

Lesson One: Why Quality? What is Quality?

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Welcome and Course Logistics

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This is one of six courses CNM offers as part of the School of Business and Information Technology's skills set certificate program in continuous quality improvement. The certificate is granted to students who complete all of the following one credit courses: BA 1150 Introduction to Quality Improvement; BA 1151 Fundamentals of Quality Improvement; BA 1152 Quality Tools; BA 2153 Teambuilding for Quality; BA 2154 Reengineering; BA 2155 Leadership for Quality. Although the courses are interrelated, they may be taken in any sequence.

This course has been designed and is taught by Brian Cooke, senior leader of Iris Learning. Iris Learning is an Albuquerque-based business performance consulting group that focuses on executive coaching, strategic direction, leadership development, and customized learning that accelerates progress toward specific business targets. For more information about Iris Learning, please visit our web site at <http://www.irislearning.com>.

You should already have downloaded a course syllabus and additional information about "How Our Distance Education Courses Work" from our web-site at <http://www.irislearning.com/college/download.htm>

This is not a Web CT course. All coursework is accessed via the Iris Learning website.

If you are still unclear how to begin your studies and succeed in this course, please e-mail the instructor at coach@irislearning.com

This course is intended for self-directed learners who are skilled in fundamentals of e-mail messaging (including downloading and electronic exchange of Microsoft Word and Adobe Acrobat documents), internet browsing, and word processing. Instruction, with few exceptions, will be delivered entirely on-line. Students who do not have the required technological skills or access are encouraged to enroll in this course when it is offered in a more traditional classroom format. This course also is easier for students who learn well by reading and writing. PLEASE be sure to withdraw from this course prior to its conclusion, if you are unable to complete these course requirements.

For individual tutoring, teaching, questions, and on-line support, e-mail the instructor at coach@irislearning.com.

A. Key Learning Points

1. Quality of goods and services are better today than they have ever been.
2. Quality of goods and services will be better tomorrow than they are today.
3. The future belongs to organizations that build long-term success on a quality foundation.
4. We are all in favor of “quality.”
5. It is easier to keep things the way they are than it is to improve them.
6. It is deadly to keep things the way they are and not improve them.
7. We do not agree on a shared definition of “quality.”
8. Iris recommends a definition of quality that addresses six (6) factors:
 - Customer Awareness: Who are your customers? How do you acknowledge your customers when they express an interest in your business?
 - Customer Knowledge: What do your customers require, expect, and value? How do you design your products and services to meet your customers’ current and future needs?
 - Effective Work Systems: How do you design and manage business processes to minimize errors, delays, inconvenience, and cost? How do your work systems make it easy for customers to do business with you?
 - High Standards: What are your standards for success? What type or frequency of error do you accept or expect in your day-to-day business?
 - Measurement: How do you and your employees know how well you are doing? How do you know what is working and what is not working?
 - Continuous Improvement: Are you smarter, faster, more accurate, more responsive, and more cost-effective today than you were yesterday?

B. Real World Examples and Considerations for Practitioners

1. In 1980, you would never have expected the US Post Office to provide the level and type of services that it does today in its retail-like, community-focused post offices.

In 1980, you would not have expected round-the-clock, seven day a week access to your banking services.

In 1980, you would not have expected the phenomenal choice and low cost of products offered at superstores like Walmart, Price Club, or Home Base.

In 1980, you would not have expected schools would be concerned about competition for their student enrollment from other educational service providers.

How has the quality of goods and services in your industry improved in the last five years?

2. Global trade, worldwide expansion of capitalist enterprises, and increasing applications of technology are creating a competitive market that is driving increased quality and decreased cost of products. Automobiles, Electronic products, computer-related products, clothing, airline, and financial services are good examples of this trend.

How is your business or industry impacted by globalization and/or technology?

3. If you do not compete based on the quality of your goods or services, you are forced to compete based on lower prices. When you lower your prices you may produce some sales of commodity products, but you destroy your profit margins. You also eliminate your most lucrative customer accounts – those who recognize and are willing to pay for high quality. This trend is evident in some airlines, food service businesses, hotels and motels, and public sector institutions including schools.

What matters most to your customers – the quality of your products/services or the price?

4. The history of “total quality management” is a riddled with stories of companies that launched “quality” efforts without first clarifying and communicating a meaningful, results-oriented definition of “quality.” When we fail to define what we are striving to achieve, we are bound to fail because of our divergent, albeit well-intentioned, efforts. For example, ask two CNM employees to define quality and see whether they agree?

Does your business have a clear, shared definition of quality that all employees can consistently explain and act upon?

5. When you buy pet food because the packaging and the price of the product suits your taste and your budget, your cat had better share your taste and your fiscal priorities. Who is the customer -- the pet or the pet owner? Marketing and sales drive customers initial purchases. But consistently meeting customer needs and expectations drives long-term buying relationships and customer loyalty that, in turn, drives profitability.

Who is your customer? What do they require, expect, value from your business’s products or services?

6. A business is only as good as its business processes. If your preferred pizzeria promises you a pizza delivered within 30 minutes, it must have effective, time-certain business processes for food ordering, pizza-making, baking, and delivery.

When IBM introduced the Thinkpad laptop, customers were queuing up outside retailers to buy the product. But IBM had not anticipated and planned for such success – its production processes were insufficient. It lost many customers – most of them permanently – to Compaq, Toshiba, Dell, and Gateway. This lack of process capability explains, in part, why IBM had to lay off more than 100,000 employees since 1990. The employees were unable to succeed because the production processes were not designed and/or managed to succeed.

How does the design and management of your business processes help or hinder your service and product quality?

7. If you do not set a high standard, you will never be the leader. Avis “tries harder,” but Hertz is the industry leader, “exactly.” When a city department such as Solid Waste Management or the Convention Center take a “good enough for government” approach to services, they are vulnerable to bids from private sector firms that strive for world class performance standards. There is a difference when a school shifts its focus from “reducing drop-outs” to achieving “success for all students.”

It is better to choose a high level of failure, than a mediocre level of success. What is your professional or personal standard for success and long-term competitiveness?

C. Recommended Reading Assignment & Highlights – All selections are from Walton, *The Deming Management Method*

Foreward by W. Edwards Deming: *“Everyone doing his best is not the answer. Everyone is doing his best. It is necessary that people understand the reason for the transformation that is necessary for survival. Moreover, there must be consistency of understanding and of effort. There is no substitute for knowledge”.*

“The biggest problem that most any company in the Western world faces is not its competitors, nor the Japanese. The biggest problems are self-inflicted, created right at home by management that are off course in the competitive world of today.”

Preface by Mary Walton: *“The companies that had turned to Dr. Deming’s method shared a sense not only of urgency and commitment but also of optimism and excitement.”*

Chapter 1: W. Edwards Deming: A Biographical Note: *“At 11:30 I crawled into my beautiful bed, wondering why some people have so many good things while others are sleeping on mats in rags, hungry.”*