

# UNIT 15: MANAGING BUSINESS ACTIVITIES TO ACHIEVE RESULTS



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## » UNIT 15: MANAGING BUSINESS ACTIVITIES TO ACHIEVE RESULTS



LO 2: BE ABLE TO DEVELOP PLANS FOR OWN AEA OF RESPONSIBILITY TO IMPLEMENT OPERATIONAL PLANS.

# » THE BASIC SYLLABUS

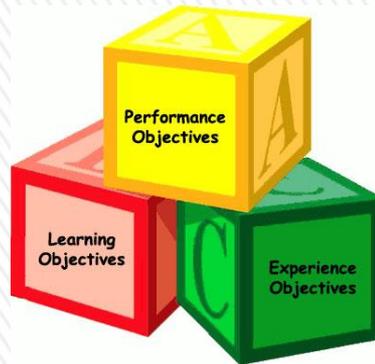


1. Understand the importance of business processes in delivering outcomes based upon business goals and objectives.
2. Be able to develop plans for own area of responsibility to implement operational plans.
3. Be able to monitor appropriate systems to improve organisational performance.
4. Be able to manage health and safety in the workplace.



# » LEARNING OBJECTIVES

- » Be able to monitor appropriate systems to improve organizational performance



- » At the end of the class the students should be able to:
- » Design systems to manage and monitor quality standards specified by the organisation



# » OVERVIEW

- » Faced with cutbacks in funding, escalating costs, global competition for limited resources, and a demand for higher-quality outcomes, organizations of all types have felt the pressure to operate more effectively. Organizational improvement is required.
- » Based upon various management approaches, five guiding principles are being used to make outstanding improvements in organizational performance: measurements/benchmarking, leadership, employee involvement, process improvement, and customer focus.
- » However, not every organization trying to apply these principles is successful. What is required for success is that these principles be understood and applied as an integrated system of management.



# » TOTAL QUALITY » MANAGEMENT

- » Total Quality Management (TQM) is an approach that seeks to improve quality and performance which will meet or exceed customer expectations. This can be achieved by integrating all quality-related functions and processes throughout the company. TQM looks at the overall quality measures used by a company including managing quality design and development, quality control and maintenance, quality improvement, and quality assurance. TQM takes into account all quality measures taken at all levels and involving all company employees.



# » TOTAL QUALITY » MANAGEMENT

## » PRINCIPLES OF TQM

- » TQM can be defined as the management of initiatives and procedures that are aimed at achieving the delivery of quality products and services. A number of key principles can be identified in defining TQM, including:
- » **Executive Management** – Top management should act as the main driver for TQM and create an environment that ensures its success.



# » TOTAL QUALITY » MANAGEMENT

- » **Training** – Employees should receive regular training on the methods and concepts of quality.
- » **Customer Focus** – Improvements in quality should improve customer satisfaction.
- » **Decision Making** – Quality decisions should be made based on measurements.
- » **Methodology and Tools** – Use of appropriate methodology and tools ensures that non-conformance incidents are identified, measured and responded to consistently.



# » TOTAL QUALITY » MANAGEMENT

- » **Continuous Improvement** – Companies should continuously work towards improving manufacturing and quality procedures.
- » **Company Culture** – The culture of the company should aim at developing employees ability to work together to improve quality.
- » **Employee Involvement** – Employees should be encouraged to be pro-active in identifying and addressing quality related problems



## » TOTAL QUALITY

### » MANAGEMENT PHILOSOPHY

- » There are several ways of expressing this philosophy. There are also several gurus whose influence on management thought in this area has been considerable. Most QA experts credit Dr. Deming with providing the foundation of the Japanese quality miracle. He developed the following 14 points for managing the improvement of quality, productivity, and competitive position:



## » TOTAL QUALITY » MANAGEMENT PHILOSOPHY

- » 1. Create constancy of purpose for improving products and services.
- » 2. Adopt the new philosophy.
- » 3. Cease dependence on inspection to achieve quality.
- » 4. End the practice of awarding business on price alone; instead, minimize total cost by working with a single supplier.
- »



# » TOTAL QUALITY

## » MANAGEMENT PHILOSOPHY

- » 5. Improve constantly and forever every process for planning, production, and service.
- » 6. Institute training on the job.
- » 7. Adopt and institute leadership.
- » 8. Drive out fear.
- »



# » TOTAL QUALITY » MANAGEMENT PHILOSOPHY

- » 9. Break down barriers between staff areas.
- » 10. Eliminate slogans, exhortations, and targets for the workforce.
- »
- » 11. Eliminate numerical quotas for the workforce and numerical goals for management.
- »



# » TOTAL QUALITY

## » MANAGEMENT PHILOSOPHY

- » 12. Remove barriers that rob people of pride in their work, and eliminate the annual rating or merit system.
- »
- » 13. Institute a vigorous program of education and self-improvement for everyone.
- »
- » 14. Put everybody in the company to work to accomplish the transformation.



# » TOTAL QUALITY

## » MANAGEMENT PRINCIPLES

- » The basic principles for the Total Quality Management (TQM) philosophy of doing business are to satisfy the customer, satisfy the supplier, and continuously improve the business processes.
- » **Questions you may have include:**
  - » How do you satisfy the customer?
  - » Why should you satisfy the supplier?
  - » What is continuous improvement?
  - » This lesson will answer those questions.



## » TOTAL QUALITY

### » MANAGEMENT PRINCIPLES

#### » Satisfy the customer

- » The first and major TQM principle is to satisfy the customer--the person who pays for the product or service. Customers want to get their money's worth from a product or service they purchase.

#### » Users

- » If the user of the product is different than the purchaser, then both the user and customer must be satisfied, although the person who pays gets priority.

#### » Company philosophy

- » A company that seeks to satisfy the customer by providing them value for what they buy and the quality they expect will get more repeat business, referral business, and reduced complaints and service expenses.



## » TOTAL QUALITY

### » MANAGEMENT PRINCIPLES

- » Some top companies not only provide quality products, but they also give extra service to make their customers feel important and valued.
  
- » **Internal customers**
- » Within a company, a worker provides a product or service to his or her supervisors. If the person has any influence on the wages the worker receives, that person can be thought of as an internal customer. A worker should have the mind-set of satisfying internal customers in order to keep his or her job and to get a raise or promotion.
  
- » **Chain of customers**
- » Often in a company, there is a chain of customers, -each improving a product and passing it along until it is finally sold to the external customer. Each worker must not only seek to satisfy the immediate internal customer, but he or she must look up the chain to try to satisfy the ultimate customer.



## » TOTAL QUALITY » MANAGEMENT PRINCIPLES

- » **Satisfy the supplier**
- » A second TQM principle is to satisfy the supplier, which is the person or organization from whom you are purchasing goods or services.
- » **External suppliers**
- » A company must look to satisfy their external suppliers by providing them with clear instructions and requirements and then paying them fairly and on time.
- » It is only in the company's best interest that its suppliers provide it with quality goods or services, if the company hopes to provide quality goods or services to its external customers.
- » **Internal suppliers**
- » A supervisor must try to keep his or her workers happy and productive by providing good task instructions, the tools they need to do their job and good working conditions. The supervisor must also reward the workers with praise and good pay.



## » TOTAL QUALITY

### » MANAGEMENT PRINCIPLES

- » **Get better work**
- » The reason to do this is to get more productivity out of the workers, as well as to keep the good workers. An effective supervisor with a good team of workers will certainly satisfy his or her internal customers.
  
- » **Empower workers**
- » One area of satisfying the internal supplier is by empowering the workers. This means to allow them to make decisions on things that they can control. This not only takes the burden off the supervisor, but it also motivates these internal suppliers to do better work.



## » TOTAL QUALITY » MANAGEMENT PRINCIPLES

### » **Continuous improvement**

- » The third principle of TQM is continuous improvement. You can never be satisfied with the method used, because there always can be improvements. Certainly, the competition is improving, so it is very necessary to strive to keep ahead of the game.

### » **Working smarter, not harder**

- » Some companies have tried to improve by making employees work harder. This may be counter-productive, especially if the process itself is flawed. For example, trying to increase worker output on a defective machine may result in more defective parts.
- » Examining the source of problems and delays and then improving them is what is needed. Often the process has bottlenecks that are the real cause of the problem. These must be removed.

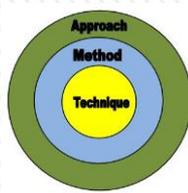
### » **Worker suggestions**

- » Workers are often a source of continuous improvements. They can provide suggestions on how to improve a process and eliminate waste or unnecessary work.



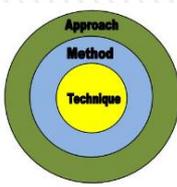
# » TOTAL QUALITY » MANAGEMENT PRINCIPLES

- » **Quality methods**
- » There are also many quality methods, such as just-in-time production, variability reduction, and poka-yoke that can improve processes and reduce waste.
- » **Summary**
- » The principles of Total Quality Management are to seek to satisfy the external customer with quality goods and services, as well as your company internal customers; to satisfy your external and internal suppliers; and to continuously improve processes by working smarter and using special quality methods.



## » METHODS AND TECHNIQUES

- » There are a number of approaches to take towards adopting the TQM philosophy. The teachings of Deming, Juran, Taguchi, Ishikawa, Imai, Oakland etc can all help an organisation realign itself and embrace the TQM philosophy. However, there is no single methodology, only a bundle of tools and techniques.
- » Examples of tools include:
  - » flowcharting
  - » statistical process control (SPC)
  - » Pareto analysis
  - » cause and effect diagrams
  - » employee and customer surveys



# » METHODS AND TECHNIQUES

- » Examples of techniques include:
- » benchmarking
- » cost of quality
- » quality function deployment
- » failure mode effects analysis
- » design of experiments



## » REVIEW QUESTION

- » 1. List the five key steps that would be used in developing a quality control system.
  
- » 2. A fundamental attribute of TQM is
  - » • Drawing control charts
  - » • Having team meetings
  - » • Top management's direct involvement
  - » • Meeting ISO 9000 audit
  - » • All of the above



# » REVIEW QUESTION

- » 3. Inspection assures that
  - » • The process is in control
  - » • Workers are motivated
  - » • Product meets specification
  - » • Quality problems are solved
  
- » 4. Service quality cannot be managed
  - » when
    - » • No vendors are involved
    - » • Customer expectations are not known
    - » • Workers don't meet regularly with management
    - » • Consultants are not consulted
    - » • Histogram cannot be drawn



# »REVIEW QUESTION

- » 5. TQM is part of
- » • Strategic management
- » • ISO 9000 certification
- » • QS 9000 certification
- » • Hospital management
- » • Project reviews



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