

Chapter – 2 Core Concepts of TQM

Internal Customer (Importance to keep the internal customer happy and satisfied):

The most important asset of any organization is its customer. There are two types of customers-internal and external.

What is an internal customer?

Internal customers have a relationship with, and within, your company, either through employment or as partners who deliver your product or service to the end user, the external customer. Less obvious but certainly still significant, stakeholders and shareholders are also internal customers. All of these may or may not purchase your product or service. Every person in a process is considered a customer of the preceding operations. Each worker's goal is to make sure that the quality meets the expectations of the next person, leading finally to the satisfaction of the external customer.

Why Provide Great Internal Customer Service?

- Increased employee satisfaction
- Lowered employee acquisition costs
- Increased employee productivity and performance

Once you determine that you're going to address customers as internal and external, it's easier to recognize how the former's experience can affect the latter's. You need to keep your internal customer happy to have a satisfied client.

What is an external customer?

External customers are the people that pay for and use the products or services your company offers. When brainstorming problems and designing solutions, these customers are who you're designing for.

To be clear, an external customer is a person who is not directly connected to your organization other than by purchasing your product or service. This customer could be a one-time purchaser or a person who've you worked with long-term and to whom you've provided add-ons or customization options. External customers are also known as "clients" or "accounts."

The goals for your external customer can depend on your product or service, i.e., repeat purchasing, referrals, positive reviews, and otherwise supporting your company. For eg. Mc Donald's determined the customer to be the child when they introduced their Happy Meals. The child never paid the bill but influenced the sale.

The leader's role is to process work through the internal customer-supplier chain by helping workers guarantee that the end product or service fully satisfies the end user.

Right First Time (Zero Defects):

Zero defect theory ensures that there is no waste existing in a project. Waste refers to all unproductive processes, tools, employees and so on. Anything that is unproductive and does not add value to a project should be eliminated, called the process of elimination of waste. Eliminating waste creates a process of improvement and correspondingly lowers costs. Common with the zero defects theory is the concept of "doing it right the first time" to avoid costly and time-consuming fixes later in the project management process.

Zero defects theory is based on four elements for implementation in real projects.

1. Quality is a state of assurance to requirements. Therefore, zero defects in a project means fulfilling requirements at that point in time.
2. Right the first time. Quality should be integrated into the process from the beginning, rather than solving problems at a later stage.
3. Quality is measured in financial terms. One needs to judge waste, production and revenue in terms of budgetary impact.
4. Performance should be judged by the accepted standards, as close to perfection as possible.

Customer-focus: The customer ultimately determines the level of quality. No matter what an organization does to foster quality improvement—training employees, integrating quality into the design process, upgrading computers or software, or buying new measuring tools—the customer determines whether the efforts were worthwhile. The first, and overriding, feature of TQM is the

company's focus on its customers. Quality is defined as meeting or exceeding customer expectations. The goal is to first identify and then meet customer needs. TQM recognizes that a perfectly produced product has little value if it is not what the customer wants. Therefore, we can say that quality is *customer driven*. However, it is not always easy to determine what the customer wants, because tastes and preferences change. Also, customer expectations often vary from one customer to the next. For example, in the auto industry trends change relatively quickly, from small cars to sports utility vehicles and back to small cars. The same is true in the retail industry, where styles and fashion are short lived. Companies need to continually gather information by means of focus groups, market surveys, and customer interviews in order to stay in tune with what customers want. They must always remember that they would not be in business if it were not for their customers.

PDCA cycle:

Explained briefly, Plan-Do-Check-Act cycle is a model for carrying out change. It is an essential part of the lean manufacturing philosophy and a key prerequisite for continuous improvement of people and processes. First, proposed by Walter Shewhart and later developed by William Deming, PDCA cycle became a widespread framework for constant improvements in manufacturing, management, and other areas. PDCA is a simple four-stage method that enables teams to avoid recurring mistakes and improve processes.

What is PDCA?

PDCA cycle is an iterative approach for continually improving products, people, and services. It became an integral part of what is known today as Lean management. The model includes solutions testing, analyzing results and improving the process. For example, imagine that you have plenty of customer's complaints about slow response rate of your support team. Then you will probably need to improve the way your team works in order to keep customers satisfied. That is the point where PDCA comes into play. Let's explore the four stages of PDCA in details.

PLAN

At this stage, you will literally plan what needs to be done. Depending on the size of the project, planning can take a major part of your team's efforts. It will usually

consist of smaller steps, so you can build a proper plan with fewer possibilities of failure.

Before you move to the next stage, you need to be sure that you answered some basic concerns:

- What is the core problem we need to solve?
- What resources do we need?
- What resources do we have?
- What is the best solution for fixing the problem with the available resources?
- In what conditions the plan will be considered successful? What are the goals? Have in mind, you and your team may need to go through the plan ? couple of times, before being able to proceed. In this case, it is appropriate to use a technique for creating and maintaining open feedback loops such as Hoshin Kanri Catchball. It will enable you to collect enough information before you decide to proceed.

DO

After you have agreed on the plan, it is time to take action. At this stage, you will apply everything that has been considered during the previous stage.

Be aware that unpredicted problems may occur at this phase. This is why in a perfect situation, you may first try to incorporate your plan on a small scale and in a controlled environment.

Standardization is something that will definitely help your team apply the plan smoothly. Make sure that everybody knows their roles and responsibilities.

CHECK

This is probably the most important stage of the PDCA cycle. If you want to clarify your plan, avoid recurring mistakes and apply continuous improvement successfully, you need to pay enough attention to the CHECK phase.

Here, you need to audit your plan's execution and see if your initial plan actually worked. Moreover, your team will be able to identify problematic parts of the current process and eliminate them in future. If something went wrong during the process you need to analyze it and find the root cause of the problems.

ACT

Finally, you arrive at the last stage. Previously, you developed, applied and checked your plan. Now, you need to act.

If everything seems perfect and your team managed to achieve the original goals, then you can proceed and apply your initial plan.

Use the PDCA cycle when:

- Starting a new improvement project
- Developing a new or improved design of a process, product or service
- Defining a repetitive work process
- Planning data collection and analysis in order to verify and prioritize problems or root causes
- Implementing any change
- Working toward continuous improvement