Quality in The 21st Century:

A New Dawn for Businesses and A Challenge for Quality Professionals

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Structure of Talk

- Legacies of the 20th Century
- From P to K – The New Business Environment
- Quality in an e-Environment
- ASQ's Future Study
- The New Role of Quality Professionals

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Pursue Purpose Beyond Profit

“No enterprise, no institution, perhaps no individual can really succeed without a sense of purpose – a purpose which explains and guides every step.”

John Browne
Group CEO, BP

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Legacies of 20th Century

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The Battle For Waste Elimination

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SHEWHART AND THE CONTROL CHART

- **Invented by Water Shewhart on 16th May 1924**
- **Two types of variation: Common & Special causes**
- **To support management make decisions**

Dr. Water Shewhart (1891 – 1967)

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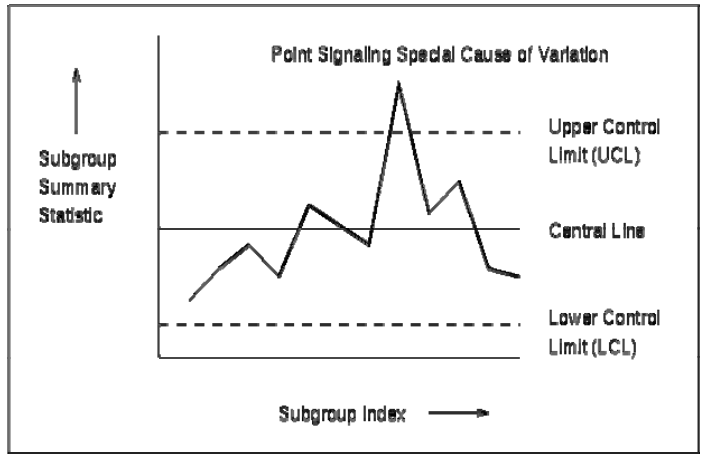
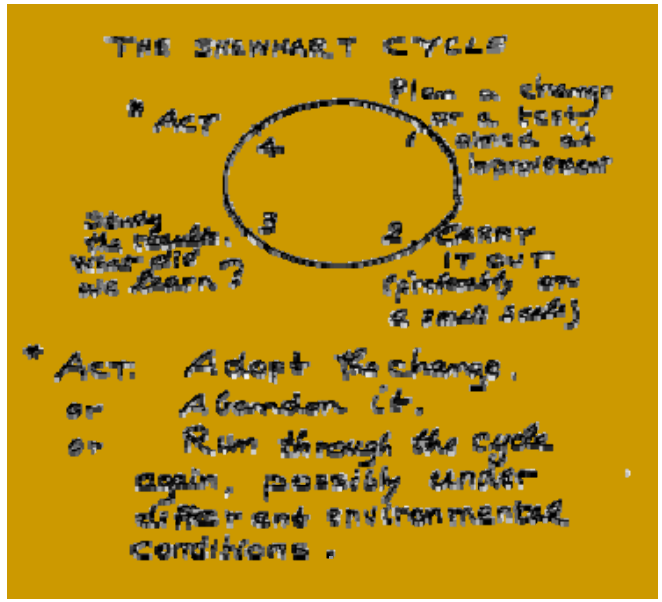
CONTROL CHARTS

- **Control charts signalled the start of Quality Control**
- **Helped move the mindset from DETECTION to PREVENTION**
- **Led to the PDCA Cycle (Shewhart Cycle) later to become the Deming Cycle or PDSA**





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"We have learned to live in a world of mistakes and defective products as if they were necessary to life. It is time to adopt a new philosophy in America."

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The Pareto Man

Dr. J.M. Juran

He developed the quality trilogy – quality planning, quality control and quality improvement.

Juran believed quality is associated with customer satisfaction and dissatisfaction with the product, and emphasised the necessity for ongoing quality improvement through a succession of small improvement projects carried out throughout the organisation.

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Kaoru Ishikawa

- Showed the Japanese how to integrate the many tools of quality, especially the simpler tools.

- Basic 7 Tools: Histograms, Pareto Charts, Cause and Effect Diagrams, Run Charts, Scatter Diagrams, Flow Charts, Control Charts

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Source: Jim Wixson, CVS, CMfgE

Westerners who followed the Japanese industrial success

Armand V Feigenbaum

Feigenbaum is the originator of Total Quality Control. He argue that quality needs to be applied to all stages of a process, not just the manufacturing stage, thus he emphasised the administrative viewpoint and considered human relations as a basic issue in quality management activities.

Total Quality Management

Quality Leadership
Modern quality technology
Organisational commitment

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Quality Paradigms

Paradigm is the result of the discipline's adaptation to environmental contingencies

Quality evolution is a discipline, a set of principles and assumed truths that define how the quality of goods and services is to be assessed, managed, delivered and assured.

Industrial Revolution "Quality Control"

- The factory system that literally caused a revolution in how the discipline of quality was practiced.

Late 1800s	Operator QC	One worker or at least a very small number of workers, was responsible for manufacturing the entire product.
Early 1900s	Forman QC	Individuals performing a similar task were grouped and directed by a foreman who is responsible for the quality of their work.
During World War I	Inspection QC	More complex manufacturing system. Large number reporting to one foreman was impossible. Full-time inspectors was the solution.

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1920s	Statistical QC	It was an extension to inspection, But with new statistical thinking and methods in manufacturing. Tools such as sampling and control charts began to be used.
1930s/1940	First Phase of TQC	Use of statistical thinking outside manufacturing.
1950s/1960s	Systems of Improvement	Develop quality manual, product testing, basic quality planning, paperwork control and process performance data.
1970s/late 80s	Quality Assurance	Quality systems development, advanced quality planning, comprehensive quality manuals, The fourteen points approaches, use of quality costs, involvement of non-production operation, failure mode and effect analysis and SPC.

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The Battle For Quality Management

QUALITY

...everyone's responsibility

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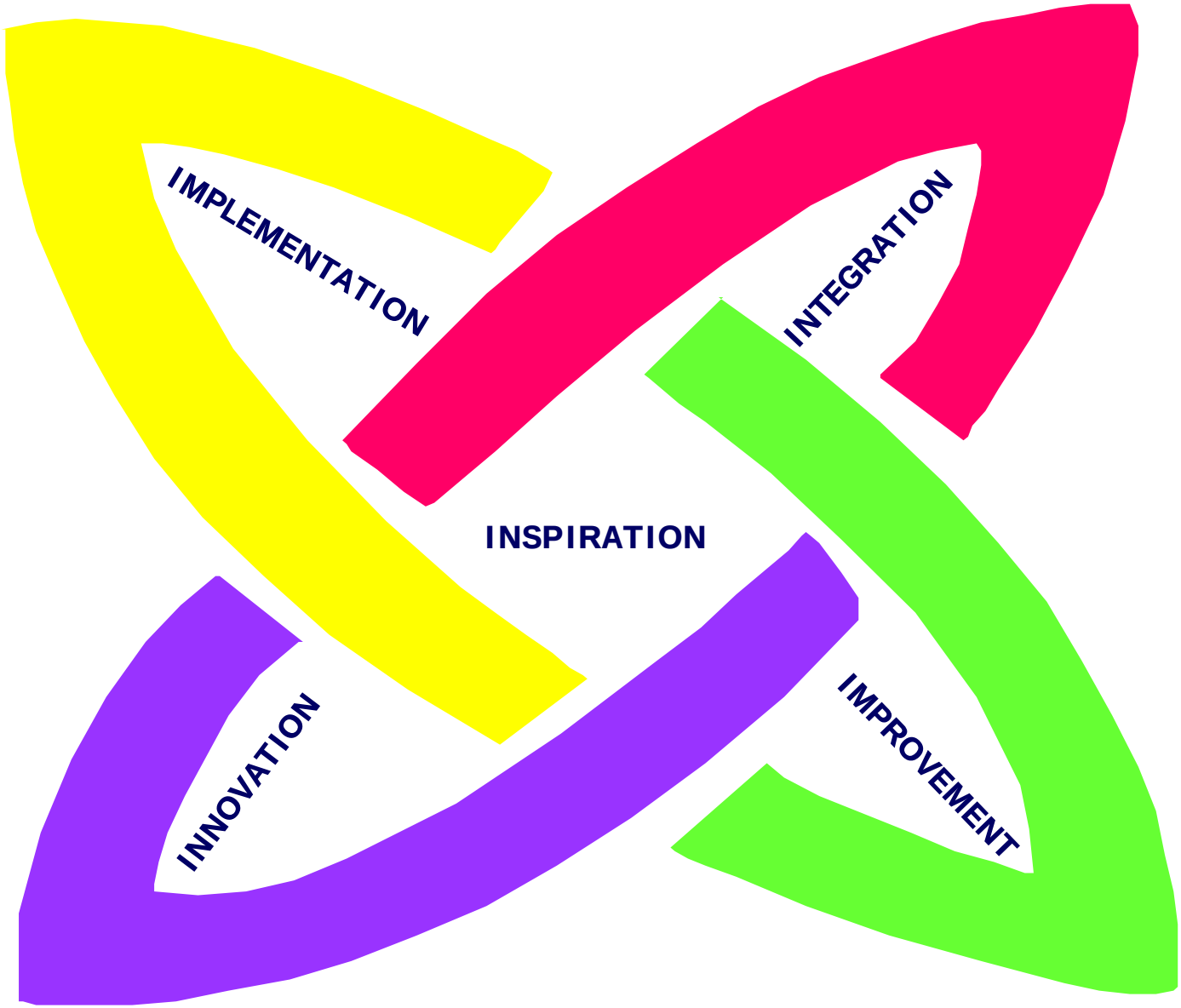
Post Industrial "Total Quality Management"

- Shift from Control to Improvement

1990s	TQM	Policy deployment, involve suppliers & customers, involve all operations, process management, performance measurement, teamwork and employee involvement.
Millennium	ITQM Intelligent Era	More advanced management concepts, systems and technologies.



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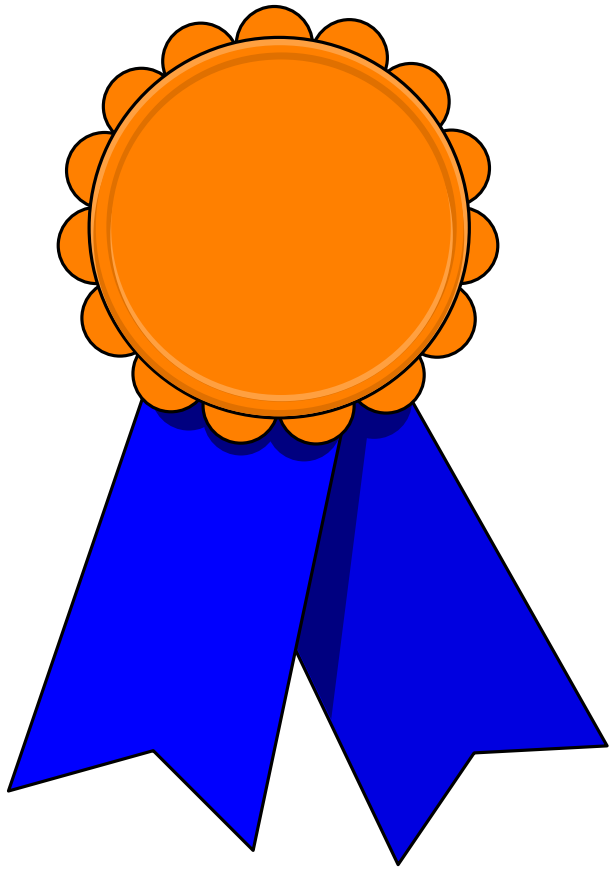
TQM IMPLEMENTATION PROCESS

- INSPIRATION
- INITIATION
- IMPROVEMENT
- INTEGRATION
- INNOVATION



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LEADERSHIP SYSTEM

INSPIRATION

IMPROVEMENT

INITIATION

CONTI-
NUOUS
LEARNING
TEAM WORK
SUPPLIER
INVOLVEMENT
RESPECT FOR PEOPLE
EMPLOYEE PARTICIPATION
CONTINUOUS IMPROVEMENT
MANAGEMETN BY PROCESS
MANAGEMENT BY FACT
FOCUS ON CUSTOMERS
MANAGEMENT LEADERSHIP FOR TQM

TQM INTEGRATION

INNOVATION & LEARNING

HOW WELL ARE WE DOING?

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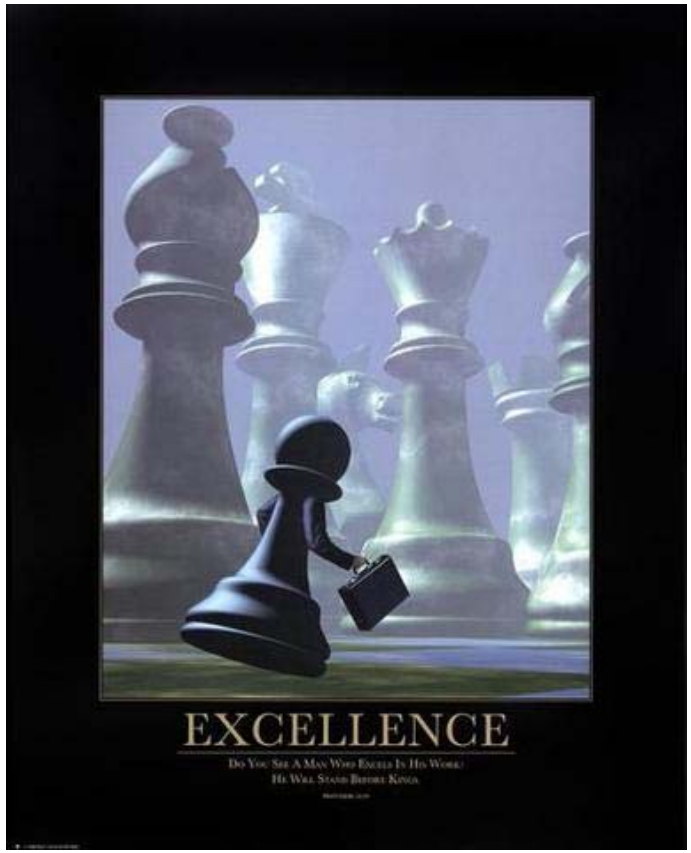
The Battle For Excellence



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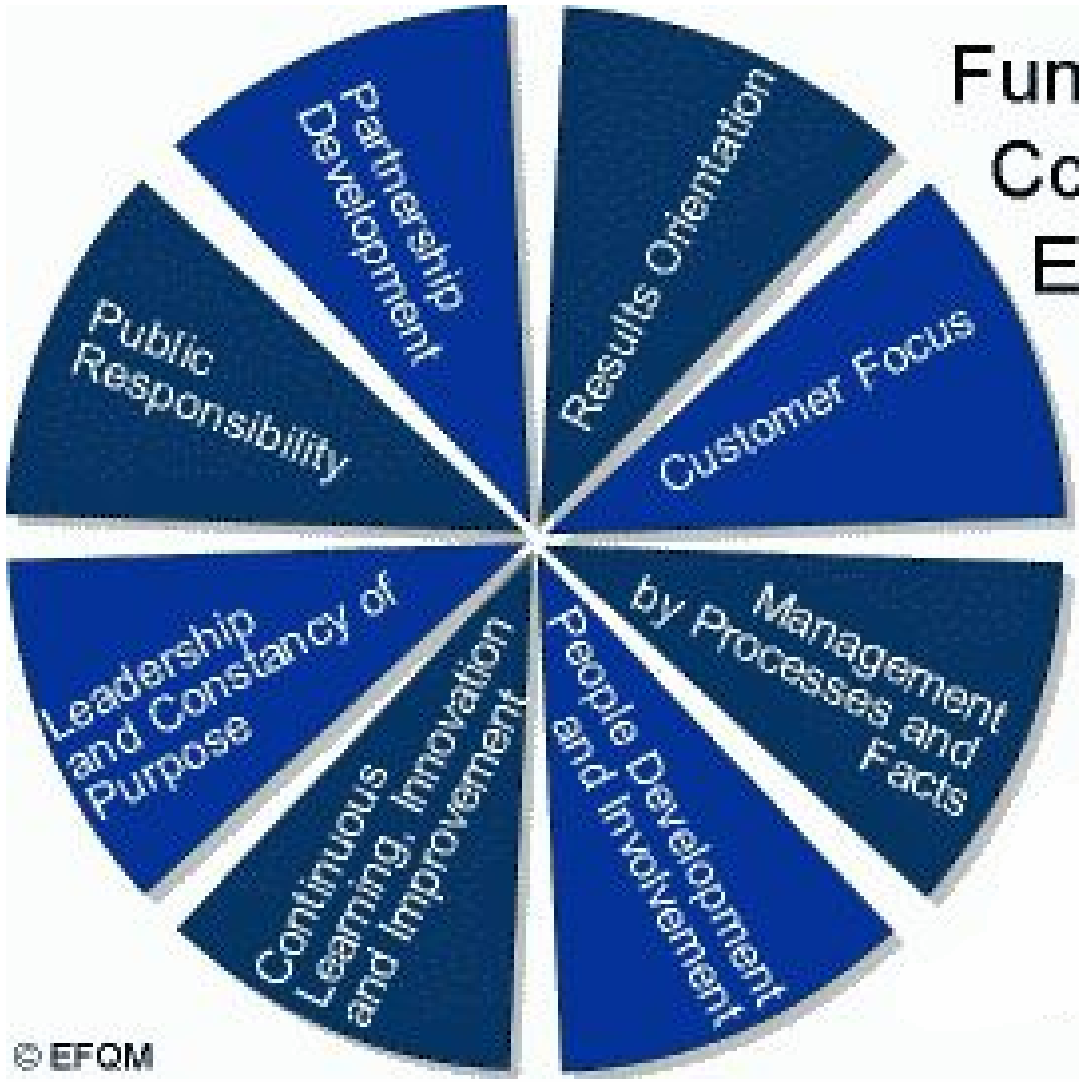
Fundamental Concepts of Excellence



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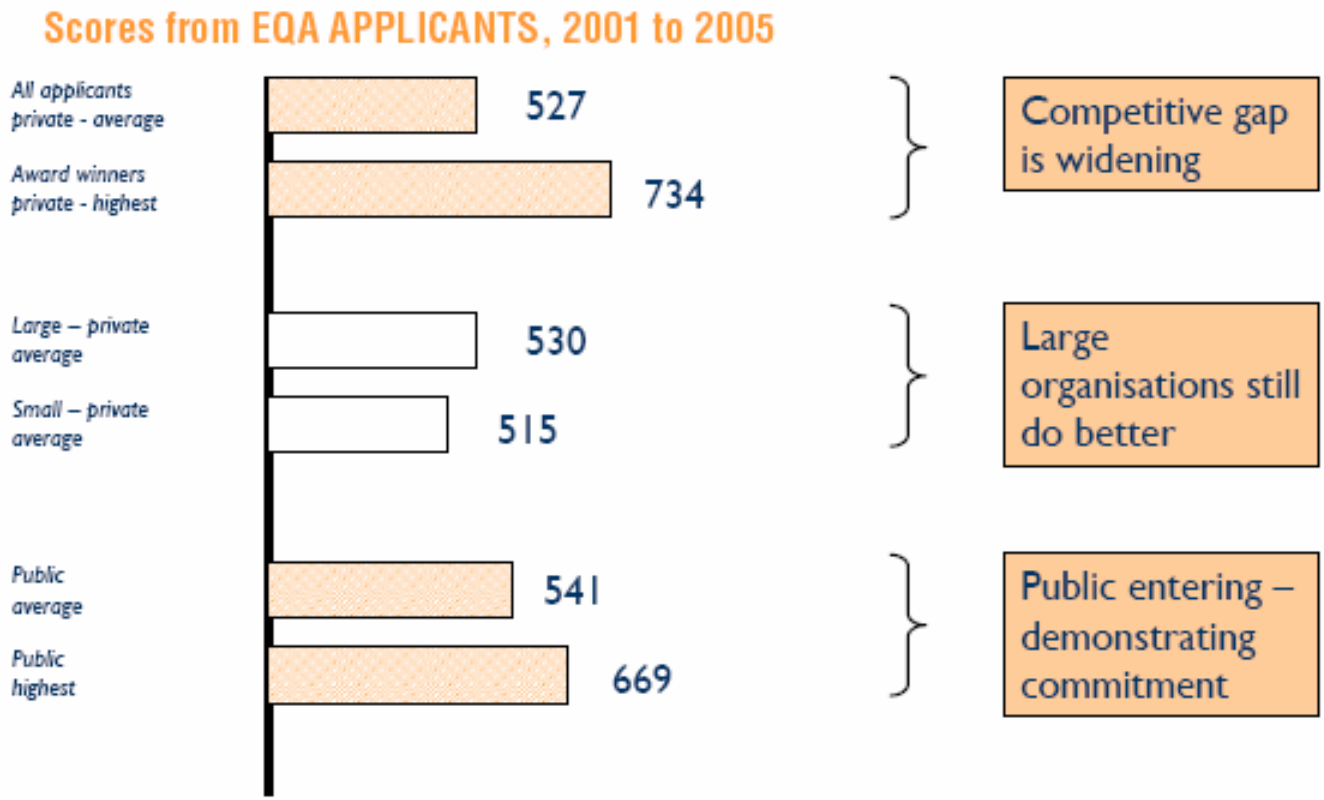
Total Score	1 - 199	200 - 399	400 - 599	600 - 799	800 - 1000
	The whole point of the exercise is improvement.	This is often the starting point for organisations.	Ownership is being gained as you are in front of most.	You are becoming best in class.	World Class.
	You have plenty of scope to impress stakeholders.	You may have to share your strategy more widely, to gain buy-in to the concept.	You should have a clear plan for the improvements that are necessary.	Don't be complacent - there's more to do; your rivals won't give up!	Recognition should be universal.
Improvement Target	**20 - 50%**	**15 - 40%**	**10 - 30%**	**5% - 20%**	**up to 15%**

% improvement required towards excellence

Gap is widening between leaders and followers



Source: EFQM Analysis

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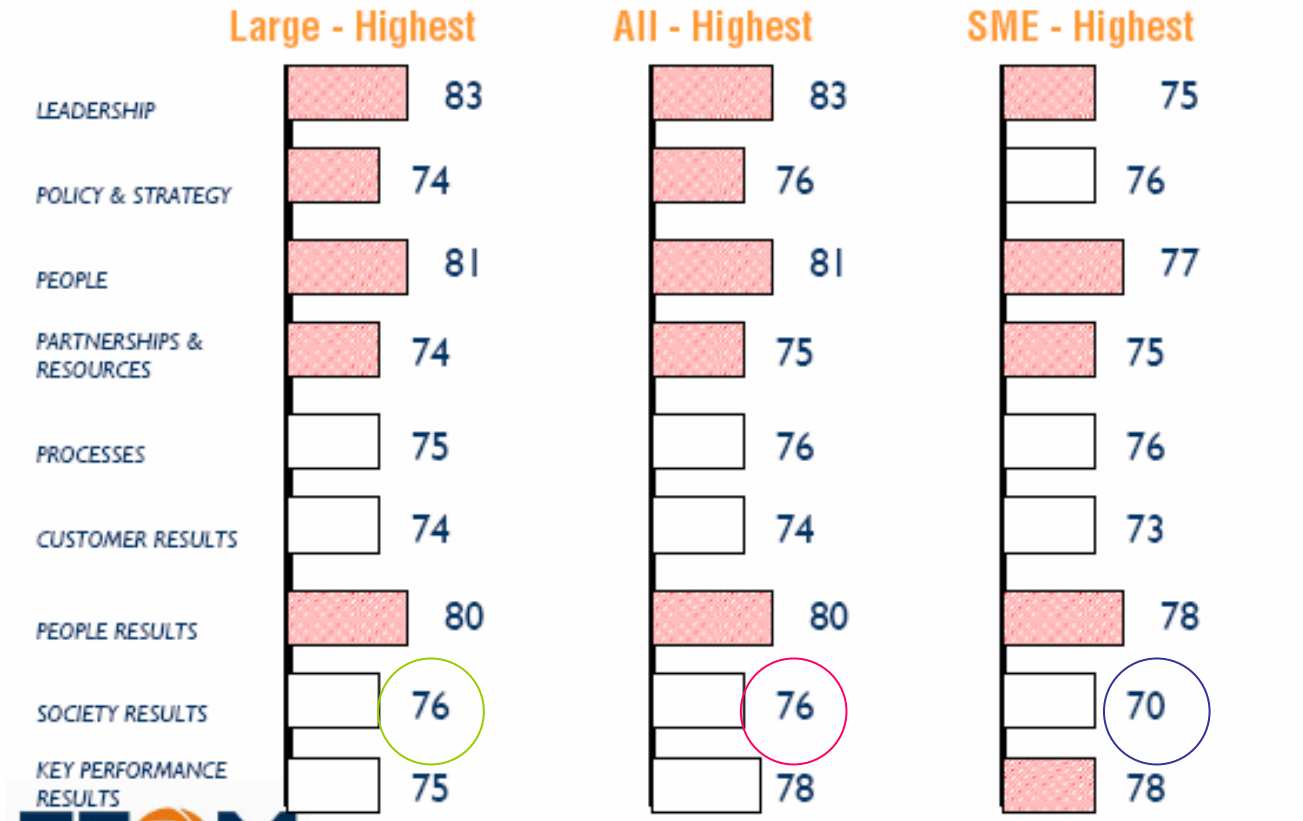
Clear role models on leadership and people management – lacking in partnerships & innovation



Source: EFQM Analysis

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Is it the end of TQM?

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The end of an Era …

20th Century TQM will become ONLY the License to Practice

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The end of an Era …

20th Century TQM will become ONLY the License to Practice

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The Battle For Knowledge-Based Competitiveness

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From P to K – The New Business Environment

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TRANSFORMATION FROM ....

P-ECONOMY

TO

K-ECONOMY

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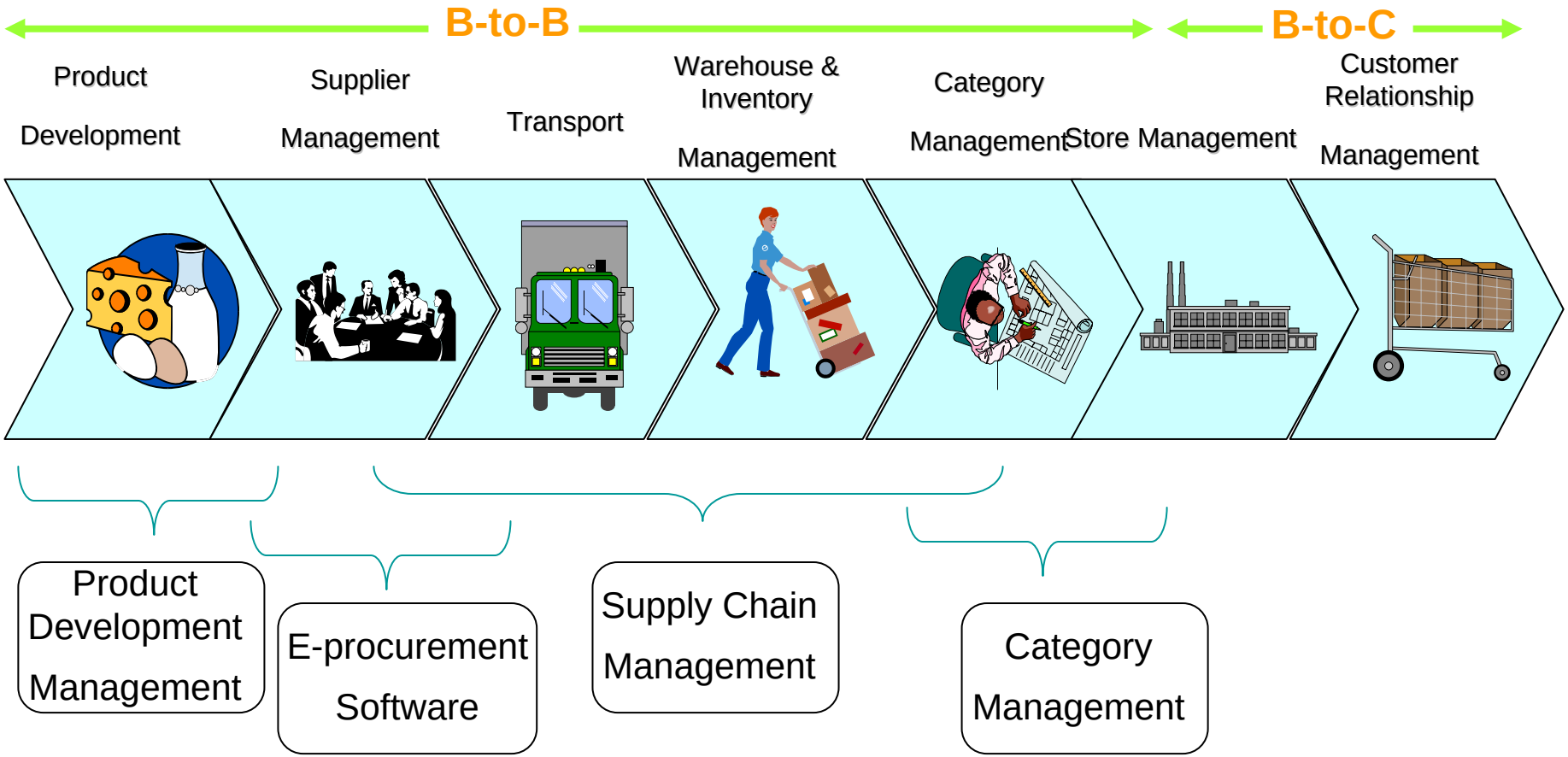

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Virtual Value Chain

Value Adding through Manual Means

Value Adding

through capital

Value Adding through skills & competencies

Value Adding through K (Intellectual

Capital)

The Virtual Value Chain

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The start of Customer PLC

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Quality in an e-Environment

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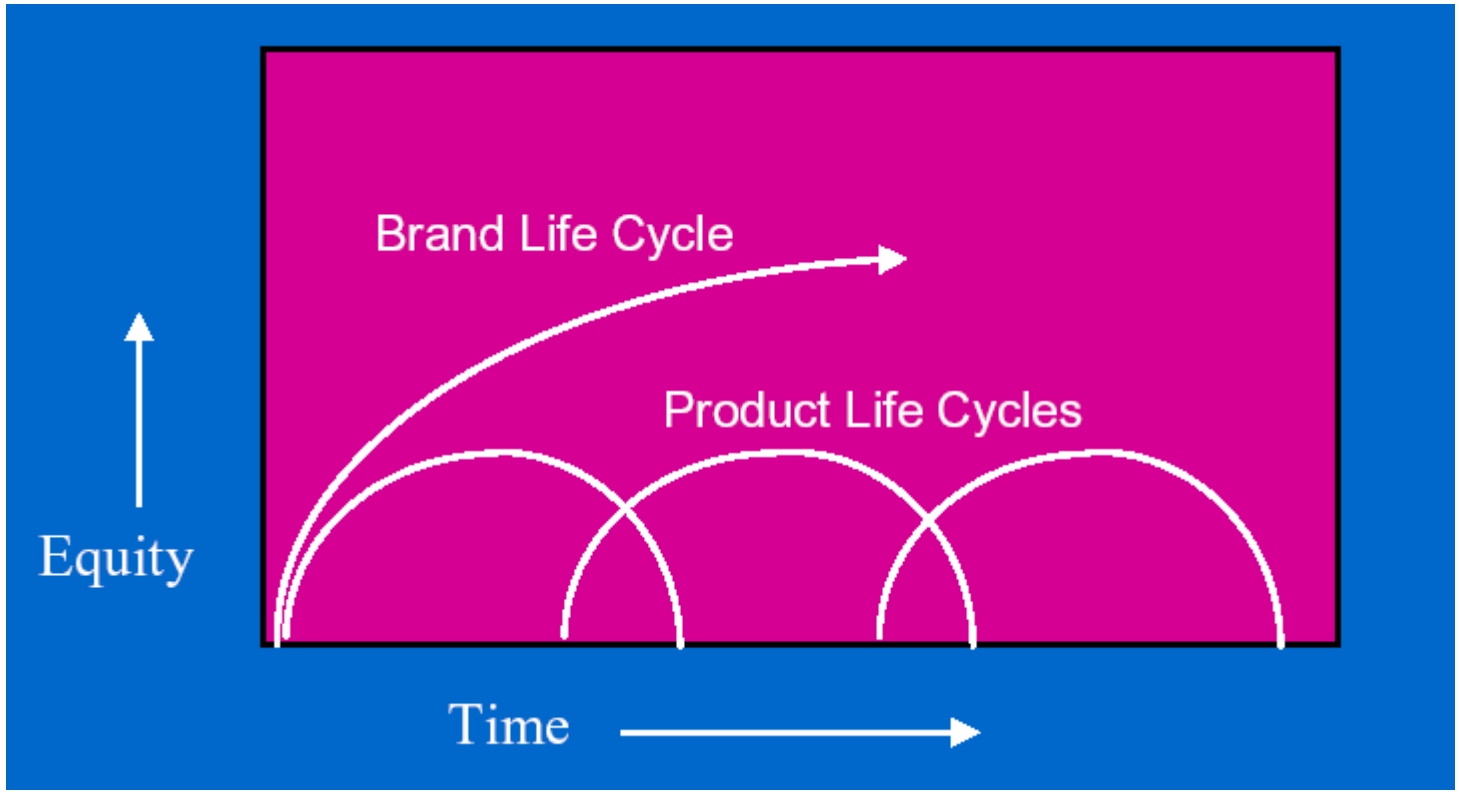

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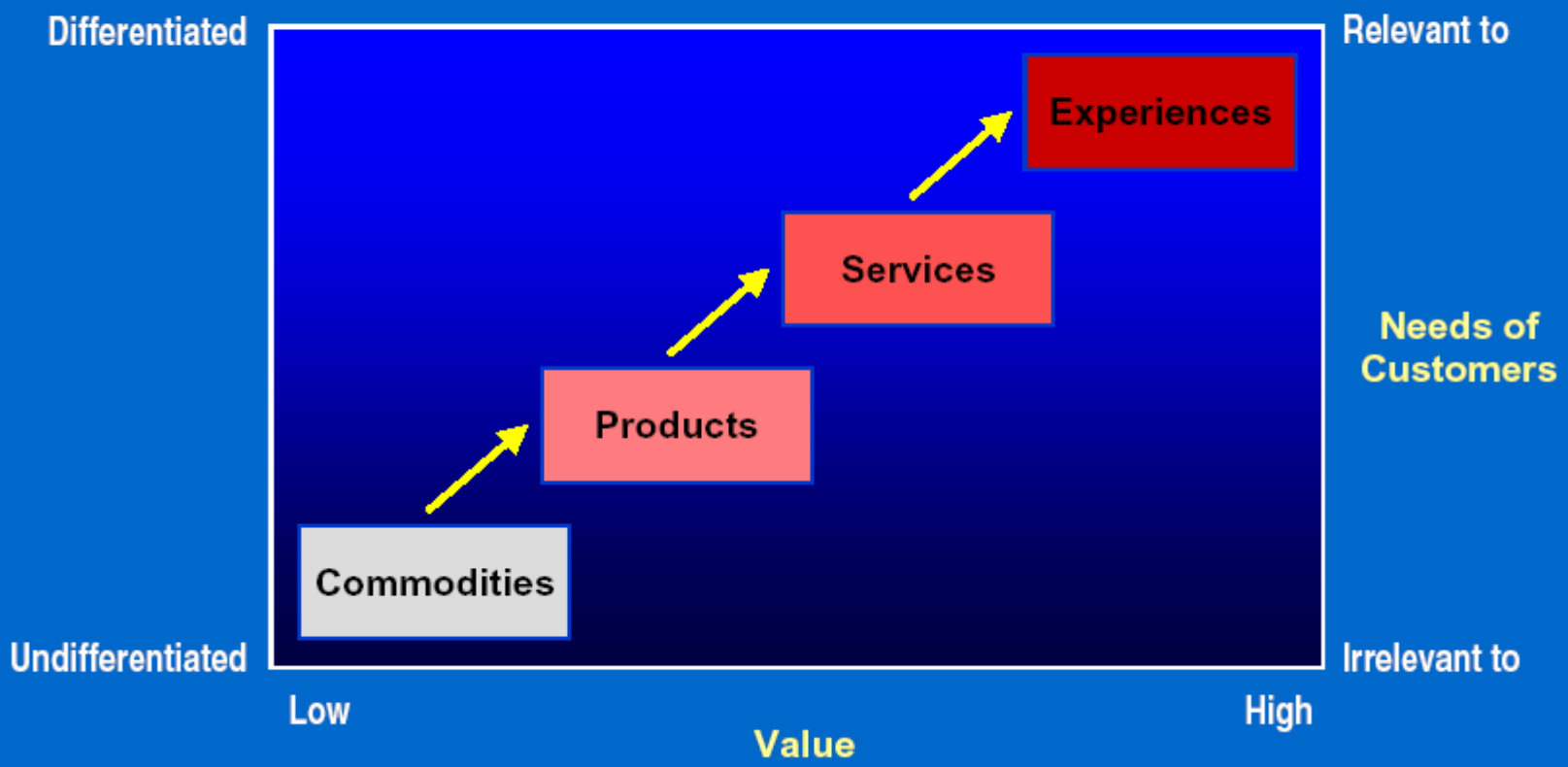
The progression of economic value



Source: Pine & Gilmore: The Experience Economy

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Dell gets it

"We believe that the quality and nature of the customer relationship and experience is going to be the next competitive battleground."

– *Michael Dell*

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How to Measure Customer Attachment and Emotional Quality?

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Measuring Customer Attachment Through Emotional Experiences

Gallup Measurement Instrument (CE[11]):

L3 + A8 = CE11:

11 Indicators that tackle Customer Attachment and Loyalty

Source: Gallup Organization

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L3 Questions

- Overall, how satisfied are you with [brand]?
- How likely are you to continue to choose/repurchase [brand]?
- How likely are you to recommend [brand] to a friend/associate?

Source: Gallup Organization

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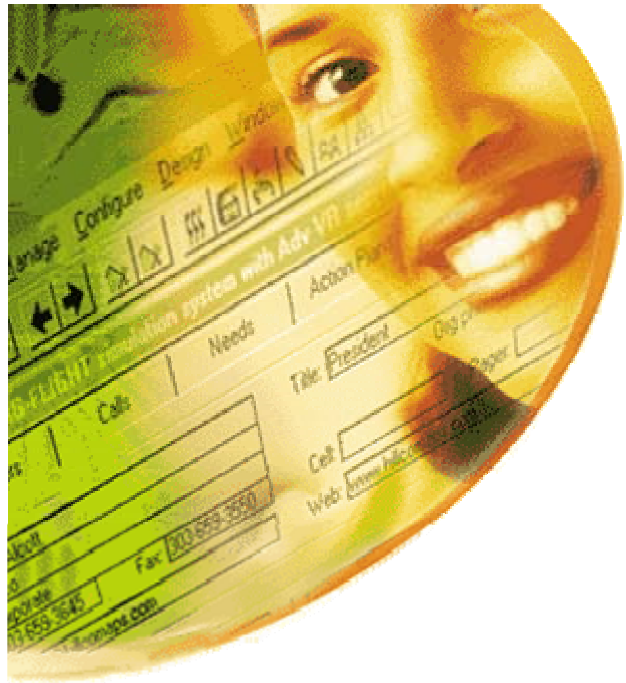
A8 (Attachment) Questions

CONFIDENCE

- [Brand] is a name I can always trust.
- [Brand] always delivers on what they promise. INTEGRITY
- [Brand] always treats me fairly.
- If a problem arises, I can always count on [brand] to reach a fair and satisfactory resolution. PRIDE
- I feel proud to be a [brand] customer.
- [Brand] always treats me with respect. PASSION
- [Brand] is the perfect company for people like me.
- I can't imagine a world without [brand].



Source: Gallup Organization

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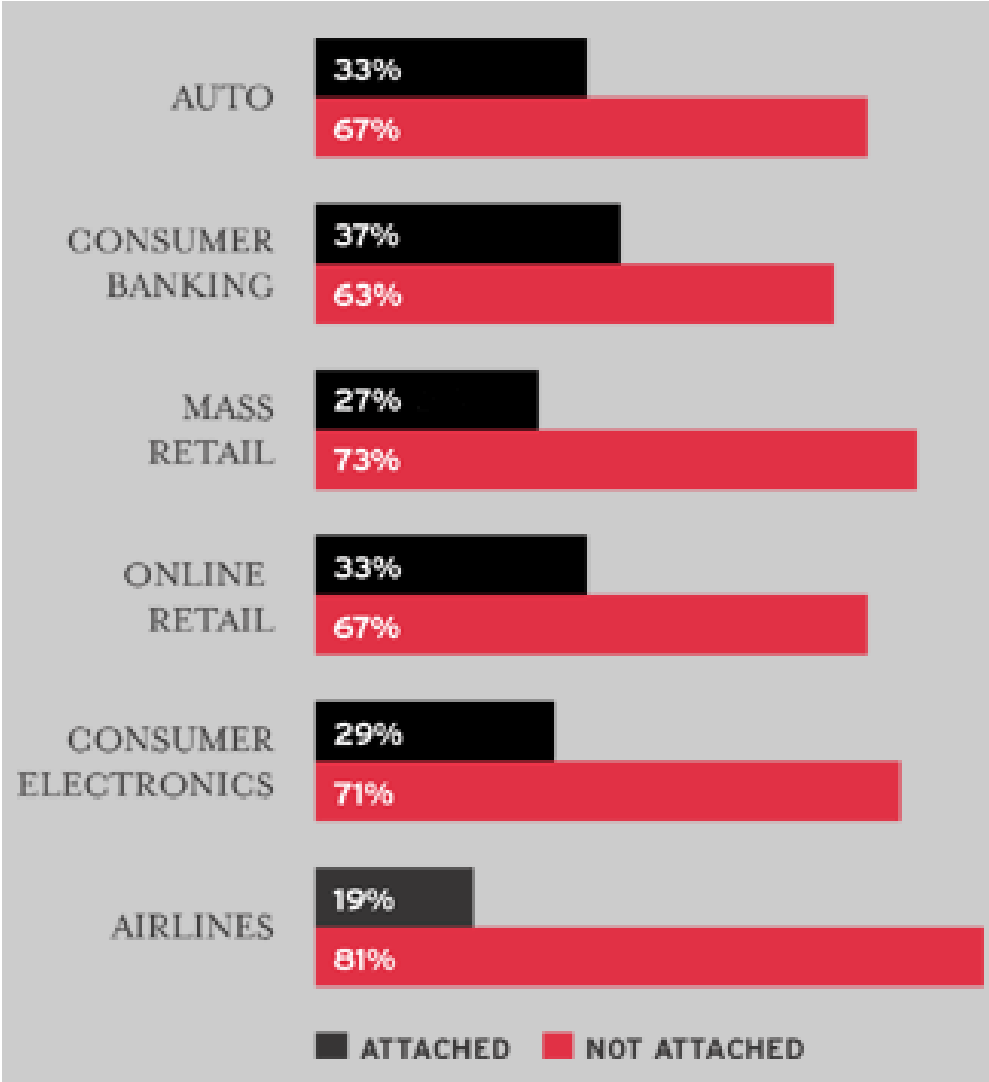

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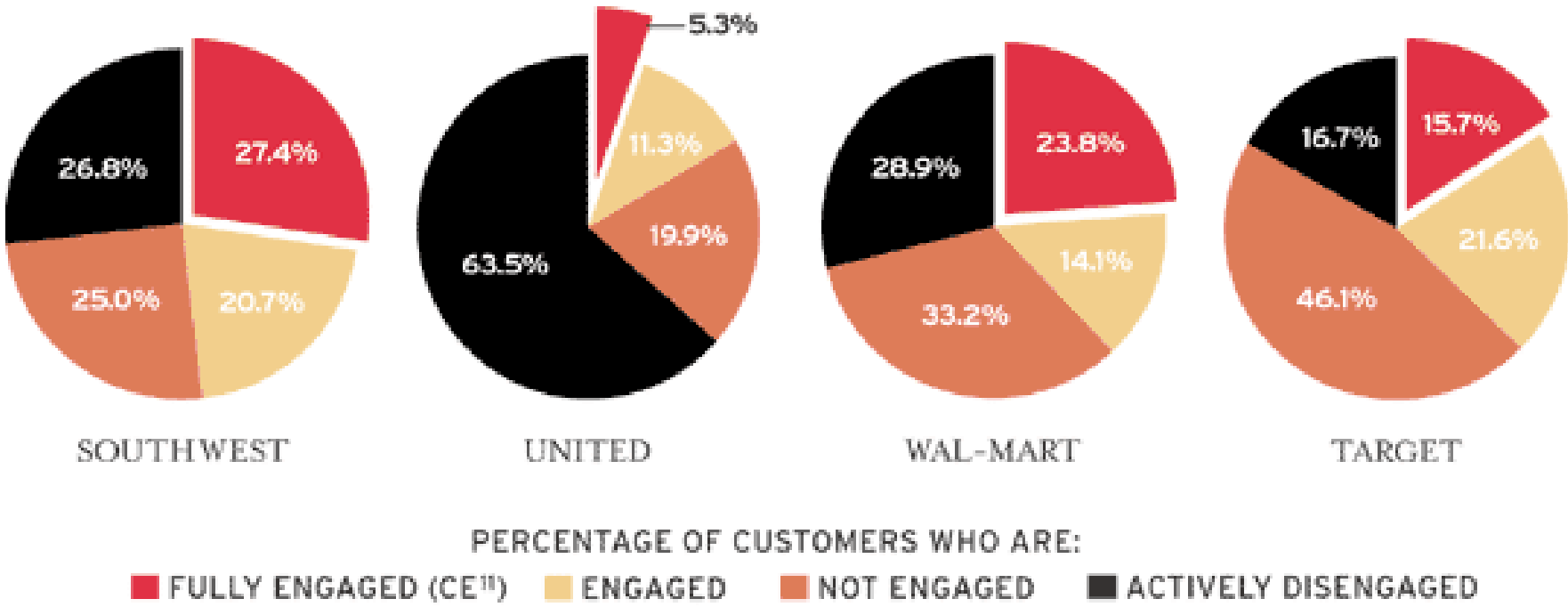

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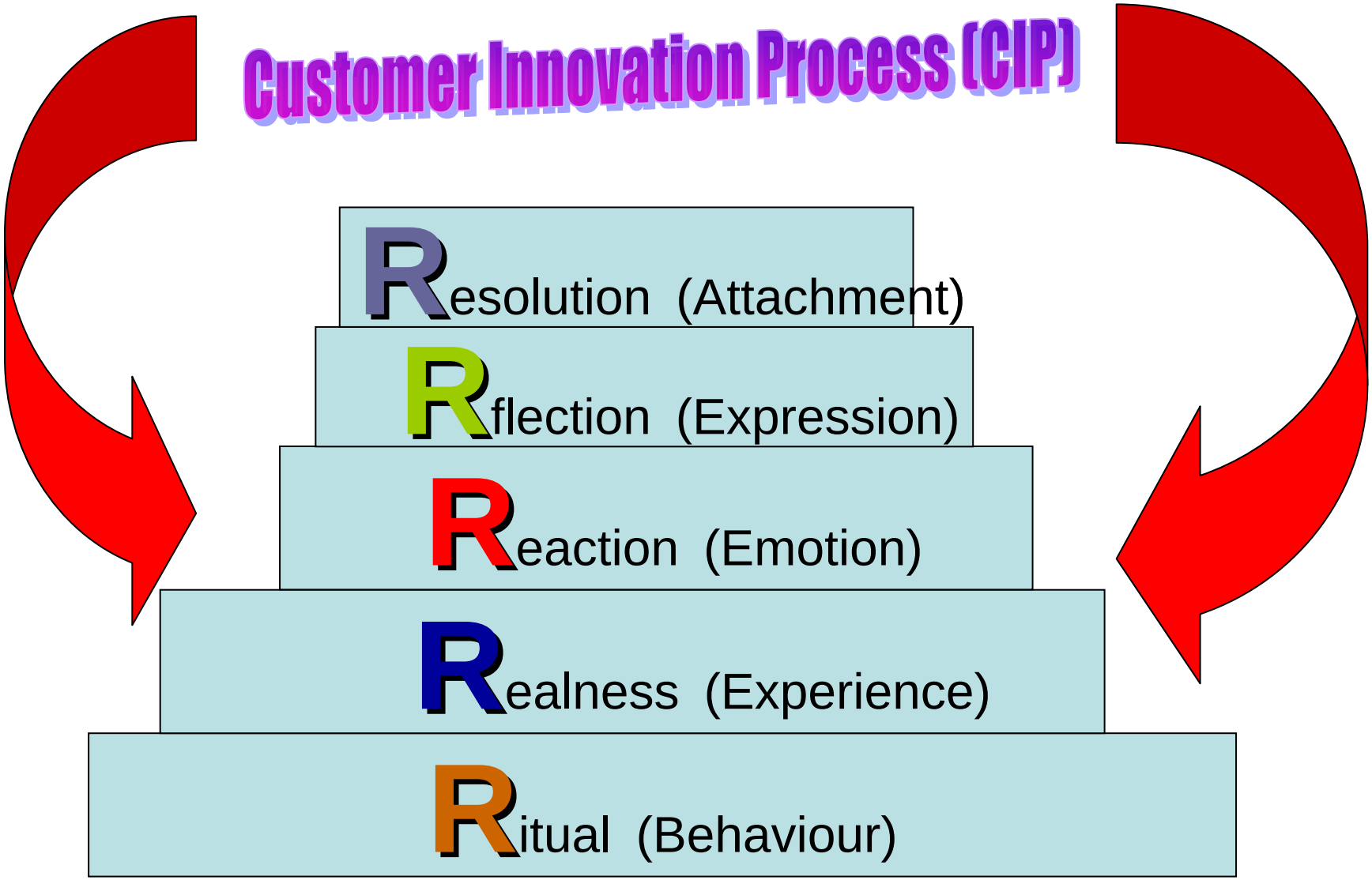
Customer Centric
Value Driven Innovation Model



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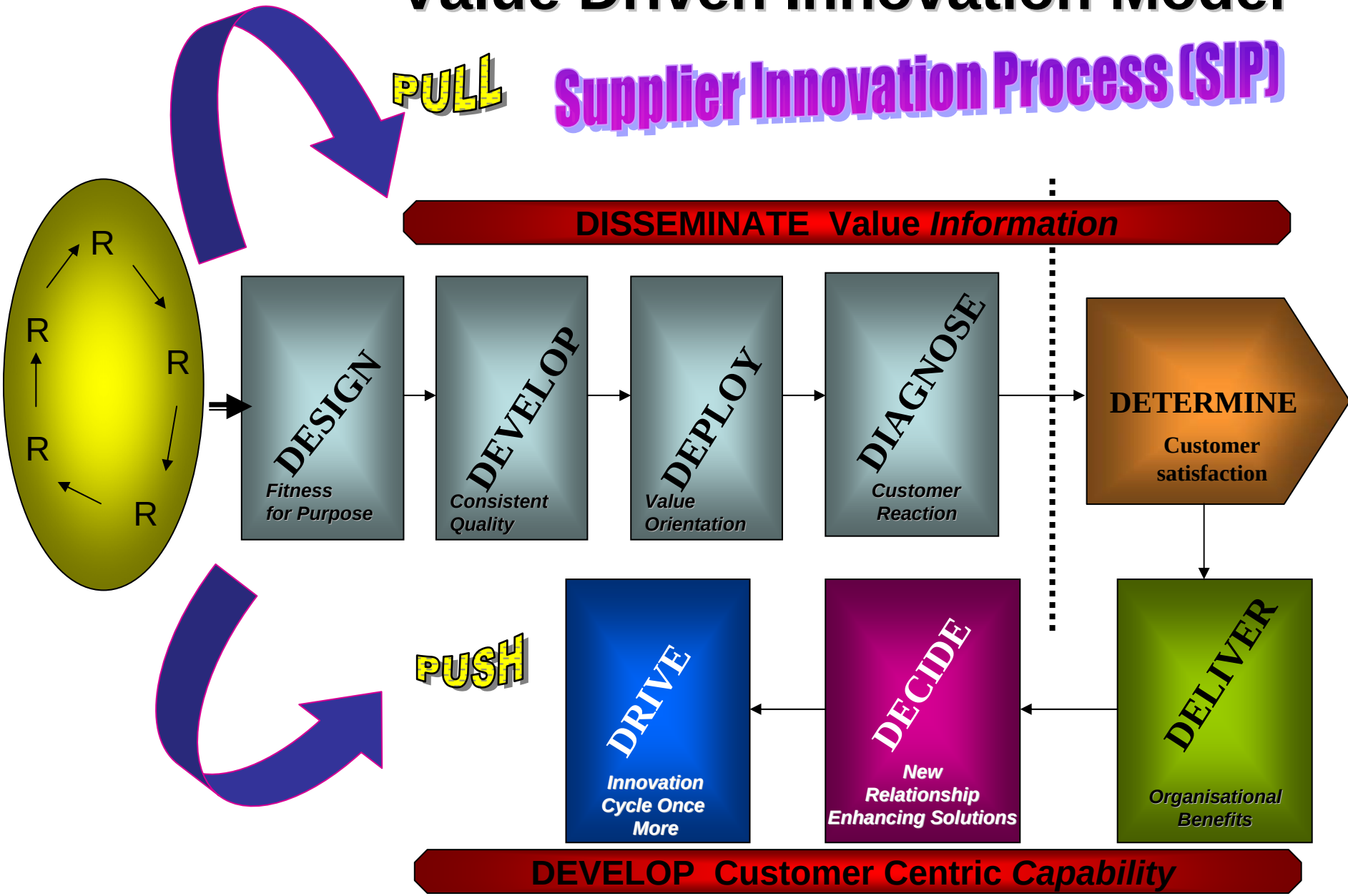
Customer Centric Value Driven Innovation Model



How Does Emotional Quality Manifest itself?

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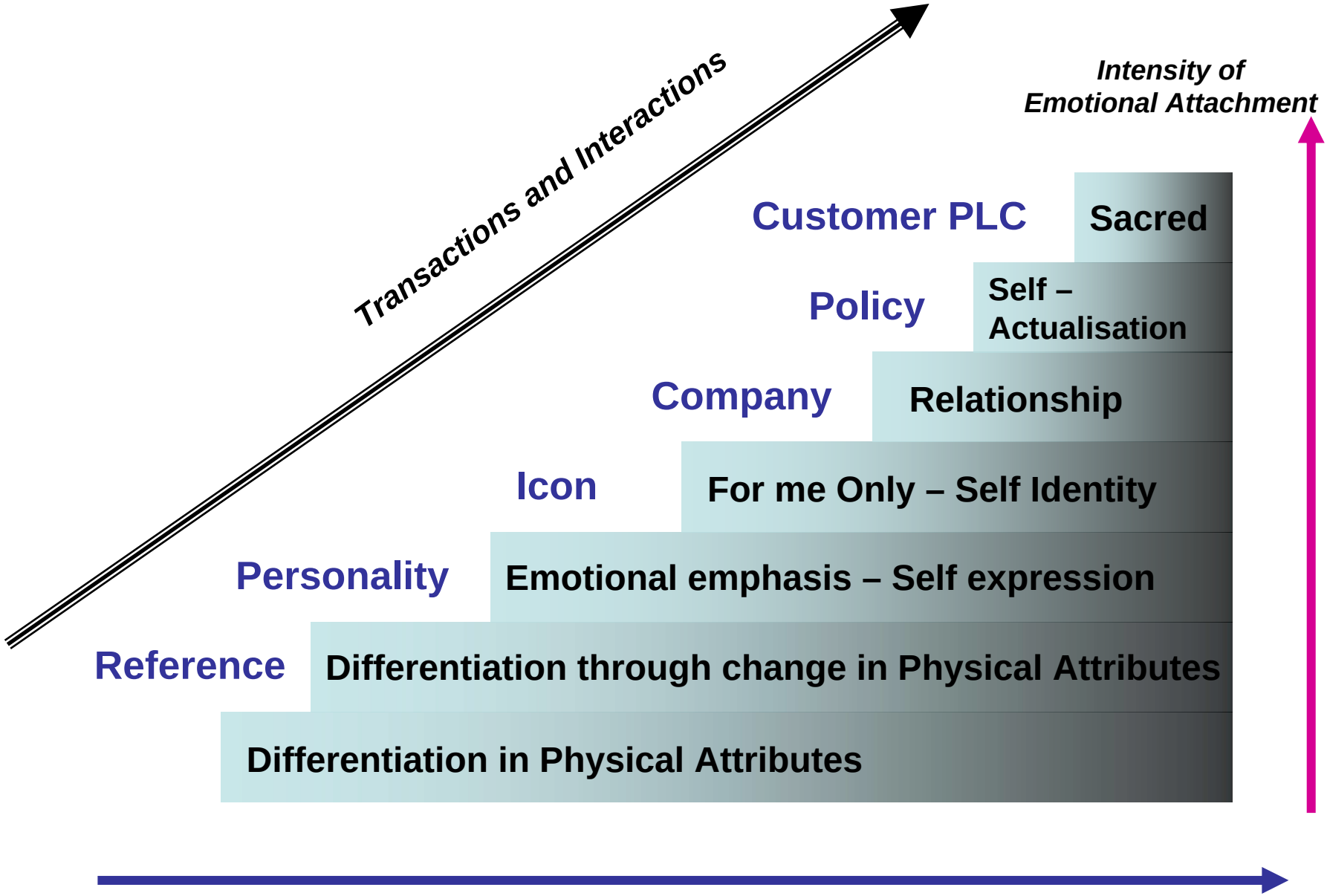

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ASQ’s Future Study

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ASQ’s 2005 Future’s Study

The Forces of Change

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#1(#2 too)

Globalization

- A significant threat to the U.S.
- An emergent massive market.
- Shaped by the fluidity of the internet.
- Unencumbered by legacy infrastructures.
- Trading politics will shift.
- Demands new kinds of collaboration.
- Global vs. multi-national companies.
- An unknown competitive intensity.
- Driver’s preoccupation with the bottom-line.

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#2 Innovation/Creativity/ Change

- **Quality's contribution to the Top-Line needs to be exploited.**
- **Knowledge is "king" and becomes a currency.**
- **Nanotechnology, biotechnology, mass customization, personal manufacturing will dramatically change the nature of production.**
- **Natural response to increased rate of change, shorter life-cycles, consumer sophistication (unnatural response of people and organizations).**
- **Increased demand for "sensing systems."**
- **Implications to the traditions of quality. How will "control" and "continuous improvement" co-exist to evolve in response to these demands on organizations?**

#3 Outsourcing

(#1's 1st Cousin)

- Global in scope.
- Work increasingly independent of place and space.
- Era of virtual companies (core of business marketing and management).
- Quality shaped by people-induced variability.
- QMS in global supplier networks.
- Some predict a swinging pendulum.

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#4

Consumer Sophistication

- Rising expectations of product quality, seamless delivery, and fresh features.
- Quality necessary but not sufficient.
- Enabled by instant internet knowledge.
- National loyalty traded for cost/benefit.
- Consumer-controlled markets.
- Ever shorter life-cycles.
- Challenge, but silver-lining, for quality.
- Anticipatory skills grow in value.

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#5 Value Creation

- Requires clarity and definition from stakeholder's viewpoint.
- Management systems must be adapted to this intent.
- Includes sustainability, the triple bottom line, and waste elimination.
- Quality to create value in everything that is done.

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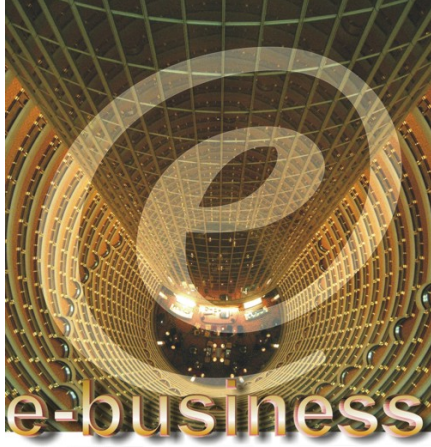
#6
Changes in Quality



- Redefined to fit the needs of 21st organizations.
- A systems, not process, approach.
- Used to move business conceptions (strategies) into actions through people.
- Premiums on anticipation, first to market, initial yield, agility, supplier network management.

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2005 Force of Change

1. Globalization.
2. Innovation/Creativity/Change.
3. Outsourcing.
4. Consumer Sophistication.
5. Value Creation.
6. Changes in Quality.

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“On the Screen”

- **Mass Customization.**
- **Social Responsibility.**
- **Quality and the “Top Line.”**
- **Virtual Society.**
- **Waste Elimination.**
- **Learning.**
- **People Management.**

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The New Role of Quality Professionals

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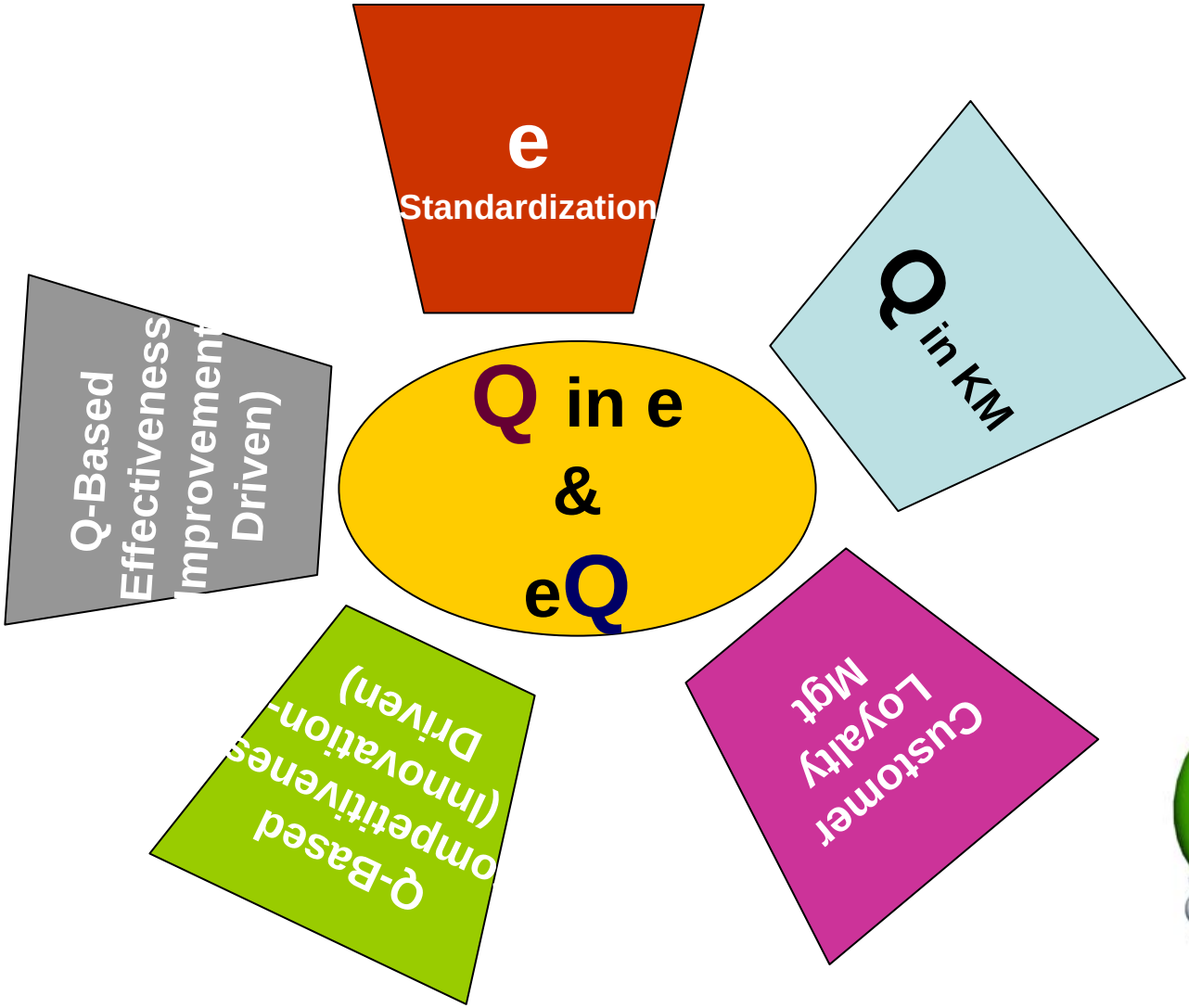

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Q in e and eQ

- To manage the change towards a virtual business environment where the customer is in the driving seat.
- To ensure that new attributes based on ‘click and do business’ are Q-based

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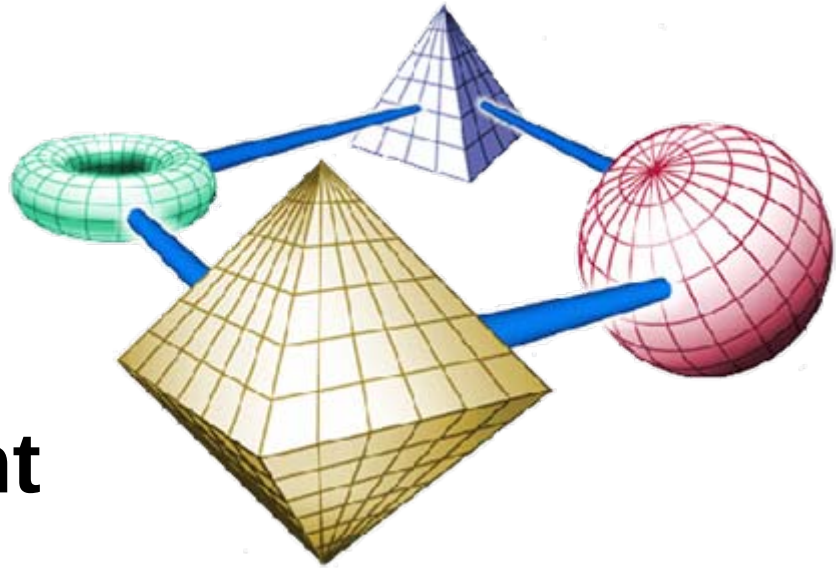
eStandardization

To manage and implement new standards that deal with internet-based business environment for core and support activities alike.



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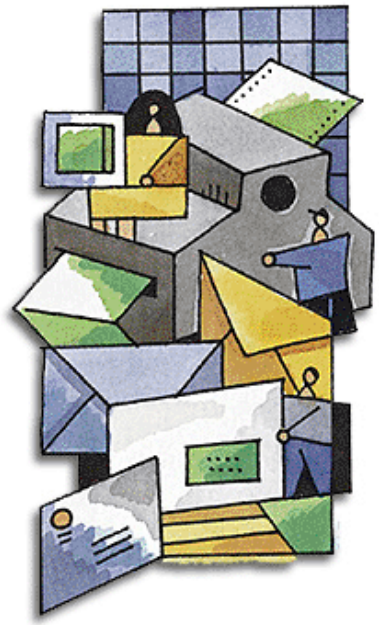
Q in Knowledge Management

To manage the acquisition, transfer, utilisation and impact of K-based transactions and to evaluate the growth of K-Based Assets



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Customer Loyalty Management (CLM)

Integrating emotional Quality (eQ) to Q in e by continuously evaluating Customer Emotional Quality and their subsequent loyalty

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Q-Based Competitiveness (Innovation-Driven)

To develop and sustain Innovative Capability where the core value contribution is Q-based and customer oriented (i.e. making Kano's 3rd dimension a 'foundation' dimension)

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Q-Based Effectiveness (Improvement-Driven)

To ensure Six Sigma standards across all the 'basic elements; of the Business Value Chain

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From TQM to Total eQM

A Useful Roadmap

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A CEM USEFUL ROADMAP

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EMOTIONAL & EXPERIENCE DESIGN

1

- Use Emotion Driven methods and tools for design purposes
- Use both generative and evaluative tools
- Use for instance Customer Journey Mapping (CJM) to visualise and manage the rational and emotional customer experience
- Make the design experience as REAL as possible
- Focus on 5 common senses, interactivity, customer value, personal meaning and all in an emotional context

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CUSTOMER CENTRIC STRATEGY

- Develop Organisational ability for the creation of individual experiences through customising mass customization
- Drive CEM through a clearly defined and implemented Customer Life Cycle Approach
- Develop measurement in all points of contact
- Use the 3D approach (Designing the right propositions, Delivering Value to the customer, Developing capabilities to repeat the experiences)

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Total eQuality Management (7Ss')

- **Shared Values** – What we believe in
- **Style** – How we relate to our market and key stakeholders
- **Strategy** – What are focus is and what must we accomplish
- **Standards** – How we manage our value chain
- **Service** – What we do and provide
- **Sensations** – The Expressions we hope we can create
- **Staunchness** – Loyalty and attachment of our customers

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Customer Relationship Management

- CRM is not something that can be bought
- Technology is only an enabler
- CRM is a business strategy by itself
- CRM means generating customer satisfaction on a sustainable basis
- Sustainable Performance
- CRM means striving to achieve high levels of customer loyalty and retention

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5 Impression and Expression

- Creating an **IMPRESSION** in the eyes and mind of the customer through EXCELLENCE at all points of contact

- Generating an **EXPRESSION** of delight and emotional response

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THANK YOU

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