

Total Quality and Training Solutions



The measure of any organisation is the quality of its products and its people. To be a quality organisation requires more than ever before, that every employee understands the ethical, social and business direction of the Company.

INLECOM can provide the Total Quality and Training infrastructure to ensure that not only do the employees understand the responsibility and direction of the organisation they work for, but also the monitoring of that responsibility on a day to day basis to ensure that goals and targets are met and exceeded.

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Background

Quality, in an organisational context, is defined as the totality of features and characteristics of an enterprise that bears on its ability to satisfy stated or implied requirements. In other words quality products comply with client requirements and quality companies comply with their stakeholder requirements. Taking the argument a step further, high quality products conform to a high standard specification and a high quality company sets out to achieve profitability through a responsible operation.

Quality was recognised since the 70's as an important source of competitive advantage. As a result ISO¹ 9001 quality systems became a necessity for most companies in the 80's. ISO 9000 is the ISO *generic management system set of standards* concerned with *quality management* meaning what the organization does to enhance customer satisfaction by meeting customer and applicable regulatory requirements and to continually improve its performance.

ISO 9001:2000 provides the latest approach for planning and implementing a management system to help companies ensure that they consistently deliver what customers expect. The eight quality management principles of the revised ISO 9000:2000 series are:

- Customer focus
- Leadership
- Involvement of people
- Process approach
- System approach to management
- Continual improvement
- Factual approach to decision making
- Mutually beneficial supplier relationships

The ISO 9000 family of standards consist of:

- ISO 9000: 2000 Quality management systems - Fundamentals and vocabulary
- ISO 9001: 2000 Quality management system - Requirements
- ISO 9004: 2000 Quality management system - Guidelines for performance improvement.

ISO compliance based quality is extended by Total Quality Management approaches. TQM is a way of continuously improving business strategies, processes and capabilities to achieve the company objectives and performance targets.

The challenge for effective quality management

The key problem associated with quality management is that often companies having obtained ISO certification treat the quality system as a beurocratic exercise that are obliged to endure to enable them to conform to client requirements or contractual obligations or to keep up with competition and expectation in specific sectors. Often the quality system is not properly

¹ www.iso.org

integrated in the day to day work practices or business processes and therefore little real value can be obtained.

The ISO 9000 standard is not TQM, but it is a good tool that can form the basis for TQM. It is widely recognised that ISO 9000 compliant systems only provide the first step, the basis upon which quality can be built to provide business benefit and competitive edge.

Having moved from planned supply to a customer driven market, Customer Focus has been acknowledged since the 90's as the most important source of competitive advantage. In this context organisational quality could be defined as "the totality of features and characteristics of an organisation that bear on its ability to provide, on a sustainable basis, client satisfaction". The management and business processes to implement customer focus based strategies should then become part of the competitive quality system.

At the level of products or services competitiveness is naturally dependent on balancing differential functionalities with cost and quality parameters. The balancing formula will reflect the characteristics of different market sectors. However, customer focus will always exert pressure to companies to constantly increase the value of their products and services to customers. It is often said that for companies to compete in the coming decade they must produce products that are of consistently high quality throughout the product's life, customised to local market needs, open to facilitate integration with other products, environmentally friendly and technically advanced.

A tall order - but even then not enough!

To establish competitive advantage companies need to do all these **faster** than the competition. Customer focus and time to market are undoubtedly two key parameters in new competitive strategies. Surprisingly, certainly to people from a quality background, such strategies have also been invariably linked to radical change as advocated by approaches such as Business Process Re-engineering, Business Transformation, etc. Yet, it is well known that some 70% of such re-engineering efforts fail to meet their objectives. The crucial reason is that radical change ignores people and the social dimension of the organisation. It is well known that you cannot obtain quality by introducing procedures, you obtain quality by developing a quality culture and this can only be done gradually and with time.

In a quality oriented customer and stakeholder focused strategy, appropriate processes will be designed and continuously improved based on feedback from all stakeholders. Such continuous improvement will use the basic identification and traceability concepts and techniques from the quality system. However, the need for rapid adaptation or what can be simply described as "faster improvement" creates demands for learning and knowledge management approaches.

Some key lessons

Customers and consumers know that quality standards are deteriorating. Whether you're in a retail store, restaurant, bank or hospital, it's hard to get what you want, when you want it, at a

price you can afford. Strangely, the providers of these products and services are just as frustrated as profits are shrinking, the competition intensifies, and everyone's struggling to do more with less. Total Quality Management has not delivered the projected benefits.

After 15 years of growth in the use of corporate quality systems the main conclusions are:

- a) Business efficiency remains alarmingly low affecting costs, responsiveness and customer satisfaction;
- b) The typical quality management process has been slow to start and difficult to sustain with many quality systems effectively abandoned in disappointment;
- c) Most improvement efforts involve only a small percentage of employees;
- d) The quality cost and related benefits remain hard to quantify.

Possibly a key benefit is that we now can read the signs and can take appropriate decisions.

Positive signs	Negative signs
Strong Management Participation. Senior executives treat quality as a key element of management and of corporate performance measurement.	Weak Management Participation. Lots of delegation, little personal involvement at senior levels, sidelined quality managers, no use of quality measurements
Company wide participation Training is part of corporate culture; quality control is integrated in all operational processes and improvement is an integral part of everyone's job.	Quality the job of the quality manager Quality is an unpopular obligation of little value or relevance to the day to day work and the quality manager is strangling to get even the minimum involvement from employees.
Serious Planning and Monitoring Plans are made with adequate resources and people are held accountable.	Shortcut based practices Shortcuts are taken in pursuit of quick results and little time is available for improvement projects.
Focus on results Major emphasis is on specific issues or desired results; improvement goals relate to business needs; progress is measured and rewarded.	Focus on activities Focus on tracking and reporting with frequent committee meetings and improvement proposals.
Broad Quality Perspective Results are sought in all processes and operational areas; and customer service improvement and waste reduction are strategies for survival and growth.	Narrow Quality Perspective Narrow focus on product, production or direct customer-interface areas quality with improvement seen as a task for employees rather than strategies involving all levels of the organization.

The Total Quality and Training (TQT) approach

Focus on training and company wide active participation

TQT solutions support the efficient and effective design, implementation and improvement of a quality driven business operation.

Fundamental to our approach is that quality is achieved primarily by the attitude and competence of the company's employees and therefore possibly Total Training is equally or more important than the procedures, guidelines, audits, etc. By total training we mean that all employees should understand the company's objectives, direction, corporate responsibilities, and importantly how they can **actively participate** in the continuous monitoring and improvement process.

Our objective is not to merely support quality management but to actually achieve quality. For this we rely on the following **six TQT principles**.

- Comprehensive training to all company personnel and other stakeholders to understand company values, objectives, direction, and responsibilities;
- Integration of quality control with business processes and corporate strategies;
- Easy participation of management, employees, customers and suppliers in business and quality processes, particularly continuous improvement;
- Effective corporate knowledge sharing and development;
- Compliance with regulations and corporate standards, with minimum effort time and cost;
- Largely automated performance measurement, quality records, audit trails and reporting;
- Efficient change management process.

Wide but Flexible Quality Perspective



TQT scope and approach

A wide quality perspective is essential for harvesting benefits from the quality system. The scope of quality relates to how often employees should do their job conforming to requirements. Certainly every time every a manager or any employee performs a task. This is the often misunderstood concept of TQM which implies the widest possible perspective of quality. Practical limitations on time and cost requirements to set up and maintain a quality system dictate that flexibility is important. Planning should address the specific requirements and priorities of a

company; starting with simplest possible system and relying on measurement and improvement for building a comprehensive one.

Possibly special attention must be placed early on, to integrate quality control with client and supplier processes as well as with project management and risk management.

Quality cost and related value

A meaningful measure of quality is the Price of Corporate Non-Conformance (PCNC). This is effectively the cost of the corporate monitoring and control system. In the widest sense it is the cost of discovering, evaluating, and correcting strategy, process and product errors.

The best way to measure quality cost is therefore the Activity Based Costing (see also Annex 2). By categorising all activities to productive, preventive and corrective the appropriate cost can be accurately assessed and evaluated against industry benchmarks or quality related performance indicators.

Given the above definition of cost the corporate monitoring and control system cannot rely on the old classic approach of audit and appraisal. The emphasis must be on preventive capabilities including competencies building and risk control. Obviously the effectiveness of preventive action can be drastically increased through business performance optimisation particularly when process and knowledge management and all different types of financial, social and environmental risks are properly considered.

Total Quality and Training Services

INLECOM's Total Quality and Training **TQT Services** include consultancy, training and customisable software applications aimed to support clients achieve quality rather than just "managing" it.

TQT Consultancy

Our TQT consultancy is aimed at reviewing existing quality systems in order to produce improvement recommendations. Key elements of our consultancy services are:

- Review of existing Quality Management systems against the TQT principles;
- Review and redesign of measurement system;
- Quality cost management;
- Development of a company wide dynamic compliance model;
- Integration strategy.

Training

Training services are addressing different groups within an organisation offering customised solutions and use of corporate e-learning services. The main services are:

- Training and knowledge management requirements;
- Employee familiarisation on quality principles and best practices;
- Training of the quality management team on emerging methodologies and standards;
- Specialised courses on quality measurement and activity based costing.

Software application

Software support is essentially process and knowledge management applications custom build using the kBOS platform. Typical facilities include:

- Process modelling and documentation;
- Work flow to secure the correct implementation of company policies and business processes;
- Management of incoming and outgoing documents, filing, notification of users through message or e-mail and monitoring of pending and expired quality tasks and activities;
- Management of document status (new, for view, approved, appended, aborted etc);
- Document traceability and easy access to historical records;
- Efficient version control for all quality documents and records;
- Supervision and automatic checking for completeness of records;
- The use of data warehousing for statistical analysis of quality related data.
- Compliance to ISO 9001:2000, ISO 14001, HACCP etc., are customisable modules that can be integrated in the operational practice.

Expected Benefits

Key reported benefits from implementing a TQT solution including:

- improved employee commitment and motivation with proven competency levels
- Improved success rate in achieving business objectives and strategies and implementing business processes correctly;
- improved product and service quality with expected improvement in customer satisfaction;
- effective strategy and process improvements based on a specially designed measuring system;
- Reduced costs by identifying low value, redundant, or poorly performing processes, projects or products;
- improved error prevention in strategy, process design, and products or services;
- alignment with the organisation's wider business systems
- strategy and process related knowledge development
- hard facts and figures as an aid for senior management decision-making
- Reduced cost for compliance to regulatory and business standards;
- Optimised performance taking into account risk management.
- Increased sales associated with improved client interaction and improved quality of products and services.

Annex 1 Measurement

Many quality systems fail because they are missing a key ingredient: a set of meaningful measurements. This is a typical problem in all sectors including banks, insurance, hospitals, manufacturing and transport companies.

Prerequisites for Successful Measurement include:

- The areas being measured are important to the customers, employees or suppliers involved; i.e. reliability, accuracy, completeness or cost;
- Each measurement is part of a process activity or output;
- The area being measured is important to process managers or supervisors.
- Employees feel empowered, motivated to participate easily in the measurement and continuous business improvement system;
- Measurement results are used by management and resulting actions are transparent;
- People use the measurements to stimulate debate, discussion and learning;
- Everyone is recognized for their efforts and rewarded for success and progress.

Annex 2 Activity Based Costing

ABC allocates costs (labour, materials, overheads, etc) to specific activities rather than departments or functions. By assigning these activities to quality related cost categories it is possible to obtain the quality related costs. Typical cost categories are:

- a) Productive activities: product development, marketing and support
- b) Preventive activities: making sure strategies, processes and products conform consistently to requirements. These activities would include motivation schemes, training, knowledge management and predictive control technologies.
- c) Corrective activities: identifying the non-conformance (defect), specifying corrective action and supervising its implementation. These activities would include excess inventories, downtime, warranty activities and obsolete material disposal.