Quality yesterday, today, tomorrow

Tito Conti

20th Conference of the Slovenian Quality and Excellence Association
Portoroz, Slovenia, 10-11 November 2011
Priority of Quality Management in top executives’ agenda:

a strategic variable or a technical discipline that can be delegated to specialists?

Launch of the Malcolm Baldrige and EFQM Awards

Focus on the “New Economy”

QM perceived as a competitive strategy (TQM)

Return to the old mentality that quality is a matter for specialists?
What happened to quality management?

Typical evolution/involution cycles of quality in many companies

Contribution of quality management to business

Integration of quality strategies into business

Strategies

(Elaboration from a Beckaert slide)

ISO 9000 Certification

TQM Approach

Regression

Confrontation

2 - 3 years

1 - 2 years

Time

Regression (majority)

Integration of quality strategies into business

Strategies (minority)
Quality in industry, till the 80’s
The most significant advances in Q. Management in the first part of the 20° century (till 1980), their purpose and diffusion.

<table>
<thead>
<tr>
<th>MOST SIGNIFICANT ADVANCES IN QUALITY MANAGEMENT IN THE PERIOD</th>
<th>PURPOSE</th>
<th>EXTENSION OF APPLICATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Statistical Process Control</td>
<td>• Reducing variation/defects</td>
<td>• Wide in large enterprises, narrow in SMEs</td>
</tr>
<tr>
<td>• Internal Quality Assurance</td>
<td>• Meeting product specifications</td>
<td>• Wide in large enterprises, narrow in SMEs</td>
</tr>
<tr>
<td>External Quality Assurance</td>
<td>• Assuring supplier quality</td>
<td>• Wide in B2A relations and in the relevant sub-contractors</td>
</tr>
<tr>
<td>• Quality Audit</td>
<td>• Supplier capability control</td>
<td>• Wide in B2A relations and in the relevant sub-contractors</td>
</tr>
</tbody>
</table>

Note: B2A=Business to Business  
B2B=Business to Administration  
SME= Small/Medium Enterprise
The main features of quality management in the West till the 1980s aim at «doing things right», that is: minimizing non-compliances and defects.

- Standard-based quality
- Meeting specifications
- Controlling variation
The quality revolution of the 80’s and the «Golden Age» of quality
The main innovations that took place in the “Golden age of quality” (1980-2000); their purpose and diffusion.

<table>
<thead>
<tr>
<th>The most significant advances</th>
<th>Purpose</th>
<th>Extension of application</th>
</tr>
</thead>
<tbody>
<tr>
<td>• TQM/Excellence Models</td>
<td>• Guide to sustainable excellence</td>
<td>• Wide at the beginning, then progressively narrowing</td>
</tr>
<tr>
<td>• Continuous improvement / PDCA cycle</td>
<td>• Competition through quality</td>
<td>• Insufficient</td>
</tr>
<tr>
<td>• Self-Assessment</td>
<td>• Organizational diagnosis</td>
<td>• Too narrow. Award-like self-assessments were preferred</td>
</tr>
<tr>
<td>• Process Management</td>
<td>• Effectiveness, efficiency, flexibility</td>
<td>• Wide in LOs, narrow in SMOs</td>
</tr>
<tr>
<td>• Quality Function Deployment</td>
<td>• Bringing in the voice of the customer</td>
<td>• Wide in LOs, narrow in SMOs</td>
</tr>
<tr>
<td>• Six Sigma</td>
<td>• Reducing variation, defects, costs</td>
<td>• Wide in large manufacturing companies</td>
</tr>
</tbody>
</table>

*Tito Conti*
Quality management models born in the «Golden Age» of quality.

- **ISO 9000 standards** aimed at «doing things right». Particularly fit for SMEs. In B2B/B2A relations, ISO 9000 certification has an important role.

- **TQM models** were supposed to aim at both «doing the right things» (the most strategic dimension of quality) and «doing things right». In practice they were mostly used to fit the latter purpose.
Doing things right

- Combine internal knowhow and competences with the voice of the customers to make the value proposition competitive
- Manage by processes
- Pursue continuous improvement
- Use corporate PDCA cycle
Loop 1): from customer expectations to the value proposition (critical for doing the right things); 2) from the promised value to the delivered and perceived value, to customer satisfaction.
Further logical developments of TQM models that were not pursued

- Building capabilities to combine user voice with internal skills to generate competitive customer value.
- From process management to system management. From the pyramidal organization to a networked organization optimized to generate customer value.

Doing the right things right

The 20\textsuperscript{th} century quality decline was mainly due to missing the opportunity to escalate from just doing things right to also doing the right things.
Doing the right things and doing them right: The Yin and Yang of Q. Management

- Complementary concepts
- Doing the right things (right strategies, right products) a priority.
- It is in fact useless doing things right if they are not the right things to do.

The righter we do the wrong things, the wornger we become!
(Russel L. Ackoff)

Tito Conti
Successful organizations care of both identifying/doing the right things and doing them right.

QUALITY OF THE ORGANIZATION AND ITS MANAGEMENT SYSTEM

QUALITY OF RESULTS

- Doing the right things
  - Understanding
  - Thinking out of the box
  - Creating value
  - Innovating

- Doing things right
  - Making things work
  - Minimizing errors
  - Solving problems
  - Using minimum amounts of resources
Making the organization and its management fit for its purpose is a top management responsibility.

Value planning
- Understanding
- Thinking out of the box
- Creating value
- Innovating

Execution
- Making things work
- Minimizing errors
- Solving problems
- Using minimum amounts of resources

Quality of Results

Line Management responsibility

Top management responsibility

Balance between the two pillars

Direct responsibility of the system
How the weight of technical and organizational problems varies with the increase in size and complexity of the organization.
Size of the organization is a critical variable in relation to the choice and use of a model.

- The previous figure suggests small organizations to use simple QM models, that are more focused on the product related sub-system and technology than on the organization.
- Again, ISO 9000 is good for starting, with the suggestion to move progressively and selectively towards TQM models when the organization starts to structure itself. Only parts of TQM models can be used at the beginning, e.g. those related to planning, customer focus and process management.
Quality today
(from year 2000 to our days)

Tito Conti
Quality decline starts in the West.

- At the eve of the 21st century the enthusiasm for quality among top executives was fading.
- Companies, consultants, quality organizations were largely responsible for giving quality a bad name. Too many, in fact, were interested in making a business out of quality, more than increasing effectiveness and efficiency of organization.
- No more significant development took place in quality management in the period.
Using TQM/Excellence models improperly.

- Using the model with a mechanistic mentality - as a standard to formally comply with - inevitably produces lower than expected results.
- Even award participation does not produce long term results, when getting high scores and promoting own image is the main concern.
- Looking at the bottom line, managers soon get nervous.
The Fox and Grape Syndrome

- Failure often induces the Fox and Grape Syndrome: “It is not my fault, it is the tool that does not work!” And start denigrating the tool.
- Too many managers have shown such syndrome in relation to their inability to successfully use TQM Models. Damaging themselves as well as others, by diffusing skepticism about TQM.
What about tomorrow?
Shall we accept the quality decline?

- Shall we accept the regression from quality as a strategic variable – as it was considered in the golden era – to quality as a specialist discipline?
- Shall we do that in a period where quality is badly needed, more than in the past, due to globalization?
- Don’t we need quality in finance, national governments and administrations, international governance, ecosystem protection?
Injecting systems thinking into quality thinking.

- Organizations that badly need quality are the large and complex. They can be analyzed and improved only by using *systems thinking*, the science of complexity.
- For them a big step in quality management is needed: *incorporate systems thinking into quality thinking*.
- The second big step is changing organizational architectures, to make them better able to amplify value generation capabilities and reduce value waste.
A systemic view of the organizational system and its environment (case of a company).

THE ORGANIZATIONAL SYSTEM with a schematic representation of its value-generating networks.
Another representation of the system that leads to the more familiar representation of the next slide.
Conceptual model for organisational improvement (or “Excellence Model”)

THE ORGANISATIONAL SYSTEM (ENABLERS)

SYSTEMIC FACTORS:
- Leadership
- Relations
- Organisational Architectures
- Strategies, Plans
- People
- Customer Mgmt
- Partner Mgmt
- Other Resource Mgmt

PROCESSSES

THE ORGANISATION’S GOALS AND RESULTS

Customer Preference
- Institutional Aims
- Value for the Organisation

Organisation/Stakeholder Co-operation and Mutual Satisfaction

Value Flows
The “Value generation cluster”, the elementary cell of a networked organization.

Both value creation capability and mutual satisfaction strongly depend on value exchange in relations between persons and groups.

The primary value flow is from the person towards the organisation. In return, a fair value flow is essential for motivation.

Output value

Synergetic effect in value creation: $V = K^* (\sum \text{values})$

System’s boundary

Shared values permeated environment

Transparency

Trust

Cooperation
What quality management model do you need?

Answer the following question by marking one of the three options:

- We need a QM model that helps us meeting:
  1. the *quality* plans and objectives □
  2. the *organization’s* plans and objectives □
  3. the *organization’s purposes*, possibly aiming at excellence □

- If answer is 1, ISO 9000 is good for you.
- If answer is 2, a traditional TQM model may fit your purpose.
- If answer is 3, you need a TQM$^{\text{PLUS}}$ model, that is a systemic model that takes care of both identifying the right strategic goals and making plans and executing them effectively and efficiently.
“Realities out there will remain out there as long as no one is willing to challenge them”

(Gharajedaghi).

THE END

Thanks for your attention!