Total Quality Management: A need for a Sustainable Competitive Advantage

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Abstract:

Increased level of competition and for the need to survive and thrive has enhanced the significance of Quality. As a result, Total Quality Management has turned out to be a key management concern for most of the organization's across the world to have a significant competitive advantage. In order to improve the efficiency, quality, customer satisfaction, productivity and profitability of any organization implementation of TQM plays a vital role. With consumers being bombarded with plethora of options and employees playing a key role in creating quality solutions. TQM certainly is and will continue to play a pivotal role in the survival of the fittest to attain a long term competitive advantage.

The article focuses on the evolution, meaning, significance and examples of TQM implemented by various organizations.

Key Words: Total Quality Management, customer satisfaction, productivity, profitability, competitive advantage.

Introduction:

In order to improve the performance of any firm TQM's systematic approach of quality improvement is a must for any organization. For empowering each and every member of the organization, TQM has turned out to be the best management philosophy ever utilized. It's purpose surrounds continuous long term and a sustainable improvement both in quality and productivity. Along with the basic functions of an organization that is improvement of quality and productivity, TQM plays a major role in eradicating the fear of change among employees. It is well said that --- "Prevention is better than cure." This philosophy is taken care among the major principles of TQM which states that cost of correction is far more than cost of prevention. Due to Globalization and Economic liberalization it has been observed a high dynamic change in both National and International competitive environment. Enhanced demand in the organizational

competitiveness is an outcome of this dynamic change. Due to this change even the customers have obtained a priority position in the focus of the organization. In order to create a long term satisfaction among the customers, TQM is considered to be the best philosophy in management for any organization. Total Quality Management approaches provide superior customer value and meet customer needs in organizations with continuous process improvement.

What is TQM?

TQM is defined as a a systematic philosophy of management which emphasized on continuous improvement in each and every functions of an organization, right from the acquisition of resources to customer service. In order to improve the performance in every organization TQM is the best practice taken up by any organization. It allows every aspect of a company in order to create quality into a strategic objective.TQM implementation surrounds process improvement, teamwork, and training and education in an effort to achieve customer satisfaction, cost effectiveness, customer and supplier involvement and defect-free work. Hence it creates the climate and culture which is required for any kind of innovation and technology advancement.

According to the American Society for Quality Control (ASQC), total quality management (TQM) "is a management approach to long-term success through customer satisfaction. TQM is based on the participation of all members of an organization to improving processes, products, services, and the culture they work in. TQM benefits all organization members and society. The methods for implementing this approach are found in the teachings of such quality leaders as Philip B. Crosby, W. Edwards Deming, Armand V. Feigenbaum, Kaoru Ishikawa, and J.M. Juran."

TQM is not only a management philosophy but also a set of guiding principles which symbolizes the base for any organization which is into continuous improvement.TQM is the application of quantitative methods and tools of human resources to improve the product and services supplied to an organization, These methods and tools of TQM compares between the needs of the customers met at present and in future. TQM is a combination of fundamental management techniques, existing improvement efforts, and technical tools which focuses on continuous improvement. Total Quality Management is a broad and structured approach towards organizational management which helps in improving the quality of products and services through continuous rectification against continuous feedback.

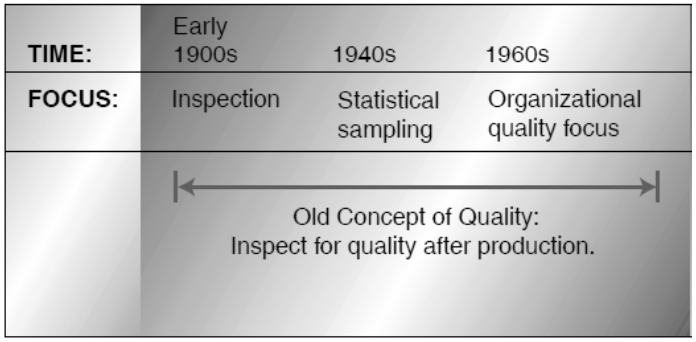
Instead of a short term goal, more emphasis needs to be given to long-term successful continuous improvements in the Organizational processes. It’s purpose is to gradually transform the organization through an approach of progressive changes in the attitudes, structures, practices and systems. TQM sometimes goes beyond the production quality approach and it encourages employee involvement in the organization, and includes function like administration, communication, manufacturing, marketing, distribution, planning and training etc.

Evolution of Total Quality Management

With the advent of Globalization, each and every company is striving hard to survive in the highly competitive market. They are coming forward with various survival strategies which may be through cost reduction, improvement in product performance, increased customer satisfaction and a constant effort towards world class organizations.

Companies actually compete on three major issues; Quality, Price and Delivery. If the choice is to compete in the market place on the basis of product or service price, then the level of competition is clearly defined; the low-cost provider wins. However, companies choosing the low cost approach may find themselves losing premium business to competitors while retaining the low-margin business in the long term (Victor, 1995). In fact, they are also vulnerable to any competitor who can offer value at a lower price. This is why many companies have become aware of the need to make quality is the competitive marketing strategy in a global market.

The term used for today's new concept of quality is Total Quality Management or TQM. The following figure presents a timeline of the old and new concepts of quality.



Since 1960, many QMS were proposed by considering organizational development aspects from adaptive level of total quality (TQ) to excellent-sustainable organization. Japan and the USA have pioneered and developed most of these methods; but they travel across the globe and have been adopted and adapted in countries with different industrial cultures. During the same period, the impact of TQM to force radical organizational change was felt most strongly in the USA, and to some extent Europe. Currently in the USA, Six Sigma, Lean and TQM (including MBNQA) appear to be the best-liked concepts . In Europe, the ISO 9001 and TQM are quite popular along with EFQM excellence model, and in Asia the ISO 9000, Kaizen, 5S and TQM are favorite techniques, along with several quality award models in line with MBNQA and EFQM .

In the early 1900s, Frederick Taylor, founder of the "Scientific Management" movement, promoted his "one best way" method as a set of scientific principles to measure the efficiency and productivity of any given task (1911, 1947). His approach had a strong impact on managerial practices in America during that time. Taylor's basic principles require four tasks that can be described as follows: (1) The development of standards; (2) The fitting

of a worker to a specific task; (3) The provision of means to encourage each worker to best utilization of his ability; and the organization controls the various phases of a project (Kanigel, 2005). Those tasks seem to be obvious today, but 100 years ago, in 1912, they were revolutionary. It is amazing how much Scientific Management is still around and exerts influence on modern management; Taylor is viewed as the "grandfather" of business process reengineering and the intellectual foundation for the work on business process change. In many respects, modern managerial practice grows largely out of Taylor's classical approach. For example, the Gant chart, invented by Henry Gant, one of Taylor's associates, is still widely used today (Huse & Bowditch, 1973: 15). In the late 1980‟s, the quality improvement movement and its potential impact on organizational theory and practice, often under the banner of TQM, appear to have several parallels with Taylor's principles (Kronenberg & Loeffler, 1991). In this context, TQM is more than just a slogan or a program; indeed, its movement professes a fundamental change in values, theory, and practice of modern organizations. Enter Dr. W. Edwards Deming, "the man who discovered quality" (Gabor, 1992) and his principles with a focus on the customer and a potential impact on organizational theory and practice. Deming and his management principles are presented in this chapter as Customer Satisfaction, the first dimension of TQM.

Total Quality Management Characteristics

The following are few of the features of TQM:

1. **Customer Focus**: - - The infrastructure of TQM emphasizes on meeting the requisite of both the internal as well as the external customer. In order to satisfy the necessities for the external customer, it is essential to fulfil the requirements of the internal customer. The main concern should start from gratifying the needs of the internal customer and then followed by the needs of the external customers.

2. **Continuous Process**: - TQM is a constant never ending process. Continuous and Constant efforts are made in order to improve the quality and also to reduce internal costs. Quality improvement helps the organization to face any kind of challenges that are cropped up by the competitors and to gratify the requirements of the customers.

3. **Defect-free Approach**: - TQM always focused on defect-free work. The defect free approach is articulated in different ways as right at first attempt, working smarter or with zero defects.

4. **Employees Involvement**: - In TQM, each and every members are involved in the ongoing process, starting from the management director to the junior clerk or to worker in the organization. It is not just associated to the people from the manufacturing department, but also the involvement of departments like accounting, finance, marketing, and even the canteen people.

5. **Recognition and Rewards**: The TQM program of any organization identifies

Recognition and rewards as an integral component. In order to create and maintain the success and also to have a continuous improvement in quality, positive reinforcement in the form of recognition and rewards is a must.

6. **Synergy in Team** Work: Synergy has always been among the most accepted philosophy among the Japanese. Hence whether its an Engineers or technicians or a workers, they are always treated equal and share a common platform for communication. They came up with the term, what professor Okuda has named as 'synergetic Partnership'.

7. **Techniques:** - Implementation of TQM can be done through different tools like the famous Quality circle, value engineering techniques, statistical process control and many more. These techniques would help us to improve systems and procedures.

8. **System Approach**: - TQM has always been considered as a system approach. It is utilized for maintaining the business and enhancing the performance. TQM may not have a good kick start without the combined commitment of chief executive officer and his senior executives, TQM cannot take off to a good start.

Application of TQM by Organizations:

TQM evolved out of the applications that were seen in manufacturing companies like Toyota, IBM, and Motorola. During the era of 1990s, service companies began to accept that Quality Management is quite beneficial for them.

Service organizations as well as the manufacturing unit are engaged in the productive process that comprises of the conversion of inputs into outputs--products or services. The inputs—resources consists of physical facilities, materials, equipment, people and capital are used by both manufacturing and services industries. In few instances along with the resources processes and products are also found similar. For example it is observed that both Ford and McDonald's are involved in the production of a tangible, physical product (cars and hamburgers) that are assembled from different components. In pure service industries like law, hotels, entertainment, communication, engineering, education, clubs, real estate, banks, retail, health care, and airlines, the processes are found to be less similar as well as less tangible. The "products" which are formed by these organizations are not the kind of physical item which can be either held or stored. It is observed that most of the interactions with the customer of the manufacturer are only at the output in the production process. It is observed that the interaction with the customer of a service takes place directly with the production process, while the consuming services takes place as they are being produced. The Services need to be customer-oriented and the availability should be at the convenience of the customer. It is observed that services are basically labor intensive than the manufacturing which is more capital intensive. As a result of which, human contact and its consequences are an important part of the process of producing services.

Manufactured products comprises of physical items which can be observed, held, felt, stored, and reused again. If it is found that one of the manufactured item turns out to be defective, it should be able to be felt or seen, and counted or

measured. Once the goals are established, and their success or failure is measured against these goals we are free to implement the TQM program.

The situation is quite different when we consider a Service Industry. It is found that a service cannot be held, felt, stored, and not even reused. The dimensions of quality in case of manufacturing item mostly comprises of things like performance, features, their reliability, conformance, and even durability that can be quantitatively measured. The timeliness, courtesy, consistency, accuracy, convenience, responsiveness, and completeness together forms the proportions of service quality and these proportion are found quite difficult to measure beyond a subjective assessment by the customer.

In order to major the attributes of quality service organizations need to take the initiative in having direct conversation with the customers in the form of surveys or interviews. Timelines has been taken to be a vital dimension of service quality which can be easily measured. The major constraints are in determining between “quick” service and "slow" service.

Quality service can be explained as the difference between the actual service and perceived service. The biggest challenge for the management of the service quality is to distinguish between services and manufacturing products.

The focus in the Quality management in services should be on employee performance as well as quick and correct delivery of service. Service companies like Federal Express, Lands' End, Avis, Disney, and Ritz Carlton Hotels have taken the initiative in creating a well-developed quality management programs that comprises of employee performance, behavior, and training. These above mentioned companies put their effort in designing their TQM programs in order to treat employees well along with their customers. Slogan of Federal Express is "People, Service, Profits,” Its treatment to employees, which comprises of its no layoff policy, is taken to be the TQM model or benchmark that is imitated by other companies. Even Disney has taken many interventions in this area like Disneyland's 12,000 park employees have being treated as "cast members," and the mission of Disney is to keep their cast members happy and satisfied who in return are going to make efforts to satisfy the customers.

McDonald has always been appreciated for its high-quality service for which the credit goes to TQM implementation. This includes services like Quick delivery of food, which is essentially an inventory situation. Restaurant managers frequently interact with customer groups and with the help of questionnaires try to identify quality "defects" in their operation. All phases of their process is monitored continuously right from purchasing to restrooms to restaurant decor and maintenance in a total quality approach. It allows all employees to be free to make spot decisions related to disposal of stale food or for quick service. The McDonald's work force has been made flexible so that they may be prompt in taking care of changes in customer traffic and their demand by moving employees to different tasks. For appropriate taste and freshness, food is sampled regularly. Proper utilization of information technology has been done in order to be able to fulfill the

tasks like scheduling, cash register operation, food inventory, cooking procedures, and food assembly processes--all with the objective of quick service. All the above mentioned quality improvement techniques are standard and similar to the quality improvement techniques in a manufacturing firm.

Service industries like fast-food restaurants, airlines, entertainment, and hotel lodging are the most competitive sector. Companies in these industries lose their customer either due their poor customer service or for their competitors' better service.

TQM in India:

Quality has made all the nations, industries and organizations around the world conscious about the value of Quality. The term "quality" seams different things to different people. The quality meanings ranges from the fact that quality is excellence, value, conformance to specifications, conformance to necessities, fitness for use, customer satisfaction. Taj Mahal, located in Agra, is one of the Seven Wonders of the World, the Konark Sun Temple located in Orissa, are the proof to the rich cultural heritage are all and are the Architectural marvels which enhances the high degree of excellence and excellent quality.

The participation of the Indian companies in the Quality race has been gaining momentum. Since, the implementation of the policies of liberalization, privatization and globalization by the Government of India, Indian companies are facing various challenges from the side of MNCs. In the presence of this situation, the Indian companies are in terrible need of new concepts, approaches and techniques for attaining a competitive advantage. Industry associations like the Confederation of India (CII), Federation of Indian Chambers of Commerce and Industry (FICCI), Indian Statistical Institute (ISI), Nasscom, and specialized institutions like National Productivity Council (NPC) have associated a part of their organizations that is dedicated to support the industry in the formulation and implementation of quality management programmes, education and training programmes and provide proper consultancy services. The Bureau of Indian standards, has also recognized quality standards in accordance with international system standards, related to main task of product standardizations.

For India's interest in TQM credit need to be given to the selfless contribution of a Japanese Professor named Yoshikazu Tsuda, who was invited by Confederation of Indian Industry (CII) in order to introduce TQM to Indian manufacturing industry. He was the guide assigned by Japanese union of scientist and engineers responsible for the promotion of TQM in Japan & the world over.

The resonating success of many Indian manufacturing and service firms in present days have consistently been linked to excellent practices of quality management. If we consider the auto-component manufactures in India, many of them have been awarded with the Deming Award for quality, the largest number outside Japan. Similarly, India has received the largest number of CMM Level 5-certified Software Company in the world. With such recognitions, Indian companies have taken the position among the favorites list of the Deming Awards (termed as the

Nobel Prize in the world of manufacturing) of Japan. The Deming Prize was started by the Japanese Union of Scientists and Engineers (JUSE) in the year 1951. Initially, this prize was only meant for the Japanese industry, but since 1985, it was open to the rest of the world. From 1998 onwards, Indian companies started being spotted in the Deming prize list, with Sundaram Clayton's brakes division claiming the honor.

Conclusion:

Total quality management (TQM) is a well-designed approach which is available in support of developments in organizational performance, effectiveness and efficiency. The TQM would led to the introduction of quality products which would in turn provide satisfied customers that are required for the growth of any organization whether they are into tangible products or intangible products that service industry. Further, TQM goes beyond the production quality approach and it also encourages employee involvement in the organization, and includes function like administration, communication, manufacturing, marketing, distribution, planning and training.

The term quality signifies far more than reliability and price/performance of a product or service and includes human involvement and participation to a great extent. It includes activities to create customer and stakeholder delight, like the time of delivery, availability of support, efficiency in service delivery, and simplification of bills payments and promote quick response to the customer queries in addition to quality of products and services. Hence, TQM is an everlasting journey in quest of an elated customer.

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