

# **BUSINESS SESSION**

## **Quality Management Challenges**

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# Current perspectives on QM

- although still top ranking strategic issue in all major organisations, it has been moved to the routine agenda,
- priorities have drifted apart from business priorities at strategic levels
- outputs has become blurred over time
- belief - theory and practices has become non progressive
- creating a large degree of uncertainty, confusion and ambiguity around its future
- fuelling insecurity amongst many quality professionals, which is not doing any good for attracting future pipeline professionals for the industry

# Current QM practices within Organisations

- **embedded within business processes and is managed as the process itself, or**
- **through management systems, namely, ISO 9000, ISO 14001, Occupational Health & Safety (OHSAS 18001), Risk Management, Total Quality Management, Lean, Six Sigma, Baldrige Quality Award,**
- **however, in most cases above undertaken by**
  - disparate initiatives and systems, with new resources.
  - overloaded with costs and resource requirements

# Presently, quality is at crossroads

## CEO Challenges

- global economic trends, profit , excellence in execution (triple bottom line), customer loyalty and retention, and top-line growth.

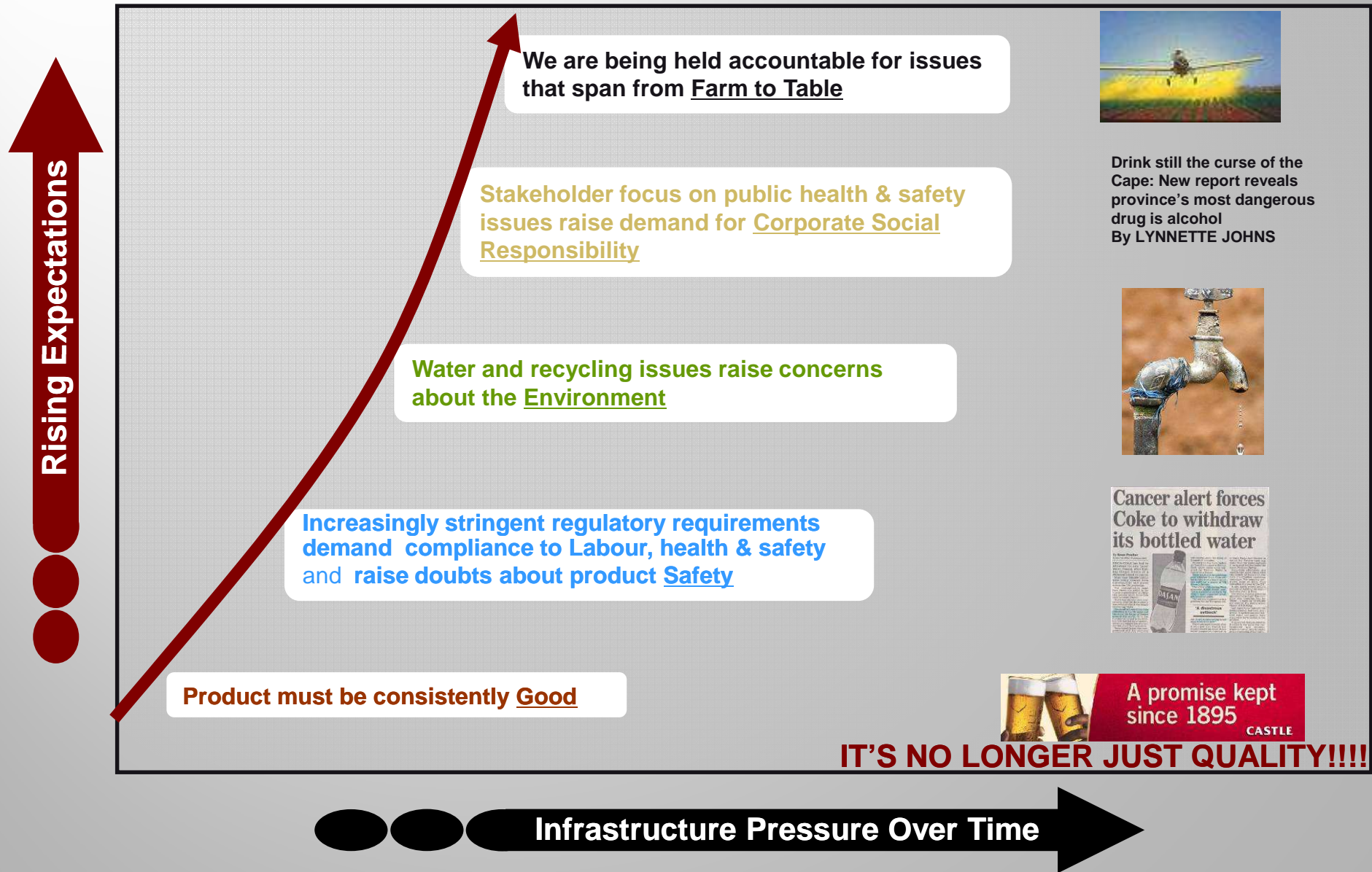
Quality Management has (especially during the 1970's and 1980's) been a strategic driver of competitive advantage for organisations

Quality Management possesses an incredible ability to re-create itself through continuous evolution in order to meet the changing business challenges and market demands.

## Evidence of above in history

- evolved over time, namely Craftsmanship, Inspection, Statistical Quality Control, Quality Assurance and Strategic Quality Management.

# External Business Environment - expectation of product being "good" has expanded to "good for me, my community and the planet"



Drink still the curse of the Cape: New report reveals province's most dangerous drug is alcohol  
By LYNNETTE JOHNS



A promise kept since 1895  
CASTLE

# Emerging Trends

An enviroscan of literature, other media, public or political debates - the following are generally on their top list:



- Globalisation
- Innovation
- Social responsibility
- Customer power & sophistication
- Food Safety
- Environmental and Sustainable Development

# Stakeholders

Society, stakeholders and the customer has now embraced and heightened the consciousness of global and social responsibilities. Customers are becoming more and more mindful of whom they are doing business with and which products they should buy

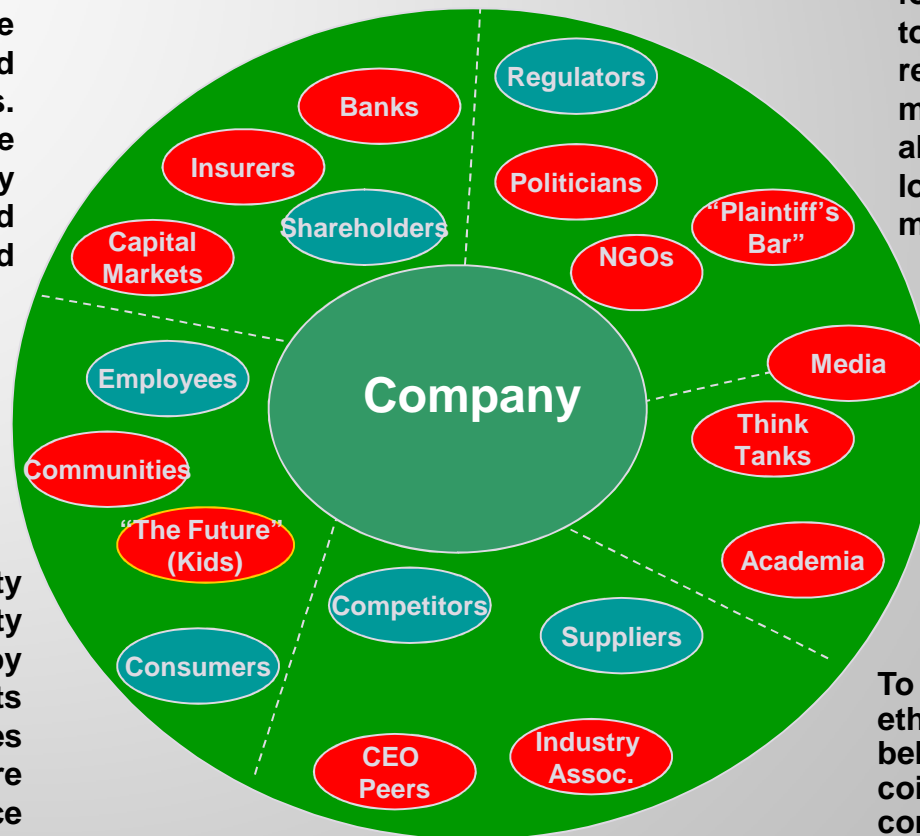
**Consumers & Community**

The trend of social responsibility is also catching fast, as publicity of more examples of fraud by executives, harmful products produced by some companies and environmental misuse are exposed. Corporate Governance has born out of scandals such as Global Crossing, Enron, Worldcom, Xerox and Merck, more recently Satyam India, among others.

**Investors & Risk Assessors**

**Rulemakers & Watchdogs**

In response to this, organisations that are looking for long-term profitability begin to realize that social responsibility is not only the moral thing to do, but that it's also good for business and are looking for ways to become more socially responsible.



**Idea Generators & Opinion Leaders**

To this end, issues such as ethics, transparency, social behavior and environment coincide with the broader considerations of social responsibility and formulate what some have called a "triple bottom line" impact that encompasses people, planet and profits.

**Business Partners & Competitors**

Players in traditional economic and business analysis

**Today's myriad of stakeholders have rising expectations**

## Big Corporations are lightning rod in an increasingly challenging environment



- Increasing influence and credibility of NGOs with the public
- ‘Brandjacking’ by activists who connect political and social agendas to recognised trademarks to promote their causes
- Emerging social expectation for large corporations to solve political and social issues with what consumers and NGOs see as failure of governments to act

# What is the next evolution for QM?

- In the last twenty years, the world of business underwent significant changes, for example, the advent of the dot.com boom, with the acceleration of technology applications and the double digit economic growth in the new millennium.
- These changes created trends such as globalisation, customer power and sophistication, social responsibility and environmental sustainability consciousness and influenced organisational strategies and business results
- Concomitantly with the changes in the business world, stakeholders, customers and regulatory bodies have placed new demands on organisations.
- Therefore, in order for the business world to realise growth and sustainable success in this environment, many organisations changed their strategy they followed in the 1970's and 1980's.

# What is the next evolution for QM?

- The new strategies moved from being predominately product-focused, using process management and cost reduction, which used to be core functions to quality management, to more risk mitigation, revenue generation and reputational focused drivers
- Hence, although quality management is still seen as important for the governance of operations, it does not fulfil the customer satisfaction and competitive advantage drivers as it did in the past.
- Furthermore, quality in this form is no longer considered as an important mechanism but serves as an assumed requirement where customers take product or service quality for granted.
- The quality of the product or service delivery does not increase customer satisfaction but they react or express their dissatisfaction in its absence.
- Therefore, even while the fundamentals and foundation of quality remain the same, the environment in which it needs to be implemented has dramatically changed.