

Quality

Quality refers to the degree of excellence or superiority of a product or service. It's a key determinant of customer satisfaction and loyalty. In simple terms, quality refers to how well a product or service meets or exceeds customer expectations.

Importance of Quality:

- **Customer Satisfaction:** Quality plays a crucial role in customer satisfaction. When a product or service meets or exceeds customer expectations, it leads to satisfied customers who are more likely to repurchase and recommend the product or service to others.
- **Customer Loyalty:** High-quality products or services can build customer loyalty. Customers who consistently receive high-quality products or services are more likely to become repeat customers, leading to long-term profitability for businesses.
- **Business Performance:** Quality can directly impact business performance. High-quality products or services can differentiate a business from its competitors, attract new customers, and increase market share. On the other hand, poor quality can result in customer dissatisfaction, negative word-of-mouth, and loss of business.
- **Competitive Advantage:** Quality can be a source of competitive advantage. Businesses that consistently deliver high-quality products or services can differentiate themselves from competitors and build a strong reputation in the market.
- **Cost Savings:** While maintaining quality may require initial investment, it can result in cost savings in the long run. High-quality products or services are less likely to require rework or repairs, leading to lower costs and higher profitability.

What quality means and why it is important for all businesses

Imagine you went to the shops and bought a pair of jeans, took them home and found that they had a hole in them – you would not be a very happy customer! The business would get a bad reputation if this happened very often and would lose sales. You would probably take the jeans back to the shop and expect a replacement. If the shop refused to replace the jeans you would feel this was unfair which is why in some countries there are laws to protect consumers so that shops have to replace faulty products or refund the price. A business needs to try to ensure that all the products or services it sells are free of faults or defects.

This will ensure that the business:

- establishes a brand image
- builds brand loyalty
- will maintain a good reputation
- will help to increase sales
- attracts new customers.

But if quality is not maintained the business will:

- lose customers to other brands
- have to replace faulty products or repeat poor service which raises costs for the business
- have customers who tell other people about their experiences and this may give the business a bad reputation leading to lower sales and profits.

Definitions to learn

Quality means to produce a good or a service which meets customer expectations.

Tips for success

Remember that 'quality' does not only mean producing a high-quality good or service.

What does **quality** mean? Quality does not just mean producing a high-quality product or service. Ask yourself this question – if you buy a low-priced remote-controlled toy car would you expect it to work as well as an expensive toy car? The answer will probably be no. But you do expect the low-priced product to be perfect and not have any faults.



Three stages in the development of quality:

Quality Control

It is the traditional method of maintain quality and involves detecting and cutting out components or final products which fall below set standards. This process takes place after these products have been produced. Quality control is carried out by Quality control department which inspects and tests the finished products. It may involve considerable waste as defect products are scrapped.

. Quality Control vs. Quality Assurance:

- **Quality Control:** Involves inspecting products to identify defects and ensure adherence to quality standards.

Definitions to learn

Quality control is the checking for quality at the end of the production process, whether it is the production of a product or service.

A manufacturing business needs a product with a good design, then it needs to ensure that it is manufactured without any faults and the product needs to satisfy the wishes of the customer. A service providing business needs to match customer expectations with its level of customer service, delivery times and convenience.

Therefore quality is a very important part of any business in both the manufacturing and service sectors. There are several ways businesses can ensure that they produce a good quality product or provide a good service.

Quality control

A traditional way to make sure that products went out of factories with no defects was to have **Quality Control** departments whose job it was to take samples at regular intervals to check for errors. If errors or faults were found then a whole batch of production might have to be scrapped or reworked. The Quality Control department would check that quality was being maintained during the production of goods, try to eliminate errors before they occurred, and find any defective products before they went out of the factory to customers. A business may also use a 'mystery customer' to test out the service to check if the quality is as expected.

Quality Assurance

It occurs both during and after the event, and is concerned with trying to stop faults from happening in the first place. The business will make sure quality standards are set and then it will

apply these quality standards in the production process. Quality assurance is the responsibility of the workforce, working in cells or teams, rather than an inspector.

Focuses on preventing defects by implementing processes and systems to maintain consistent quality throughout production.

Advantages include:

- tries to eliminate faults or errors before the customer receives the product or service
- less training required for the workers.

However, there are drawbacks:

- expensive as employees need to be paid to check the product or service
- identifies the fault but doesn't find why the fault has occurred and therefore is difficult to remove the problem
- increased costs if products have to be scrapped or reworked or service repeated.

Quality assurance

This takes a slightly different approach to quality. The business will make sure quality standards are set and then it will apply these quality standards throughout the business. The purpose of quality assurance is to make sure that the customer is satisfied, with the aim of achieving greater sales, increased added value and increased profits. To implement a **quality assurance** system, several aspects of production must be included. Attention must be paid to the design of the product, the components and materials used, delivery schedules, after-sales service and quality control procedures. The workforce must support the use of this system or it will not be effective.

Advantages include:

- tries to eliminate faults or errors before the customer receives the product or service
- fewer customer complaints
- reduced costs if products do not have to be scrapped or reworked or service repeated.

However, there are drawbacks:

- expensive to train employees to check the product or service
- relies on employees following instructions of standards set.

Total Quality Management (TQM) is one approach to implementing a quality assurance system.

Total Quality Management (TQM)

Again it is the influence of the Japanese that has changed the way quality is ensured in many businesses today. It is the idea of **Total Quality Management (TQM)** that is at the heart of many practices. TQM is the continuous improvement of products and processes by focusing on quality at each stage of production. It tries to get it right first time and not have any defects. There is an emphasis on ensuring that the customer is always satisfied, and the customer can be other people/departments in the same business that you are completing tasks for, not just the final customer. This should mean that quality is maintained throughout the business and no faults should occur, as all employees are concerned with ensuring that a quality good or service is delivered. TQM should mean that costs will fall. It is closely linked with Kaizen and the use of quality circles. Quality circles are where groups of workers meet regularly and discuss problems and possible solutions. Workers are encouraged to suggest new ideas to reduce waste and ensure zero defects.

Definitions to learn

Quality assurance is the checking for the quality standards throughout the production process, whether it is the production of a product or service.

Definitions to learn

Total Quality Management (TQM) is the continuous improvement of products and processes by focusing on quality at each stage of production.

Total Quality management (TQM)

Total Quality Management, TQM, is a method by which management and employees can become involved in the continuous improvement of the production of goods and services. It is a

combination of quality and management tools aimed at increasing business and reducing losses due to wasteful practices.

TQM is a holistic approach to quality management that involves continuous improvement and the involvement of all employees in quality initiatives.

Costs and Benefits of TQM:

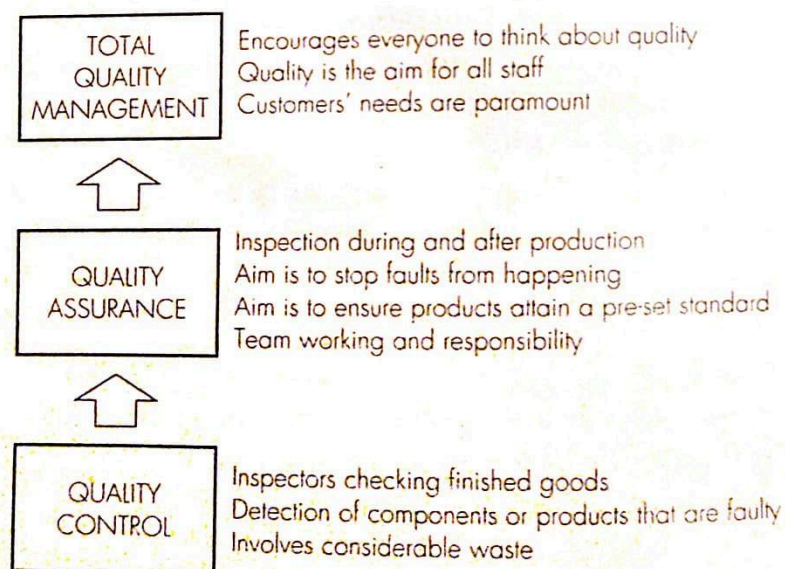
- **Costs:** Initial investment in training and implementation, resistance to change, and potential disruption of existing processes.
- **Benefits:** Improved product quality, enhanced customer satisfaction, reduced waste and rework, and long-term profitability.

Advantages include:

- quality is built into every part of the production of a product or service and becomes central to the ethos of all employees
- eliminates all faults or errors before the customer receives the product or service as it has a 'right first time' approach
- no customer complaints and so brand image is improved – leading to higher sales
- reduced costs as products do not have to be scrapped or reworked or service repeated
- waste is removed and efficiency increases.

However, there are drawbacks:

- expensive to train employees to check the product or service
- relies on employees following TQM ideology.



Case study example



Rolls Royce manufactures aircraft engines for international airlines, such as Emirates and Cathay Pacific. The engines are produced individually using quality assurance methods. New engines are checked at every part of the production process and also an additional inspection is carried out at various stages in the process. Rolls Royce uses a form of TQM where every employee is responsible for ensuring quality, but in addition to this it also has specially trained employees to carry out further checks on the engines to be certain of zero defects.

Activity 19.2

Read the case study above.

- a) Why is producing a high quality product important to Rolls Royce?
- b) Do you think quality control would be a suitable method for ensuring quality at Rolls Royce? Justify your answer.

International business in focus – quality at McDonald's



McDonald's restaurants have a checklist for employees to follow when serving customers. This is to ensure that a customer is always served to the standard expected by the business. McDonald's have found that ensuring the same quality standard is achieved by training employees to follow the set of rules in preparation of food as well as the service of customers.

Discussion points

- Identify which type of quality checking system McDonald's is using.
- Discuss whether this is the best method for McDonald's to use.
- Consider why McDonald's want to ensure a quality service in their restaurants.