

Chapter 1

Differing Perspectives on Quality

Have you ever thought?

Why Does One iPhone Cost \$800 and Another 'Smartphone' Cost \$200? Both have screens, cameras, processors, and can make phone calls.

- *So why is one worth 4x the price?*
- *Is it performance? Features? Reliability? Brand? How does it feel in your hand?*

Today, we'll discover that quality is **NOT one-dimensional**—different people, functions, and cultures see it very differently. By understanding these differences, you'll see why organizations often struggle internally when **different departments** pursue conflicting quality goals.

Chapter Objectives

1. Recognize that **different dimensions** of quality exist.
2. Be able to discuss the quality dimensions.
3. Communicate the seven different **functional** perspectives on quality.
4. Understand why it is important to know that different perspectives exist.
5. Define a quality system using the **three spheres**.
6. Understand how the three spheres complement each other.
7. Understand the **value-added** perspective on quality.
8. Discuss differing **cultural perspectives** on quality.

Product Quality Dimensions

- **Performance** – Efficiency with which a product achieves its intended purpose
- **Features** – Attributes of a product that supplement the product's basic performance
- **Reliability** – The tendency for a product to perform consistently over its useful design life
- **Conformance** – Adherence to certain numeric dimensions for the product's performance

Garvin, D., "What Does 'Product Quality' Really Mean?" *Sloan Management Review* (Fall 1984): 25-43.

Product Quality Dimensions

- **Durability** – The degree to which a product tolerates stress or trauma without failing
- **Serviceability** – The ease of repair for a product (easily and cheaply)
- **Aesthetics** – The degree to which product attributes are matched to consumer preferences
- **Perceived quality** – A customer's understanding of the goodness of a product

Garvin, D., "What Does 'Product Quality' Really Mean?" *Sloan Management Review* (Fall 1984): 25-43.

Open Discussion

Think of a product you own and love—a laptop, car, watch, or coffee maker. Why do you think it's high quality? What matters most to you—performance, how it looks, reliability, price, or something else?

Service Quality Dimensions

- **Tangibles** – The physical appearance of the service facility, the equipment, the personnel, and the communication materials
- **Service reliability** – The ability of the service provider to perform the promised service dependably and accurately
- **Responsiveness** – The willingness of the service provider to be helpful and prompt in providing service
- **Assurance** – The knowledge and courtesy of employees and their ability to inspire trust and confidence
- **Empathy** – Caring, individualized attention from the service firm

Open Discussion

Have you ever returned a product or been unhappy with a service?

Why?

Was it because it didn't work, or because of something else, like slow customer service, poor appearance, or unfulfilled promises?

Functional Perspective on Quality

The functional perspective on quality views the organization like a body—each function (operations, marketing, finance, HR, engineering, supply chain) has its own definition and priorities for quality, and **overall quality** depends on how well these parts work together rather than in isolation.

A Supply Chain Perspective

Global supply chain model:

- **Upstream processes (supply management)** – All activities involving interaction with suppliers
- **Core processes (operations management)** – Traditional process improvement
- **Downstream processes (customer relationship management)** – All activities involving interaction with customers

An Engineering Perspective

Engineering:

Applying mathematical problem-solving skills and models to the problems of business and industry

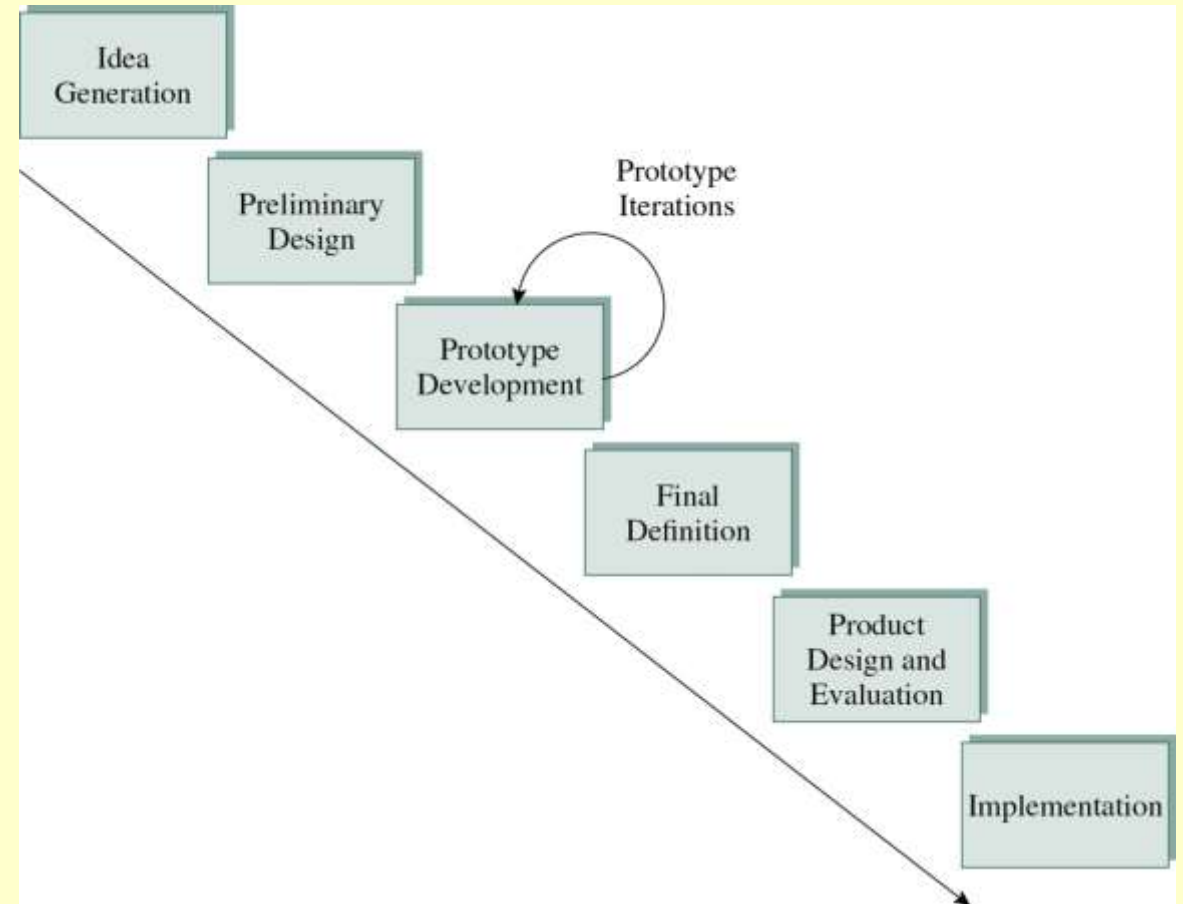


Figure 1-2

An Engineering Perspective

Shewart's control process:

The process underlying
Statistical Process Control (SPC)

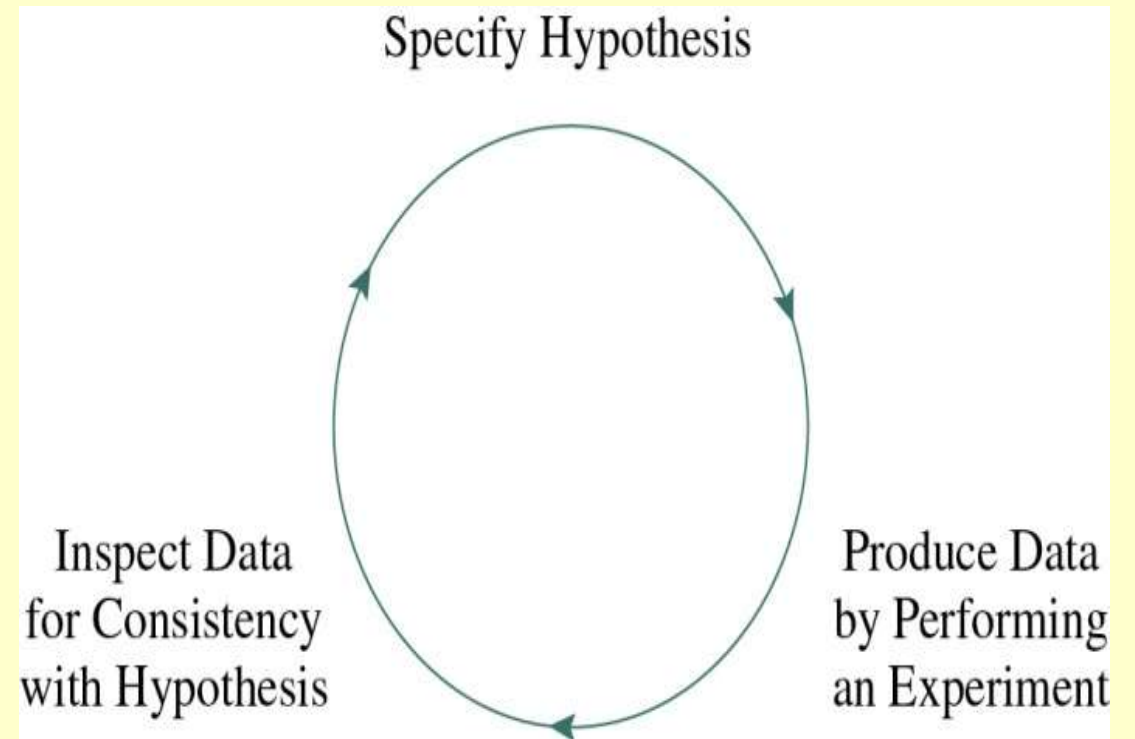


Figure 1-3

An Operations Perspective

Systems view:

- Understanding that product quality results from the interactions among several variables, such as machines, labor, procedures, planning, and management.
- Focuses management on the *system as the cause of quality problems*.

A Strategic Management Perspective

- **Strategy**

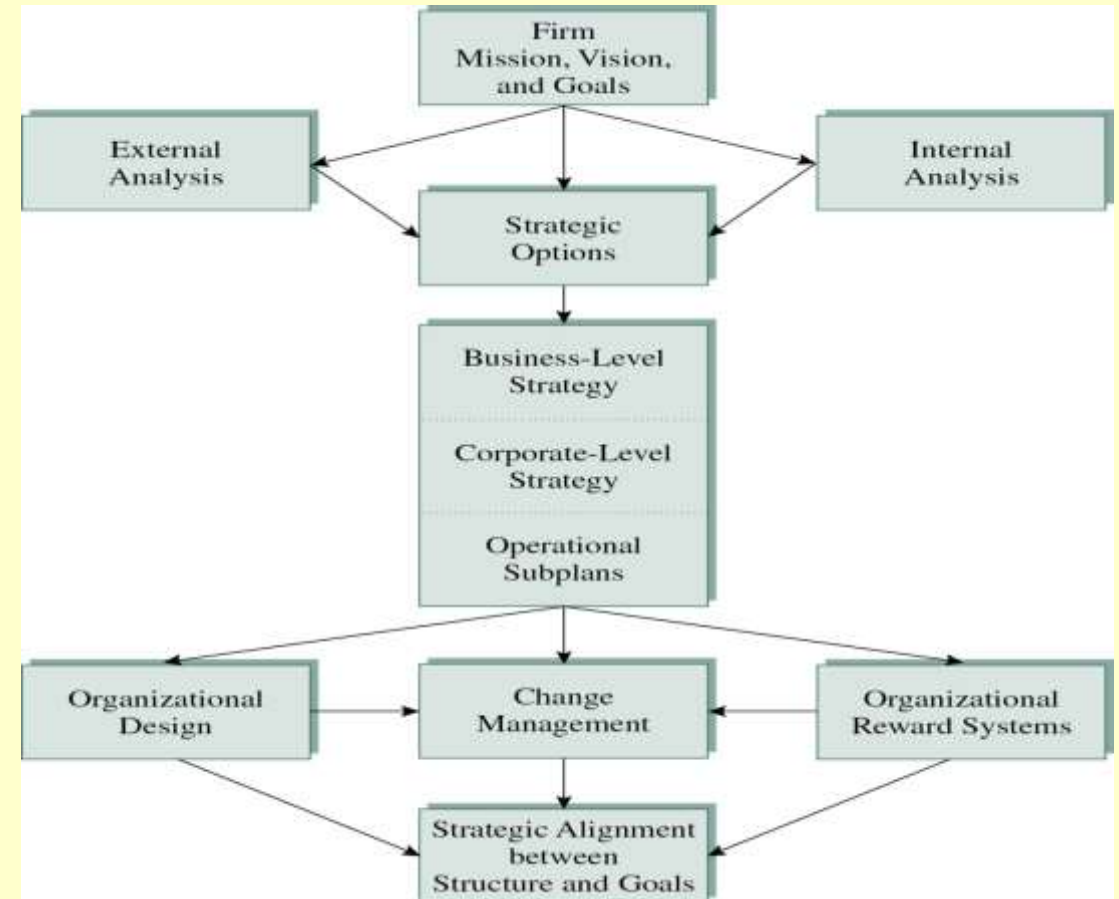
The planning process used by an organization to achieve a set of long-term goals

- **Mission**

Why the organization exists

- **Core values**

Guiding principles that simplify decision-making in that organization



A Marketing Perspective

- **Marketing**

Activities involved with directing the flows of products and services from the producer to the consumer

- **Customer relationship management**

Satisfying the customer and delivering value to the customer

- **Perceived quality**

The customer's view of quality

A Marketing Perspective

- Primary marketing tools for influencing customer perceptions of quality are **price** and **advertising**.
- The **customer** is the focus of marketing-related quality improvement.

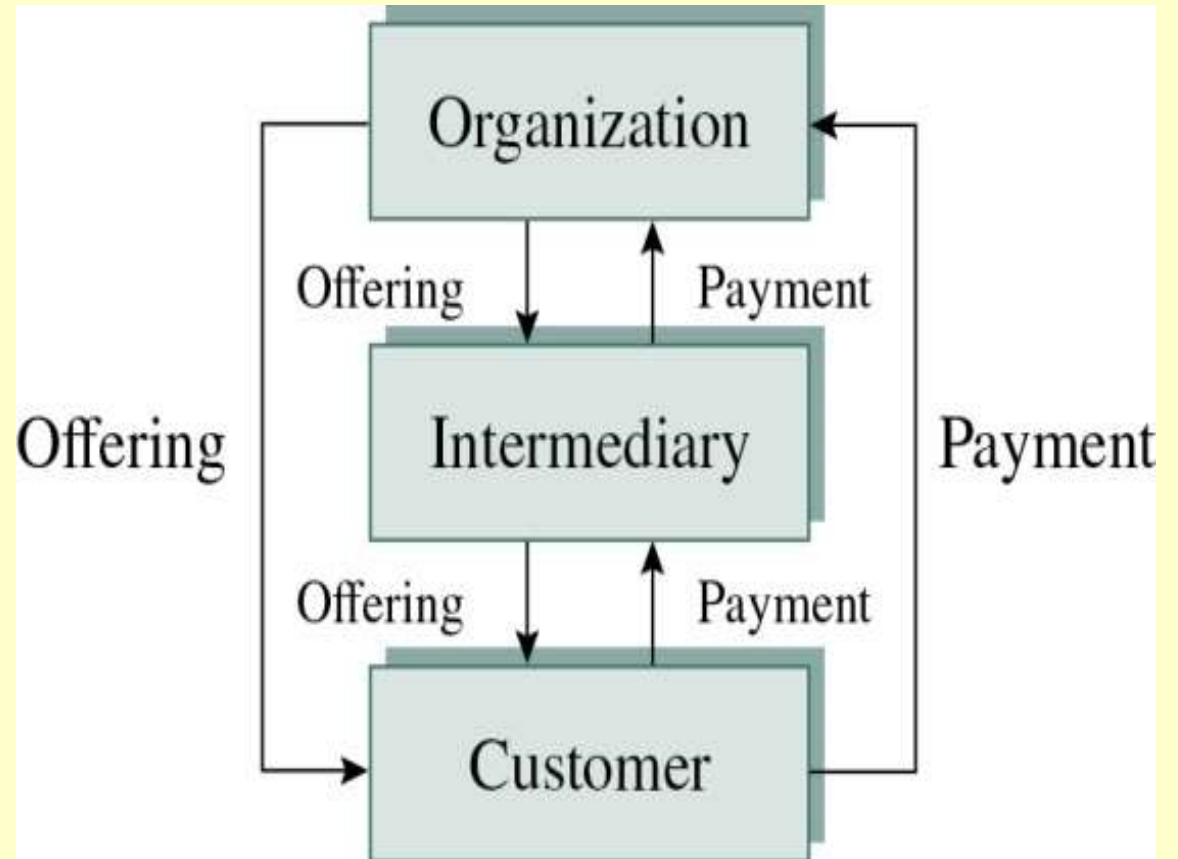


Figure 1-5

A Financial Perspective

The law of diminishing marginal returns:

- There is a **point** at which investment in quality improvement will become uneconomical.
- The pursuit of higher levels of quality will result in higher **expenditures**.
- Investing beyond the minimum cost level will result in **non-economic** decisions



Figure 1-6

The Human Resources Perspective

- **Employee empowerment**

Moving decision-making to the lowest level possible in the organization.

- **Organizational design**

Design of reward systems, pay systems, organizational structure, compensation, training mechanisms, and employee grievance arbitration.

- **Job analysis**

Collecting detailed information about a particular job.

The Three Spheres of Quality

- **Quality control**

Based on the Scientific Method

- **Quality assurance**

Activities associated with guaranteeing the quality of a product or service

- **Quality management**

Ties together the control and assurance activities



Figure 1-7

Other Perspectives on Quality

- **Value-added perspective**

A subjective assessment of the efficacy of every step of the process for the customer

- **Cultural perspectives**

Differences in tastes and preferences among different cultures

- **Contingency theory perspective**

There is no theory or method for operating a business that can be applied in all instances

Conclusive Remarks

Today, we learned that quality is not one thing. It is:

- **Eight** product dimensions (Performance, Features, Reliability, Conformance, Durability, Serviceability, Aesthetics, Perceived Quality)
- **Five** service dimensions (Tangibles, Reliability, Responsiveness, Assurance, Empathy)
- **Seven** functional perspectives (Supply Chain, Engineering, Statistical Control, Operations, Strategy, Marketing, Finance, and HR)
- Different **cultural values**—What is 'good quality' in Germany is not the same as in Japan or Saudi Arabia.

If your organization does not align these perspectives

“Then you will have internal conflict.”

- Engineering will design for reliability; Marketing will promise features engineering can't deliver. Operations will want standardization; Sales will want customization, Finance will say 'spend less', HR will say 'invest in employees', Operations will say 'improve quality.'
- Your job as a supply chain and procurement professional is to understand these different lenses so that you can:
 1. Communicate quality in language that each function understands.
 2. Find the balance—compromise, not conflict.
 3. Make strategic sourcing decisions that serve the whole organization, not just one department.