness of staff
- Speed of service
- Efficiency of service
- Staff knowledge
- Cleanliness of facilities
- Appearance of environment

Why is quality a concern for a business?

Methods of improving quality

--

Quality Control	
------------------------	--

Normally relies on an inspection process:

- Head chef inspects a meal on a plate before it leaves the kitchen
- Quality inspector tests a product at the end of the production line
- Supervisor records and listens into a phone conversation at a call centre

Advantages	Disadvantages
<ul style="list-style-type: none">• Quality can be monitored• Stop faulty products reaching the customer• Common problems can be identified• Inspector takes responsibility• Often a robust system	<ul style="list-style-type: none">• Takes responsibility away from operatives• Requires specialist/additional personnel• Problems only identified at the end of process• Waste levels may be high

Quality Assurance	
--------------------------	--

Relies on self-checking:

- A sauce chef tastes the sauce before passing to chef in charge of a dish
- Each operative checks their stage of the process or component before passing it along

Aims to:

- Put emphasis on prevention of poor quality
- Stresses the need for workers to 'get it right first time'
- Establishes quality standards and targets for each stage of the production process

Advantages	Disadvantages
<ul style="list-style-type: none"> • Spots any faults early saving resources being wasted at the next stage of the production process • Motivates workers who are responsible for ensuring quality standards are met • Aims to achieve an objective of zero defects • Ensures clear systems are in place • Enhances the reputation of the business as less chance of faulty goods reaching the end customer 	<ul style="list-style-type: none"> • Requires staff training and high levels of staff commitment • Can slow down the production process and labour productivity leading to higher unit costs • May demotivate workers who feel under pressure • Opportunity cost of managers time when initially implementing the systems and procedures

Why is Quality Assurance important?

- Involves and promotes teamworking and a sense of belonging which aids motivation
- Sets standards
- Reduces costs
- Helps gain accreditation awards

The most widely recognised quality assurance system is **total quality management**

Quality Assurance v Quality Control

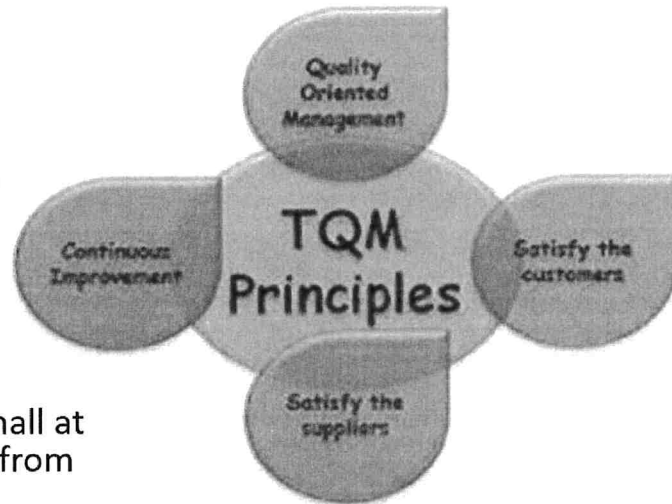
Quality Assurance	Quality Control
Focus on processes	Focus on outputs
Achieved by improving production processes	Achieved by sampling & checking (inspection)
Targeted at the whole organisation	Targeted at production activities
Emphasises the customer	Emphasises required standards
Quality is built into the product	Defect products are inspected out

Total Quality Management (TQM)

Total – management, staff, suppliers, customers

Quality – speed of service, consistency, innovation

Management – improving processes and monitoring continually to make improvements however small at every stage of the process from beginning to end



- TQM sees quality as the responsibility of all employees
- Each employee is a link in the chain and treats the next link as if they were an external customer
- They will pass the product on only if it is correct
- Philosophy of get it right first time

Ways of achieving TQM:

Quality Chains	
Empowerment	
Monitoring	
Teamwork	
Quality Circles	

Zero Defects	
Benchmarking	

Advantages of TQM	Disadvantages of TQM
<ul style="list-style-type: none"> • Clear focus on customers' needs – potential competitive edge • Quality is achieved in all aspects of the business, not just product or service quality – reduced costs and customer loyalty • Remove waste and inefficiencies and measures of performance developed – reduced costs and benchmarking • Team approach to problem solving developed and more effective communication – increased motivation 	<ul style="list-style-type: none"> • Training and development costs • Initial disruption to production – plan ahead to ensure continual supply • TQM will only work if there is commitment from the entire organisation - does it fit with an unskilled workforce and Theory X management? • Lots of bureaucracy, documents and regular audits are required -difficult for small firms

How can the competitiveness of a business be improved by managing quality effectively?

- Can lead to lower costs and lower prices thus leading to more competitiveness
- Consistent high quality can lead to a well known brand image where higher prices can be justified for this USP
- As income rises buying decisions will become more and more influenced by quality and fitness for purpose

Evaluate the importance of quality for a business and its stakeholders

1. McCain Foods

McCain Foods is the world's leading producer of frozen potato products. Although McCain Foods is perhaps best known for producing oven chips, its product lines are much wider. In the UK they include various other potato products such as McCain Wedges and McCain Home Roasts, as well as McCain Sweet Potato and McCain Micro Pizza. In other countries McCain Foods sells a variety of foods including frozen vegetables, ready meals and desserts. Some products, for example McCain Oven Chips, captured the public imagination immediately and continue to sell well without needing to be changed. In terms of the **Boston Matrix**, Oven Chips are certainly a cash cow for McCain Foods. Other products, however, change through time or are adapted to create new variations, e.g. curly fries or thin and crispy fries.



Changes in the range are driven by a number of different factors. For example, microwaveable snacks take account of changing lifestyles, as people are looking for food that does not take long to prepare. McCain Foods has also been responsive to market needs for healthier options and its products support the Government's Change4life campaign. This encourages people to 'Eat Well, Move More, Live Longer'. As a result **Research and Development (R & D)** is a very important **functional department** within the business and helps to maintain McCain's 'It's All Good' message. Not only does McCain food taste good, but it fits in with current thinking on healthy diets. McCain Foods now only uses sunflower oil in the preparation of its chips. It knows that customers want to eat healthily without compromising on taste and it is careful to use wholesome ingredients in its products.

Ever since McCain Foods was founded by three brothers in Canada in 1957, it has been proud of the quality of its products and service. This has been maintained by adopting a **Total Quality Management (TQM)** approach in each of the fifty-seven locations where it operates throughout the world.

Adapted from www.thetimes100.co.uk

- (b) Outline the key elements that a business, like McCain Foods, might include in its approach to Total Quality Management (TQM). [8]
- (c) Discuss the view that in a business, such as McCain Foods, production is the most important functional department. [8]
- (d) Evaluate the usefulness of the Boston Matrix to McCain Foods when using it to manage its large product portfolio. [10]

Ten things you need to know about quality management

Ian Marcoué provides a framework of ten concepts for your operations (resource) management revision.

1 Quality assurance

Providing a system that records whether each process in a production system is completed to the correct standard.

Example: a paperwork system records when each stage has been completed within a production line, and measures the quality standard.

Advantage: should ensure that customers get the minimum quality standards they were promised.

Disadvantage: risks burying a factory in paperwork/bureaucracy, without ensuring that quality standards are as high as possible.

3 Quality control

Quality control is based on an inspection system at the end of the production line.

Example: every fourth car coming off a production line might be checked for faults. If flaws are found, others in the batch will also be checked. Or every finished product might be tested thoroughly.

Advantage: doesn't require a stage-by-stage paperwork/checking system, as is used in quality assurance.

Disadvantage: if this is done poorly (or fraudulently, as in the recent case of Japan's Kobe Steel) there is nothing to stop substandard products reaching customers.

2 Competitive advantage

An edge over rivals that is sustainable over the long term, such as Toyota's reputation for reliability.

Example: in Africa, where a car breakdown might be a matter of life or death, Toyota has a market share of nearly 50% (compared with 5% in the UK).

Advantage: reliability and high quality rub off onto the image of a car, giving it a degree of added value and therefore pricing power.

Disadvantage: a sustained competitive advantage might make a manufacturer too production-oriented rather than market-oriented.

4 Image vs reality

Quality can be an image-based illusion created by marketing (perhaps celebrity-endorsed) or it can be rooted in customers' actual experience of the build quality and reliability of the product.

Example: the iPhone X may have the best quality image, yet its glass front and back may be easily shattered. A different phone may be stronger or more reliable, but less loved.

Advantage: taking Apple as a one-off, for most businesses 'real' quality is critical, based on excellent operations and resource management. The quality image of cars such as BMW and Honda is based on customers' real experience.

Disadvantage: it takes some brands (such as Skoda) decades to bring their image into line with their actual production quality.

5 Metrics

Metrics are quantitative measures used by companies to measure performance.

Example: customer returns per million units. Customer returns are common for online clothing businesses, but rare for manufacturers of car tyres. But this would always be an important quality metric.

Advantage: a business cliché is that 'measurement is management'. In other words it's only when things are measured that managers focus on improving the outcomes, e.g. cutting customer return figures.

Disadvantage: whichever metrics are used, there's a danger that staff may start to ignore unmeasured factors.

6 Reliability

The endurance of the product: does it keep operating at a high level year after year?

Example: the annual J.D. Power survey of UK auto reliability had four Toyota cars in the top 10 and two Skodas.

Advantage: customers who trust the reliability of something like a car or a fold-up bike are likely to become repeat purchasers.

Disadvantage: Toyota has been accused of being 'too safe' in its development of technology because of its fear of losing its reliability badge of honour

7 Right first time

Focusing staff on getting things right first time, i.e. no mistakes and therefore no rework.

Example: every glass screen for every iPhone to be fitted correctly, so that no time is wasted having to correct mistakes or materials wasted by having to throw things away and start again.

Advantage: provides huge savings in costs of labour and materials.

Disadvantage: might encourage staff to slow down a bit too much. The most profitable production might be more of a balance between accuracy and speed

8 Services vs manufacturing

In manufacturing, 'quality' is purely to do with the product and therefore takes place in the factory, with no customer contact. In service businesses, quality is as much to do with staff attitudes (friendly, helpful etc.) as the item that is being purchased.

Example: when I buy a jumper online, all that matters to me is the quality and sizing of the delivered product. In a shop, I might not buy the same jumper because of an unpleasant salesperson.

Advantage: understanding this distinction helps a service business focus on the recruitment and training of pleasant people — and making sure they're motivated.

Disadvantage: people working in factory production may be ignored.

9 TQM

Total quality management (TQM) involves changing the culture in an organisation to make everyone focus on quality as 'at the heart of everything we do'.

Example: even in the staff canteen — with no customers in sight — quality of food and service should be excellent.

Advantage: if a school develops a culture of quality, every student should feel it and experience the pride shown by staff.

Disadvantage: many managements play with ideas such as TQM, pretending there's a change in culture when there are simply a few new metrics in place.

10 Zero defects

No defects at all. For most businesses this is an aspiration rather than a firm target.

Example: when building key parts for passenger aircraft, the goal of zero defects makes real sense, so the business might use quality assurance plus a quality control system based on testing every item.

Advantage: promising zero defects to a customer adds value, allowing higher prices to be charged.

Disadvantage: pursuing zero defects may slow down production to the point that it becomes uneconomical.

BusinessReviewExtras

Download this poster at www.hoddereducation.co.uk/businessreviewextras

Ian Marcoué is the founding editor of Business Review and the author of Hodder Education textbooks for AQA and Edexcel AS and A-level business.

