Quality: key to survival in the next millennium - part 2

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(Continued from yesterday)

User-based definitions are based on the idea that quality is an individual matter and products that best satisfy their preferences (i.e. perceived quality) are those with the highest quality. This is a rational approach but leads to two problems. First, consumer preferences vary widely and it is difficult to aggregate these preferences into products with wide appeal. This leads to the choice between a niche strategy and a market aggregation approach which tries to identify those product attributes that meet the needs of the largest number of consumers.

Manufacturing-based definitions are concerned primarily with engineering and manufacturing practices and use the universal definition of "conformance to requirements". Requirements, or specifications are established by design and any deviation implies a reduction in quality. The concept applies to services as well as products.

This approach has a serious weakness. the consumer's perception of quality is equated with conformance and hence is internally focused. Emphasis on reliability in design and manufacturing tends to address cost reduction as the objective and cost reduction is perceived in a limited way - invest in design and manufacturing improvement until these increment costs equal the costs of non-quality such as rework and scrap.

Value-based quality is defined in terms of costs and prices as well as a number of other attributes. Thus the consumer's purchase decision is based on quality (however it is defined) at an acceptable price. This approach is reflected in the popular Consumer Reports Magazine which ranks products and services based on two criteria: quality and value. The highest quality product is not usually the best value. That designation is assigned to the "best-buy" product or service.

Market segmentation

Quality means different things to different people. In terms of strategic quality management, this means that the firm must define that segment of the industry, that generic strategy and that particular customer group which it intends to pursue. This can be called a segmented quality strategy. The big three automobile manufacturers have wide product lines, each of which is marketed to a different part of the market and each with differing quality attributes.

Recent efforts to codify the concepts of quality and provide baselines for measurement have yielded the characteristics listed below. None of this dimension stands alone. Differentiation may depend on one or more or a combination, but the point is that when differentiating based on quality, quality must be defined in terms that meet customer expectations, even if this is only what the customer perceives as quality.

Characteristics of quality

Some of the quality characteristics of a product associated with manufacturing industries are performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality. The importance of these characteristics can vary from product to product. The characteristics such as performance, reliability, serviceability plays a major role in customer satisfaction. For an example to a regular traveller on business, on-time departure of an air craft much more important than the features associated with the air craft, such as in video attachment to the seat, mobile phone access or duty free shopping.

Most manufacturers while concentrating on product reliability often forgets the serviceability of the product they market. The competitors with cheaper products very often take a higher market share with a better quality of service. Understanding of these quality characteristics are very important in determining the customer needs and exceeding the customer requirements.

Quality in service organisations

Service organisations can be defined as those, which deliver their products personally to the customer. The service organisations are becoming more and more competitive. The customer is becoming more sophisticated and they demand better service for the price they pay. The organisations are faced with increased customer demand for better service and at the samê time they have to meet the cost increases. In order to meet the increased competition and to deliver a service at the least cost, service organisations will need to focus on quality and quality improvement.

Service organisations are different from manufacturing organisations. In the latter the customer is remote, whereas in service organisations producer and customer meet face to face.

The meeting point is where the product changes hands which is called interface. In a bank the interface is the transfer of money from cashier to the customer. Service organisations need not only to manufacture the product but also to manage the interface. The task is more complex as there are multiple interfaces in service organisations. Managing the interface plays an important role in satisfying the customer in a service organisation.

Service organisations are expected to deliver a constant standard day in and day out. Many services may have to be performed on demand in conditions that may be far from ideal. They are relatively labour intensive and therefore are vulnerable to the effects of inter reaction of employees, who are frequently required to work without supervision. Service organisation must further contend with customer's mood and behaviour. The task of managing quality in service organisations is important and difficult just as in manufacturing organisations. The task may sometimes be even difficult as customers in the service industry are more sensitive to service quality and service delivery than in manufacturing because they are always in contact with front-line service personnel but not with factory workers. These points of purchase contact or interface decide whether the customer will come back or shift to the next door competitor.

What matters most to the customers? The customer expectation is basically focused on technical and functional aspects of the service. The technical elements concern the "product" the manufacturing interface. The functional element concern covers service delivery. The latter plays a significant role in drawing customers to service organisation. The behaviours, which affect perception of service quality are responsiveness, access, creditability, courtesy, competence, understanding, reliability, being reasonable, empathy, communication and tangible.

Many organisations fail to see the importance of above quality characteristics in providing a service. Rarely a customer is greeted, even if he happens to be the first customer in the morning. People stand a long time in queues to pay bills, which are in fact payment for the services, provided by an organisation. Organisations do not respond to customers, pay little attention to the courtesy. Often one finds that information cannot be obtained from one person or from one place even for the product or service a company is providing to the customer.

The employees are not competent and are not committed to serve the customer. Even large service organisations ignore the importance of communication and loose their business to a competitor. Customers like to be cared, respected, informed and treated well and not to be directed and controlled by the organisation.

Quality can be achieved by virtually any organisation, irrespective of its size. Quality not only brings benefits to bottom line, it also improves everyone's quality of life. Quality enables everyone to make a contribution they can be proud of and it provides goods and services that consumers can rely on. Equipped with knowledge of quality management, with ability work on teams, with a desire to continually improve, an individual becomes the most valuable asset to any organisation. In a world in which organisations are created and disappear, grow and shrink, with a frequency never seen before, quality is the transferable job skill of the next millennium in providing a service.

(The writer was formerly the Executive Director of Asian Cotton Mills Ltd.)

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