

# Clues About Culture

Research findings offer insight into **building and sustaining** a **culture of quality** 🌈

by Amanda Hankel, assistant editor

## In 50 Words Or Less

- Leadership, vision and values make up the foundation for a culture of quality.
- World-class organizations are more effective at identifying customer needs, making them better equipped to meet those expectations.
- Global organizations are implementing incentive programs, investing in quality, and rewarding innovation and risk-taking to improve their cultures of quality.



**THINK, FOR A MOMENT,** of your organization as a human body. Similar to a body that is made up of bones and tissue, an organization is made up of processes—that result in products and services—and people—who make those processes happen.

For most humans, an ultimate goal is to care for and maintain the parts of the body to ensure they continue to operate the way they should. For the human body, this can largely be accomplished through lifestyles choices—by doing things like eating right and exercising.

Similarly, organizations today must ensure their processes and employees are working at optimal performance levels to remain competitive. An organization's culture—the way it does things, the way it “lives”—has a direct impact on how well its processes and people operate.

When it comes to building a culture of quality, each organization must develop its own approach. It can be helpful, however, to learn what other organizations around the world are doing to promote a culture of quality, and to see how your organization compares.

In April 2014, ASQ and Forbes Insights partnered to conduct a global survey of 2,291 respondents across two major segments of professionals: The first included Forbes Insights panelists, mostly C-suite executives. The second segment included ASQ members and encompassed more mid-level, quality-focused executives. Key demographics, such as organization size, industry and location of headquarters, were broadly similar in both samples.

The survey respondents answered questions related their own organizations' quality cultures and assessed how well they thought those cultures were being developed and sustained. In addition to the survey, senior executives and consultants were interviewed and provided insight into how to develop and sustain a culture of quality.

The end result is a white paper authored by Forbes Insights that helps paint a global picture of the key components of a culture of quality, the challenges many organizations face, and how these challenges can be overcome by investing in quality and learning from world-class organizations.

While discussing all of the findings and implications is beyond the scope of this article, here's an overview of some of the research's key findings, tidbits from the interview conversations and some main points organizations can take away as they work to sustain their own cultures of quality. Be sure to check out the full white paper, "Culture of Quality: Accelerating Growth and Performance in the Enterprise," which provides more in-depth analysis of survey data and additional insight from interviews, at [cultureofquality.org](http://cultureofquality.org).

### It starts with leadership

When embarking on a culture of quality, where do you even begin? In an interview, Jeffrey Ray, director of operations and quality, Strategic Missile & Defense

Systems, Boeing Defense Space and Security, said that organizations need a top-to-bottom culture of quality.

"Our perspective is that leadership sets the tone, clearly articulates the vision and the expectations," Ray said. "You need to define what quality means, define quality goals, disseminate these objectives, measure group and individual performance and then reward those who are making it happen."

Overall, 59% of respondents said their organization exhibits a culture of quality, but among ASQ members surveyed, just 47% said this compared to 75% of the C-suite executive respondents. This means those with quality-focused titles are less likely to believe their organizations exhibit such a culture (see Figure 1).

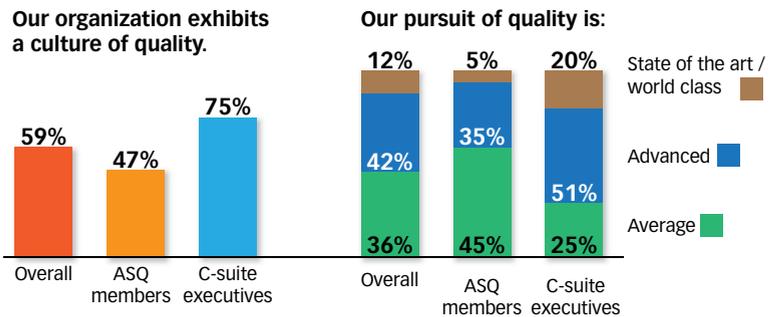
In addition, 20% of executives described their quality programs as world class or state of the art. Only 5% of ASQ members did the same. More respondents from the Forbes Insights sample also viewed their organization's quality operations as advanced, while respondents from ASQ's sample were more likely to rank them as average.

Elizabeth Keim, managing partner at Integrated Quality Resources, explained how these disparities can occur.

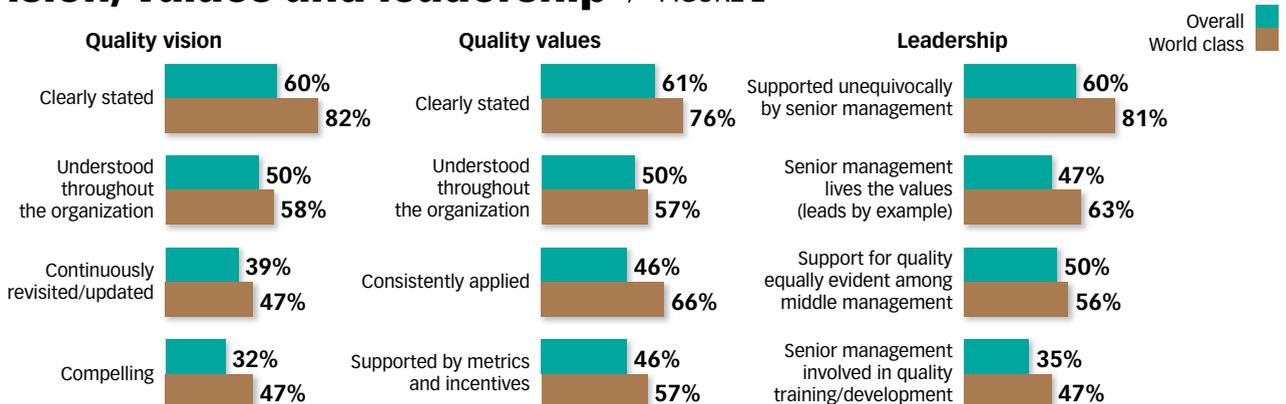
"CEOs and the C-suite tend to receive filtered, big-picture material that has been 'prettied up' for management," she said. When quality improvement projects are presented, "the 'dirty secrets' of the process are often excluded from the short, summary presentations." Therefore, she said, senior executives "often do not realize how badly some of their processes are performing."

Dan Afseth, software development leader at Intuit, pointed to perspective in explaining this gap. "The deeper you dive into an organizational chart, the closer you are to the details of the work," said Afseth. "If you're close to the challenge, you see the precise chang-

## Different perspectives / FIGURE 1



## Vision, values and leadership / FIGURE 2



es still needing to be made—and there are a lot of them. Whereas from the top, you see great progress.”

**Takeaway:** Leadership is critical in setting the tone for an organization’s culture of quality, but including lower-level employees, especially those from the quality department, is also important, as they may have a different perspective on where processes can be improved.

### Vision and values matter

Two more key components that go hand-in-hand with leadership are having a clear quality vision and quality values. Leaders can help make these components visible by leading by example, but many survey respondents said this isn’t always happening (see Figure 2).

The white paper defines a quality vision as a clearly articulated strategy outlining how the pursuit of quality advances an organization’s objectives. Just 60% of all survey respondents said their organization’s quality vision is clearly stated, with lower figures for European (52%) and Asia/Pacific organizations (51%). The figure rises to 82% for organizations that describe their quality programs as world class.

An organization’s values can help guide employees at all levels to make responsible quality-related decisions. Of survey respondents, 61% said their organizations’ qual-

ity values are clearly stated, while 76% of world-class organizations said this is the case. The percentage is lower again for European and Asia/Pacific organizations—each at 50%. Just half of all survey respondents said values are clearly understood by all in the organization.

There’s also a gap between leadership and the implementation of vision and values. Just 54% of ASQ members said their management is undeniable in its support of the organization’s quality vision and values, while 67% from the Forbes Insights sample said this. Overall, 47% said their leaders lead by example in “living” the organization’s quality vision and values.

**Takeaway:** Vision, values and leadership are foundational components of a culture of quality. Leaders must lead by example and ensure these principles are communicated and understood throughout the organization.

### Customers drive quality

This component of a quality culture—commitment to customers—is where the distinction between world-class organizations and the rest of survey respondents becomes apparent.

Of world-class organizations, 71% said the statement, “Customer needs are the key driver of our quality programs,” is highly applicable to their organi-

## BENEFICIAL BENCHMARKING

While there isn’t one secret to successfully building a culture of quality, learning from other organizations can help you benchmark your efforts. Here are a few examples from world-class organizations:

**Hewlett-Packard (HP).** At HP, Rod Donaville, senior director, customer experience, quality and culture, said his group is taking a handful of steps to make stronger an already strong program. For example, “We believe it is important to draw a line in the sand so that every employee in our company understands where HP stands on quality,” Donaville said. The company has created a formal quality policy “that our CEO personally delivered to all employees,” he said. Its three key messages include:

1. At HP, quality matters—and it’s everyone’s responsibility.
2. We are committed to continually improving our products and services.

3. And we deliver an exceptional customer experience by meeting requirements and embedding quality in everything we do.

**Boeing.** Boeing’s Strategic Missile & Defense Systems takes a five-step approach to its quality program.

According to Jeffrey Ray, director of operations and quality, Strategic Missile & Defense Systems, Boeing Defense Space and Security, “The first element is leadership commitment and expectations.” Essentially, the tone is set from the top. The second element is integrating accountability into job descriptions for every employee regardless of their role, “so that quality is part of their day-to-day work,” Ray said.

Third, Ray said, “is improving our recognition programs.” Across the enterprise, there is already quite a bit of recognition, “such as our division level award we call

‘direct hit,’ which is awarded by our general manager and is highly coveted,” Ray said. But “there’s room to do more” along these lines, Ray added, and such incentives “are highly effective at driving behavior.”

The fourth piece is the development of a communication plan. Here, Ray said, “it’s important for people to understand what they’re contributing to.” Ray’s division works heavily with the U.S. Department of Defense. So here, “we emphasize what the work they do means for the nation.”

Finally, the last element is about employee empowerment. “You need a culture that empowers an employee that has any kind of concern—quality or safety—to stop whatever the process is and get the right stakeholders involved to get it right,” Ray said. In short, if there are deficiencies in the quality environment, “we want people to speak up.” —A.H.

zation, compared to 48% of respondents overall. World-class organizations were more forceful in expressing that customers drive their quality programs and dictate their quality objectives, and that their metrics focus on customer needs (see Figure 3).

World-class organizations are also more adept at identifying customer needs and expectations, and are more effective at balancing value perceived by customers with delivery costs (see Figure 4). World-class organizations are more likely to use a broad set of strategies for gathering customer insight, including formal discussions and focus groups, and technology-based strategies, such as big data and social media.

What explains the difference between world-class organizations and others? It could be the pressure sometimes placed on quality initiatives by investors. According to Bharat Wakhlu, resident director for public affairs at Tata Services, “Very often, upper management at a company is forced to respond to the

concerns or metrics placed upon it by investors.” And investors, said Wakhlu, “are less concerned about quality than they are about financial performance.”

So the challenge here, Wakhlu said, is helping such stakeholders to see “a clearer connection between quality and financial performance.” Quality, Wakhlu said, “is the language that translates the voice of the customer into long-term organizational performance.”

**Takeaway:** It’s clear customers drive an organization’s pursuit of quality. A better understanding of customer requirements will better allow organizations to meet those wants and needs. World-class organizations are leading the way in using several strategies to understand their customers, and helping to make a clearer connection between quality and finances.

### Incentives, innovation and investment

World-class organizations are more likely than others to use internal awards or recognition related to quality metrics, while other companies are less likely to tie personal compensation, cash bonuses or promotions to quality metrics. World-class organizations are also more likely to implement nontraditional incentive programs, such as allowing customers to nominate employees for recognition.

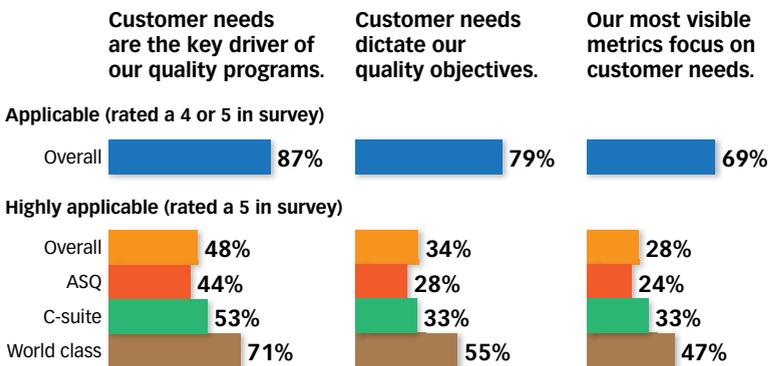
An example of a nontraditional but effective recognition program is one implemented at Intuit called “Spotlight.” As Afseth explained, the program enables any employee to recognize outstanding performance by any other employee by sending a digital “thank you” to the employee, with a copy to the recipient’s manager. Spotlight awards, one of the most well-known and widely used forms of recognition at Intuit, range from \$10 to \$1,000 and can be redeemed for gift certificates from hundreds of merchants, or a donation to a favorite charity.

The survey also shows 60% of executives overall and 72% at world-class organizations use customer input from tools such as surveys to evaluate performance against quality metrics. World-class organizations tend to devote significantly more effort toward identifying and tracking a wide range of quality-focused key performance indicators.

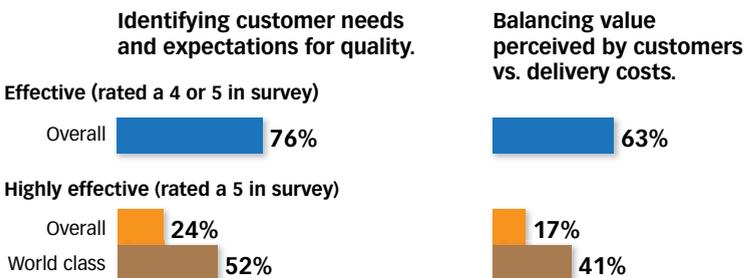
Some organizations are even going as far as rewarding not only quality successes, but also efforts that result in failure. This promotion of innovation and risk-taking helps contribute to a culture of quality.

According to Sunil Sinha, chief executive of Tata Quality Management Services, a business unit within

## How applicable are the following statements? / FIGURE 3



## How effective is your organization in the following areas? / FIGURE 4



the Tata Group charged with promoting such quality-related disciplines as business excellence, ethics, safety and innovation, one of the things his group emphasizes is the “need to pursue innovation and risk-taking.” The group instituted a “Dare to Try” award, which “is awarded to individuals and teams who, though they made a daring attempt, failed in what they were attempting to do,” he explained. The point is not to encourage others to fail, but “to show others that the way to improve importance is to take risks; to innovate.” Awarded by the group chairman, the high-profile honor “is changing the way the organization looks at failure, and is encouraging bold experimentation and innovation,” he said.

On the innovation front, nearly two-thirds of executives (62%) said they are making investments in technology to improve performance against quality objectives. Eighty-three percent of world-class organizations said they’re doing so. Most survey respondents reported that technology investments will focus on end customers or internal or intermediate customers. Again, experts said that making a clearer connection between quality and financials will help

make the case for these investments, and drive leader buy-in for an overall culture of quality.

“We need to translate defects and process improvements into dollars and euros,” said Paulo Sampaio, professor of quality engineering and management, University of Minho-Portugal. In doing so, “the C-suite will be more open to the pursuit of quality,” he said.

**Takeaway:** Implementing incentive programs and tying success in quality metrics to compensation and recognition, investing in quality, and focusing on innovation and risk-taking allow organizations to nurture thriving quality cultures, thus propelling them into world-class status.

### Cultivating your culture

In the end, no organization is perfect. Just as all humans have individual needs, all organizations are unique in what works for them, but the underlying message is the same: Maintaining the inner workings of your organization to optimize performance starts with building and sustaining a strong culture of quality. **QP**



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