



# HOW DO FIRMS ENSURE QUALITY?



Quality Control  
Total Quality Management  
Benchmarking  
Quality Circles

# What is Quality?

Physical  
Appearance

 Ferrari world

Durability

Reliability

Special  
Features

Reputation

Image

CHANEL

Suitability

AFTER SALES  
SERVICE

# Why is it important?

- Consumers are more aware
- Magazines publish reports
- Consumers have higher expectations
- Legislation
- Competition forces improvement
- Part of Kaizen and lean production


**WHICH?**

# Quality Control

## In the Production Dept

- Production Department ensures that products
  - Satisfy consumer needs
  - Work under the conditions they will face
  - Can be produced cost effectively
  - Can be repaired easily
  - Conforms to safety standards

# 3 STAGES OF QUALITY CONTROL

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1. Identify standards and set targets
  2. Monitor standards – test products
  3. Respond to findings



1. Remove a sample of cereal every half hour
2. Test 50 samples twice a day
3. Compare sample with the perfect product
4. Grade given: 1-10 where 10 = perfect
5. 7-10 = pass

■ **TRADITIONAL METHOD OF TESTING THE COMPLETED PRODUCT =**

# Facts about Quality

- 1/3 of all effort in British business is wasted in correcting errors
- £4 billion is spent on this
- Obvious benefits of getting it right first time and not after the fact



# THE MODERN APPROACH

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**TEST PRODUCT DURING  
PRODUCTION TO PREVENT  
FAULTS AND POOR QUALITY**





# TOTAL QUALITY MANAGEMENT

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**TQM**

# What is TQM?

- A method designed to prevent errors and poor quality products
- The business ensures that the manufacturing process is investigated at every stage
- Success of Japanese companies based on this
- 100% of the organisation must be involved

# Quality Chains

- In order to produce quality goods you must have
  - Quality suppliers and raw materials
  - Quality administration systems
  - Quality equipment
- These elements make up a quality chain



# Company Policy

- There will only be improvement if there is a company wide policy
- TQM must start at the top and spread through the business
- People must take pride in their job
- Everyone is accountable for their own performance



# TQM AND MOTIVATION

- Teamwork is the most effective way of solving problems
- **ADVANTAGES ARE:-**
- Employee morale is often improved
- Problems are better dealt with
- A greater variety of problems can be dealt with in teams
- Team ideas are more likely to be accepted

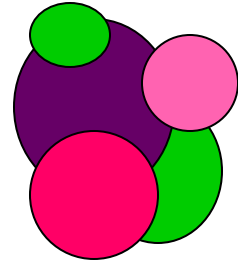
# USING TQM



TQM helps companies to

- Focus on the needs of the consumer
- Achieve quality in all aspects of the business
- Analyse all processes and remove waste
- Develop a team approach to problem solving
- Develop effective procedures for

# QUALITY CIRCLES



- Small groups of staff, usually from the same work area, who meet on a regular and voluntary basis
- They attempt to solve problems
- No discussion of other issues –just quality
- Must fulfil certain conditions
- Used in all Honda plants

# QUALITY CIRCLES

- A steering committee should be set up to oversee the programme
- A senior manager should chair the committee
- Team leaders should be properly trained
- Workers from various levels should be present



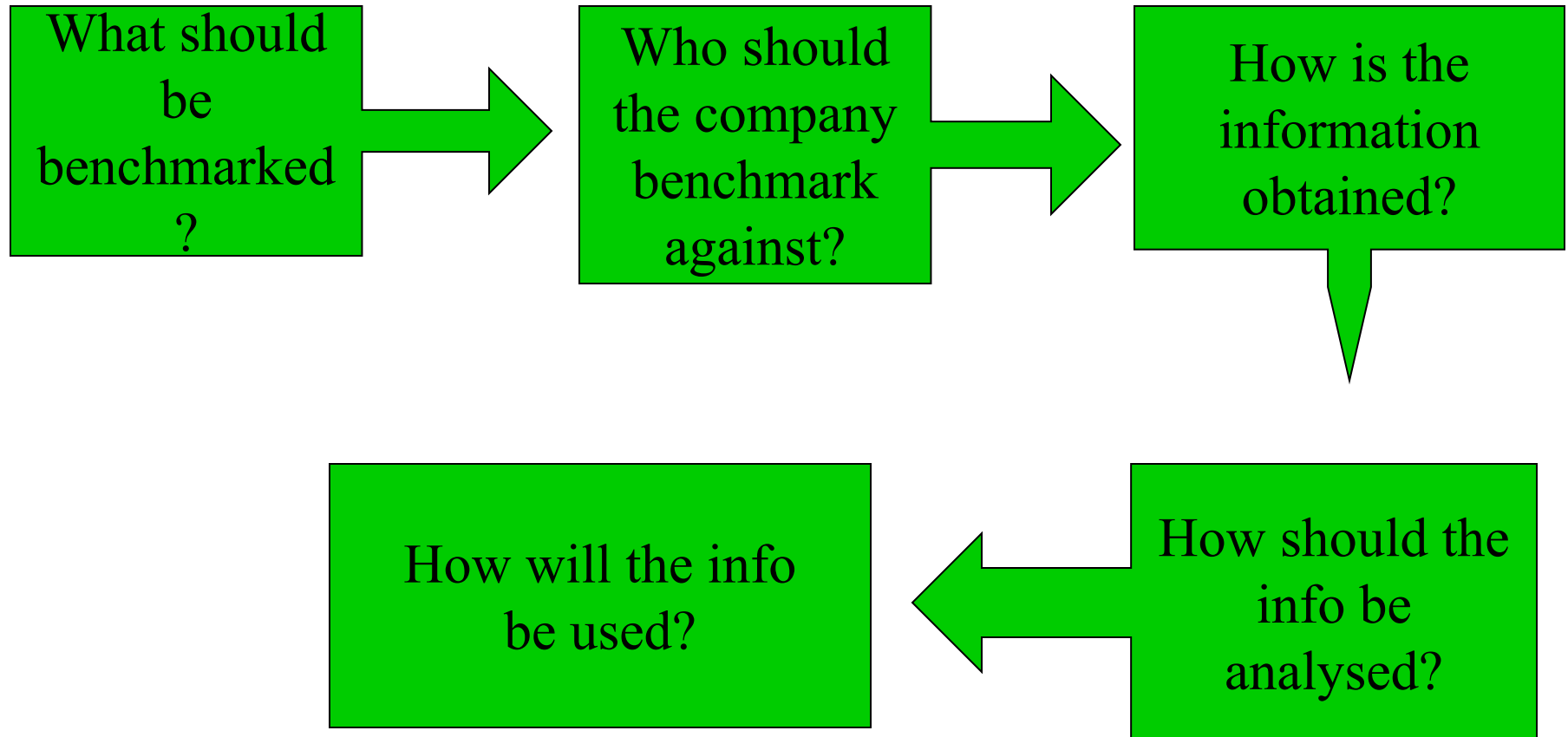
# Problems with TQM?

- Training and development
- It will only work with 100% commitment
- Increased paperwork due to regular audits
- Cost – design and development, monitoring, cost or trying again if system fails.

# BENCHMARKING

- BPB – Best Practice Benchmarking
- A technique used by some businesses to help them discover the ‘best’ methods of production and adopt them.
- Find the best company
- Analyse their methods
- Equal their standards

# The steps:-



# QUALITY STANDARDS

- BSI Kitemark
- Investors in people
- Scottish Tourist Board stars
- AA/RAC
- Lionmark
- Woolmark



The Kitemark

Tested  
and  
Trusted.



- Marks that show a product has met a certain standard

# Benefits

- Fewer complaints received
- Loyalty from customers
- The customer places trust in the company
- Premium price can be charged
- See notes