Video 3B

In this video we will:
- Describe what each level of management can do to ensure quality throughout the organization
- Review Edward Deming’s Philosophy of Quality

Ensuring Quality: At the top

- Effective organizations must have a:
  - Mission statement
    - Written statement of organization’s central purpose/reason for existence
    - What is our business?
  - Vision
    - Written statement of where the organization wants to go
      - Recognizes change is the only constant
  - Core Values
    - Bedrock principles that never change

Writing a Mission Statement

- Involve as many managers as possible in the process
  - Build loyalty, obtain support
- Good mission statements include info on:
  - Customers: Who are the firm’s customers
  - Products/Services: The major offerings
  - Markets: Where the firm competes, geographically or sector
  - Concern for survival, growth, profitability, quality
  - Philosophy: Core values, ethical beliefs
  - Concern for public image
    - Respond to environmental concerns
  - Concern for employees
Sam Houston State University
Mission Statement (College of Business)

- Provide students (customers) with the educational experience (service offering) in the field of business the skills they need to become productive citizens and pursue business-related careers in a dynamic business environment (market). The highest priority of the College is teaching (core value). In addition, the College encourages faculty development (concern for employee), and services to benefit all stakeholders including students, alumni, donors, and the State of Texas (concern for growth, profitability).

Ensuring Quality

- Management must:
  - Encourage people to continuously learn
    - Quality is a never ending goal
    - Environment must not punish mistakes when made while learning (open book mgt)
  - Share information
    - Scoreboarding: Keeping employees abreast of critical numbers
    - Builds trust with management
    - Motivates, encourages improved performance
  - Empower employees: Relinquish control!
    - Let employees make some critical decisions
    - Creates Intrapreneurs: Employees think like owners

Ensuring Quality

- Management must:
  - Encourage team development
    - Provide opportunity for feedback & communication
  - Types of teams
    - Quality Improvement Team
      - Members from various functional areas
    - Process Improvement Team
      - Analyze a process for quality Ex: Pouring concrete for a Foundation
      - Focus on project improvements
Ensuring Quality

- Middle Management must:
  - Perform audits
    - Use statistical controls
    - Control charts
    - Standard deviation
    - Confidence levels
  - Use statistical controls
    - Control charts
    - Standard deviation
    - Confidence levels
  - Implement training
    - Teach employees what quality is about
    - Eliminate numerical quotas
      - Emphasize on quantity, not quality
    - Don't hope for immediate success
    - Off the shelf solutions may not be the best
    - Don't focus on short term profits
    - Discourage job hopping
      - Concepts of quality must be learned
    - Drive out fear
      - Encourage creativity, allow people to experiment
    - Eliminate mass inspection
      - Design it into the process

Deming’s Philosophy on Improving Quality

- Don’t always seek the low cost vendor
  - May not implement quality standards
- Implement training
  - Teach employees what quality is about
- Eliminate numerical quotas
  - Emphasis on quantity, not quality
- Don’t hope for immediate success
- Off the shelf solutions may not be the best
- Don’t focus on short term profits
- Discourage job hopping
  - Concepts of quality must be learned
- Drive out fear
  - Encourage creativity, allow people to experiment
- Eliminate mass inspection
  - Design it into the process

Other Factors Affecting Quality & Productivity

- Suppliers must maintain quality standards
  - Expect high standards, or get a new supplier
  - Monitor their performance; Garbage in, Garbage out
- Outsourced operations must maintain quality standards
- The process of converting resources
  - Implement a JIT system (reduce carrying cost)
    - McDonald’s uses JIT when cooking burgers
  - Improve cycle time (start to finish)
  - Maintain flexible production lines
    - Work flow must change when definition of quality changes
  - Keep your factory clean
    - Confirms you are committed to high standards
The Best Way to Improve Quality

- START WITH THE CUSTOMER
  - Spend some money on research & development
- DESIGN QUALITY INTO THE PROCESS
- EMPOWER PEOPLE
- CREATE CULTURE OF QUALITY

Concluding Remarks

This concludes our discussion entitled “Commitment to Quality & Productivity”