

Total Quality -- A National Imperative



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This paper begins with the background that the right way to manage through total quality is creating a global revolution led by Japan. We in India are lagging far behind. Our macroeconomic systems and processes have been deficient in quality. This is the main reason that the outcomes have been unsatisfactory. However there is a growing awareness of these shortcomings and the change process is already underway.

The paper then clarifies the essence of six basic terms such as product, customer, quality, process, work and waste. This is done to explain the total quality perspective and the dynamics of TQM. A brief step by step strategic overview of the TQM implementation process is then presented. The paper closes with the belief that the journey on the TQM road is a culture-change process. It has to be led top down. It calls for a broad - based awareness and profound knowledge. Given the necessary leadership and drive as well as the correct implementation strategies, "Made in India" a label all of us.

A. INTRODUCTION

A focus on Total Quality for ever 3 decades has turned Japan into an economic powerhouse. U. S., Europe, S. E. Asia and others have been left with no alternative but to respond. This phenomenon of Total Quality is creating a global revolution.

What about our Country ? Are we proud of the "Made in India" label? If not why ? How do we rate ourselves on our economic growth rate, employment generation and removal of poverty programmes? Why are we slow in enabling tens of millions of our countrymen who live in abject and humiliating circumstances to better their lot ?

" India Today " in its Oct. 15th. '92 issue through the chart that follows explained that we are way down the ladder with comparable economies on several vital economic parameters.

	GDP Growth (%)	Foreign Exports (\$bn)	Foreign Debt (\$bn)	Inflation (Consumer Prices %)
China	12.0	71.9	60.5	5.0
Malaysia	8.6	34.7	14.8	5.0
Thailand	7.9	28.1	27.3	4.7
Indonesia	6.4	29.4	70.1	8.7
Pakistan	6.4	6.5	22.3	12.7
Sri Lanka	5.0	2.1	6.1	12.0
INDIA	2.5	19.3	79.5	11.8
Brazil	1.2	31.4	110.0	441.0

Source : World Bank Statistics, Asiaweek

Not infrequently our workers are blamed for low productivity. This is ocapism. Nothing could be far from the truth. Our people are capable of punishingly hard work. Despite one of the lowest per capita incomes in the world, we can boast of saving rates of over 20%. In the midst of overbearing poverty, we are comparatively rich in physical and human resources. Those of our countrymen who have ventured abroad and have been working in systems and processes that empower people have more than proved their mettle.

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The good news is that there is now a growing realisation that the systems and processes we chose lacked total quality, within a political democracy, where were the economic freedoms of the people, for the people and by the people ? A few decided for many. Since the processes were faulty so were the outcomes. It has been said that people work in the processes but leaders and managers work on the processes so where is the question that workers are not productive and people are lazy ? Total Quality flows top down.

Quality is simple, people are complicated. Modern quality of life is built on ready access to goods and services whose high quality and low cost are the result of sound economic processes and continuous improvements in the same.

The quest for quality - in fact the total quality movement has to be initiated top down. At the national level, the Government has to lead the movement. Countrywide it is slowly but slowly being recognised that competition is the mother of excellence. Protectionism breeds complacency, waste and transfer of resources from the efficient to the inefficient.

Who are the customers of the Government ? These are obviously the vast majority of people who gave them the mandate to govern. Should the national systems, processes and policies not be designed on the basis of the voice of the customer ? Instead what have we got ? A high cost economy bred through years of controls, licences and permits all done with good intentions. Who has suffered the most? - The common man who is opposed to be the customer of the powers that be.

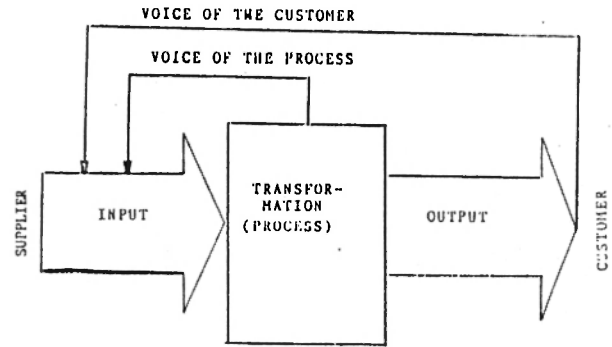
Is this quality ? Image millions of people employed and trapped in soulless and bureaucratic systems totally deprived of the joy of work. Obsolete and outdated paperwork processes dominate over commonsense and trust-based relationships between the customers and suppliers. We are all familiar with the enormous wastes involved in 2% or 5% balance payment collections or buying or selling on the basis of L1 quotations. In our personal lives, the purchaser and user are almost always the same. Do we always in that case purchased everything on the basis of L1 : Why is it then that in a corporate environment when purchaser is generally not the user, we institute the policies and practices of buying on L1 basis ? Is this Quality?

So how do we achieve quality in life or at work ? To understand the dynamics of total quality we need clarity on some basic terms - Product, Customer, Quality, Process, Work and Waste .

PRODUCT : "Thing or substance produced by natural process or manufacture". this conventional dictionary meaning is fine. This is small 'P'. In the total quality sense Productor big "P" is the output of any process". It could be goods or hardware, software or service.

CUSTOMER : "Person who buys". Again this is the small 'c'. In the language of total quality we define customer as anyone who is at the receiving end of the product. He is impacted by the product and is at the output of a process. In this sense customer could be internal or external to the organisation.

QUALITY : "Degree or standard of excellence" is the small 'q' . In the spirit of total quality or "listening to the voice of the customer" quality or big Q is defined as:



QUALITY IS FITNESS FOR USE

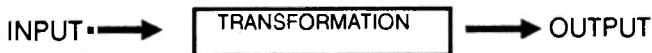
Product Features That Meet Customer Needs

Freedom Of The Product From Deficiencies

- Faster response time
- Superior Service
- Better performance
- Improved reliability
- Improved customer satisfaction
- Reduced extra paper work
- Reduced reprocessing
- lower stockouts
- Less delayed deliveries
- Less customer dissatisfaction
- Less customer complaints
- Higher quality costs less and impact is on lower costs
- Data is usually available inhouse.
- (Lost orders, customer Complaints, scrap, rework, idle time, idle machines, etc.)
- Higher quality oosts more
- Impact is on increased sales
- Data is usually not available (need to do continuous market research and customer needs analysis).
- Lower order errors

B. How to Think About Processes

- Everything we do is part of a process. Simply stated " A Process is the transformation of input into outputs".



At the input stage there is a supplier. At the output level there is a customer. Therefore in our day to day lives we are interchangeably suppliers or customers in any chain of processes that we are involved in. Both the suppliers and the customers can be either internal or external to the institution which owns the respective processes.

What is the goal of any process ? Is it not to listen to the voice of the customer and to continually improve the process to conform to this voice ? In real life should a process not be designed initially itself after obtaining and conforming to the voice of the customer.

What's the impact of the above definitions?

- Each one of us in our personal or working lives on a day to day basis works in process.
- All of us deliver products (outputs of our processes).
- Everyone is alternatively a supplier or a customer (internal or external) in a chain of supplier customer relationships. We are impacted by the product of our supplier and our customer by our product.
- If we believe in the concept of Total Quality, it implies that we address ourselves to the following questions.
- What is my product ?
- Who are my customers ?
- Is my process capable ? In other words has it been designed or does it run in tune with the voice of my customer ?

C. Work and Waste

To quote from the book Quality Secret : The Right way to Manage by William E. Conway, "there is little other than real value - added work in anything provided we eliminate the waste".

Conventionally we think of waste as scrap and rework in manufacturing units. Waste in other forms includes wasted material, wasted capital, wasted opportunities, wasted time and talent. How many institutions use the brains, time and energy of all the people involved in processes ? Isn't this a waste of human talent ?

William E. Conway has also categorised work as follows :

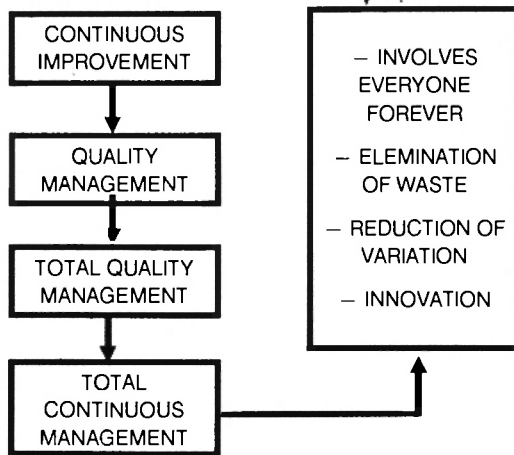
- *Value added work - Doing the right things right
- *Necessary work - Filling tax returns etc.
- *Unnecessary work - Making errors, finding and fixing errors and complaints, redesign work etc.
- Working on wrong things, making unnecessary reports that no one reads.
- 11 Not working Authorised. - Breaks, holidays, vacations etc.
- 11 Not working Unauthorised - Waiting time, idle time, arriving late and leaving early.

An analysis into the above calls for a series of questions. Is a particular task necessary ? Does it add value ? Is it being done by the right part of the organisation? Is it being done by the right people ? Are the best possible processes being used ? Can we improve the processes ?

D. What then is TQM

Simply put TQM is a management approach and strategy to long term success through internal and external customer satisfaction. It is based on the participation of all members of an institution in continually improving processes, products, services and consequently the culture they work in.

TQM is the road which leads to the unending journey or total quality improvement. It has been estimated that the sum of waste in agricultural, manufacturing and business processes in our country exceeds 25% of our GNP. TQM is a structured methodology which analyses these wastes, gets rid of them and keeps them gone.



Structure and systems create the environment for participation

It is a philosophy in which instinct for improvement prevades in an organisation - involving everyone. A buzz word derived from Japan is 'Kaizen' - the continuous step by step improvement. This is the need and the quality challenge.

E. How do we Implement TQM ?

As we move towards the globalisation of the Indian economy, inevitably forces of competition will be unleashed. This is already beginning to happen. Our national policy makers have sent enough signals that proclaim: "Be competitive or Perish"

To survive and to see 'Made in India' label achieve its rightful international status, we need a country-wide paradigm shift. Change however is not easy. Implementing TQM is an uphill task.

F. Implementing Total Quality

At the national level or at an organisational level, the implementation process has the same common strategies. These are:

*Awareness *Leadership and Commitment *Processes *
 Infrastructure *Measurement *Education * Information
 and communications *Systems alignment * Customer and
 supplier alignment.

G. Awareness

Just as I have tried to explain to you briefly what is quality and why do we need to institutionalise total quality, such knowledge needs to be developed and spread. Leaders in national and state Governments must understand the strategic importance of total quality. They must be made aware that their political and administrative processes should be designed and continuously improved based on the voice of their customers. Their vision of the future must be based on the ground reality that in a rapidly globalising economy we can only stay competitive if we understand, believe and practice the dynamics of total quality. To cite just one example, our direct and indirect taxation policies and practices must treat the tax payers as customers. If the taxation rates are uncompetitive and are not bench-marked and made best in class, we will have net outflow of investible capital and vice versa.

For change to be accepted it has to be seen as desirable. It is the role of the leadership to 'unfreeze' their own attitudes first through knowledge and awareness and then lead the change process.

H. Leadership and Commitment

National leaders have to think of the whole country as an interdependent system. All sub-systems must contribute to the macro system. In such a relationship and network everyone must understand that other people in the following stages of work are dependent on him or her. he or she in turn is dependent on the earlier stages. These principles apply to agriculture, education, Government and industries of all kinds, manufacturing and service.

Leadership also calls for symbolism and active involvement.

I. Processes

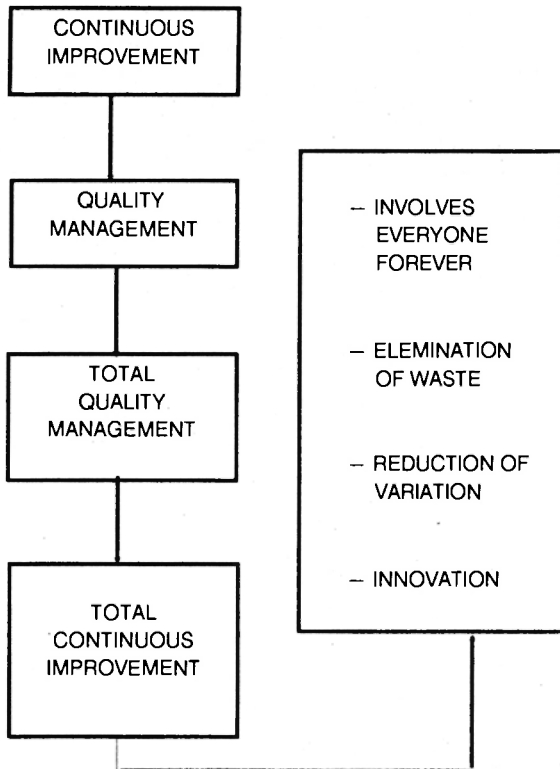
Our industry leaders are well aware of the need to manage the finances of their companies. This process starts with a budget. Likewise in TQM, quality has to be built into the product at the design stage. This process is called Quality Planning. It begins with identification of customer needs and ends with providing a process capable of producing a product that meets such needs.

In finance management the next process is evaluation of actuals versus the budget. Corrective action is then taken on the difference. In TQM the parallel process is 'quality control'. Product performance is checked against the design parameters. Action is then taken on the difference.

If Quality Planning process is deficient, we incur "cost of poor quality". Conventionally such wastes are subjected to cost improvement programmes - also referred to as "financial improvements".

It has been estimated that the cost of various non value-added activities accounts for over 30% of all the money spent. A structured quality improvement process is used to diagnose such wastes, get rid of them on a project by project basis and keep them gone.

The following Juran Trilogy diagram - named after Dr. J. M. Juran one of the foremost quality gurus and the founder of this concept - explains the three quality processes. It is crucial that industry leaders give as much importance to these quality processes as they do presently to the financial management processes.



Structure and systems create the Environment for Participation

J. Infrastructure

After commitment there is a need to move ahead. This requires a National TQM Council. They will prioritise issues of education, issues of global strategy and bench marking of our competitive position vis-a-vis other countries.

K. Measurement

At the national or organisational level it is essential to create a measurement matrix that charts process measures and result measurements of these processes. An excellent example is the Malcolm Balbridge Award criteria and the measurement process. This is the highest quality award instituted in U. S. A. through the National Quality Improvement Act signed by the U. S. President in 1987.

L. Education

TQM success is largely dependent on the understanding and application of TQM principles and techniques. It involves a detailed understanding and commitment to the reasons for quality improvement. TQM must be seen and understood as a fundamental competitive strategy both at the national and institutional levels. It is, therefore, essential that a high priority is given to such a learning process in our educational institutions and management schools as is being done in Japan and now also in the West.

M. Information And Communication

Once people understand the need for change, they need to know what is intended and why? They need an opportunity to give feedback, influence the changes and be listened to. In the recent U. S. presidential elections, Mr. Ross Perot put this across very eloquently when he said that the political processes have got distorted over a period of time. The voice of the customer or the electorate does not reach the leaders. He proposed electronic council halls providing people at large an opportunity to be listened to.

N. System Alignment

Economic policies, banking systems, public sector versus private sector - who should do what - and a host of macro processes and systems need to be aligned with the national TQM vision. If not, this will send contrary signals. People will become cynical and will talk of double standards.

O. Customer and Supplier Alignment

All processes need to be continuously improved based on feedback from customers. The questions that should arise are :

Who are the key customers? What are their current requirements? How well are their needs being satisfied? How can satisfaction levels be improved?

Similar alignment is needed with suppliers as well. The vital questions are :

Who are our key suppliers? : How well are our needs being communicated? How well are they filling our requirements? How can their performance be improved?

CONCLUSION

We in India have a long way to go. TQM involves a profound cultural change. We cannot set out to achieve cultural change. It is the outcome or the product of the TQM Process. The national imperative is that leaders in all walks of life - politics, Government, various national institutions, business and industry - understand the paradigm of total quality. The first step is awareness, understanding and profound knowledge to use an expression from Dr. Deming - the well known Guru who initiated total quality in Japan. Next, we need a national quality council to prioritise and co-ordinate the macro and vital success factors including a massive education programme in our educational institutions. As more and more organisations both in the private and public sectors start their continuous improvement journeys on the road of total quality at a revolutionary rate, we will be well on our way to make the "Made in India" label a name to reckon with.

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