

Measuring

Up

New research **offers a view** of the global quality environment

by Amanda Hankel, assistant editor

WHAT IS QUALITY, and what does it mean to your organization and your industry? What does continuous improvement mean for your country, region and community, now and in the future? These

are questions that, until recently, hadn't been answered on a global level.

Without a comprehensive view of the current state of quality—how organizations around the world use quality tools, techniques and continuous improvement systems—it has been difficult to identify future opportunities for improvement.

To change this, ASQ partnered with the American Productivity and Quality Center (APQC) to begin to get some answers to these questions. After spending nearly a year and a half gathering survey responses

In 50 Words Or Less

- The ASQ Global State of Quality Research provides a comprehensive view of the current status of quality in organizations around the world.
- The first report in the series, "Discoveries 2013," highlights key findings regarding current practices used by organizations around the world to govern, manage, measure and support quality.



from organizations around the world, the ASQ Global State of Quality reports were born.

“In the past and currently, the focus has really been on individuals—quality individuals and the quality work and the skills and competencies of quality practitioners and experts around the world,” said Travis Colton, senior consultant for APQC. “This is different in the sense that we’re focusing less on individuals and more on the quality that’s occurring in organizations.”



The first of three reports based on the research was released in May. "Discoveries 2013" is based on 1,991 survey responses from organizations in 22 countries and highlights the key findings regarding current practices used by organizations worldwide to govern, manage, measure and support quality. It's meant to provide a baseline on which the rest of the research will build.

In July, the second report was released. In November, you can look for a third report. The reports are available for download on the ASQ Global State of Quality website at www.globalstateofquality.com.

What is quality?

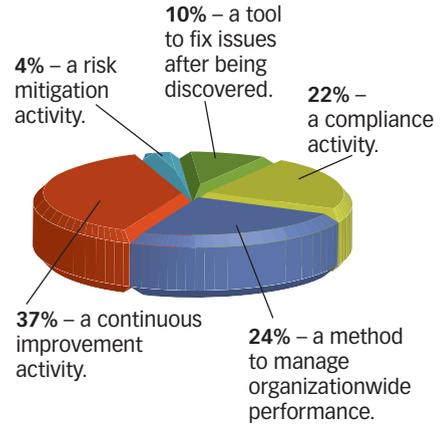
One of the first questions the Global State of Quality survey asked respondents was to define quality from their organizations' perspectives. Respondents returned a variety of definitions, resurfacing the long-debated question: Should there be one standard definition of quality? Table 1 shows the most common definitions respondents provided.

In the 2011 ASQ Future of Quality study, ASQ CEO Paul Borawski said, "There is still no official definition of quality that serves all purposes. The statistics remain unchanged. Fifty percent say there is no single definition of quality. Fifty percent say there needs to be one."

According to Bharat Wakhlu, resident director for Tata Services Limited in India and one of the partici-

What does quality do? / FIGURE 1

Quality is mainly ...



Percentages may not add up to 100% due to rounding.

pants in a panel discussion about the Global State of Quality Research at the 2013 World Conference on Quality and Improvement, the discrepancies in definitions of quality could be related to the immense diversity in organizations around the world today.

"Today, everybody understands that there is a distinct connection between quality and performance ... it doesn't surprise me that the definitions are so diverse because depending on what you define as your performance or your performance excellence, you will find different aspects of quality becoming more relevant to you," Wakhlu said. "We have a far greater diversity of organizations in the world today than ever before."

What does quality do?

In addition to being asked to define quality, survey respondents were asked to describe a quality process and explain what quality does in their organizations. While many define quality as creating and providing customer value, others often describe quality processes as continuous improvement activities, or a method to manage performance or achieve compliance (see Figure 1).

Of the largest organizations, 33% describe quality as mainly a compliance activity, while 15% of smaller organizations say this. Additionally, service organizations are 1.6 times more likely than manufacturing organizations to deem quality a strategic asset to set

Defining quality / TABLE 1

Quality	
1.	Efficiently providing products and services that meet or exceed customer expectations.
2.	Adding customer value.
3.	Continuously measuring the improvement of processes and services for customers.
4.	Acting as promised and reporting failures.
5.	Doing the right thing at the right time in the right way with the right people.
6.	Ensuring customers come back and products do not.
7.	Providing the best value to customers by improving everyday activities and processes.
8.	Beyond delivering what the customer wants, anticipating what the customer will want when he or she knows the possibilities.
9.	Delivering customer value across the company through best-in-class products, services and support.
10.	Meeting and exceeding the expectations of clients, employees and relevant constituencies in the community.

them apart from competitors.

Regardless of how it defines or describes the term “quality,” any organization concerned with quality must decide how to govern and manage it, measure outcomes and prepare its people to establish a culture that supports quality initiatives. The “Discoveries 2013” report breaks findings down into these themes to paint a clearer picture of quality within organizations around the world.

Governance and management

Deciding how to structure governance and management of quality to ensure an impact on outcomes is a challenge for today’s organizations. Quality governance means setting policy, strategy and overall quality goals, while quality management involves the implementation of policy and the day-to-day management of quality. Should the same people be doing both?

Organizational size seems to play a role in this decision. Table 2 shows most organizations use distributed management, meaning leadership is located within multiple business units. When it comes to governance, more organizations rely on senior leadership for these activities, and smaller organizations are more likely to do so (Table 3). Finally, a majority of organizations report using the same model for management and governance of quality, as highlighted in the bolded percentages in Table 4.

Globalization = standardization?

No matter the governance or management model, most survey respondents say quality goals exist within the organization’s larger strategic goals. In fact, 89% of respondents agree or strongly agree that a standardized process is in place for quality management. Figure 2 (p. 24) shows that regardless of country, the majority of responding organizations are using ISO standards as a quality framework.

Roberto Saco, CEO of Florida-based Aporia Advisors, initially thought the survey would reveal marked differences in quality practices between, for example, Singapore and Brazil or Singapore and the United

Quality management structure / TABLE 2

Quality is managed by:	Revenue group				
	< \$100M	\$100M to \$1B	\$1B to \$5B	\$5B to \$10B	> \$10B
A centralized quality department	32%	35%	24%	33%	28%
Leadership located in multiple business units/parts of the organization	32%	53%	65%	55%	68%
A centralized committee of leaders from multiple functions	9%	7%	7%	5%	4%
Senior executive leadership/officers	27%	4%	4%	8%	0%
Board of external representatives	1%	1%	0%	0%	0%

Percentages may not add up to 100% due to rounding.

Quality governance structure / TABLE 3

Quality is governed by:	Revenue group				
	< \$100M	\$100M to \$1B	\$1B to \$5B	\$5B to \$10B	> \$10B
A centralized quality department	22%	50%	22%	17%	24%
Leadership located in multiple business units/parts of the organization	12%	18%	28%	64%	43%
A centralized committee of leaders from multiple functions	13%	14%	36%	16%	22%
Senior executive leadership/officers	50%	18%	13%	3%	9%
Board of external representatives	2%	1%	2%	0%	1%

Percentages may not add up to 100% due to rounding.

Management vs. governance structure / TABLE 4

Quality is governed by:	Quality is managed by:				
	(CQD)	(LMBU)	(CCLMF)	(SEL)	(BER)
A centralized quality department (CQD)	44%	25%	15%	5%	10%
Leadership located in multiple business units/parts of the organization (LMBU)	13%	38%	9%	6%	20%
A centralized committee of leaders from multiple functions (CCLMF)	15%	19%	54%	3%	10%
Senior executive leadership/officers (SEL)	27%	16%	22%	84%	30%
Board of external representatives (BER)	1%	2%	1%	2%	30%

Percentages may not add up to 100% due to rounding.

The **higher up** people are in the organization's leadership, the **less often** they receive quality metric reports.

States. He notes, however, that one of the survey's broad findings is that there appear to be no major or significant differences from region to region or industry to industry, or among organizations of different sizes.

"It could be that globalization has led to standardization across the world," Saco said. "Or, it could be that the companies and organizations we're looking at embrace quality practices and thus embrace the best."

Measures and outcomes

Embracing standard quality management principles is the first step toward improving performance, but developing a measurement system to evaluate quality practices and outcomes proves to be one of the most challenging aspects of an organization's implementation of quality. The survey asked how many measurements provide an accurate gauge of quality across an organization, who should define and select the measurements, and how the measurements will be used.

The research shows manufacturing organizations are generally more likely than service-based organiza-

tions to use quality measurements—defects per million, first pass yield and percentage of on-time delivery, for example. Two important measurements were the exception: employee and customer satisfaction.

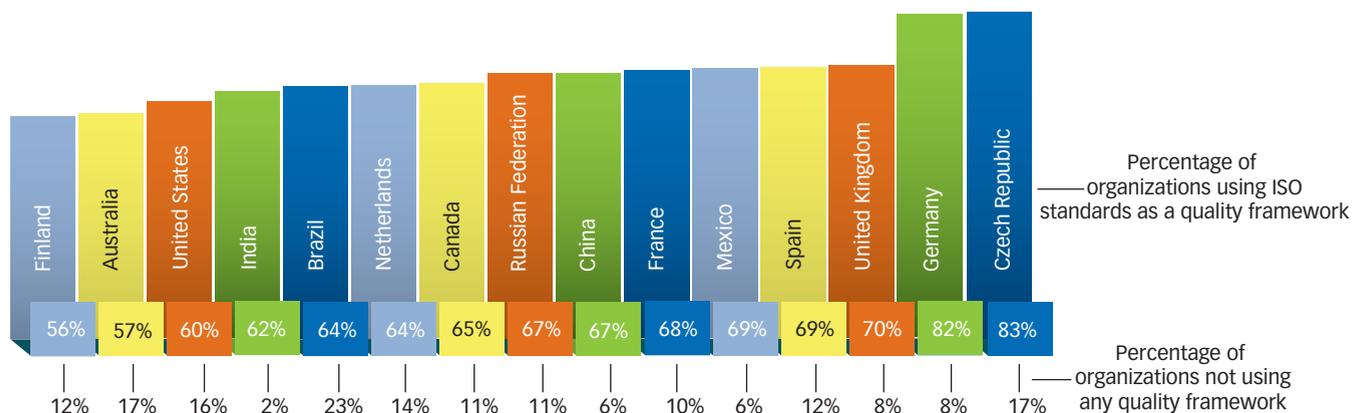
"There is no real surprise in it," said Wolfgang Kaerkes, CEO of the German Society for Quality. "We know the markets and their needs, and we know they are diverse. The size doesn't matter and the region doesn't matter. What matters is the consistency of purpose and deployment of tools and methods. If we do the measurement the right way, we can be sure we get figures ... to control our business and to improve our performance."

Another big question when it comes to quality reporting is who should get what information, and how often. As Table 5 shows, the higher up people are in the organization's leadership, the less often they receive quality metric reports. Of front-line staff members, 33% are provided daily reports on quality metrics, while only 2% of senior executives get quality reports that frequently.

Reporting frequency for quality measurements is standardized across most parts of the organization in 39% of organizations, while 46% said it is standardized across the entire organization. According to Steven Bailey, principal consultant for DuPont in Delaware, this is a key aspect of measuring and using quality data.

Download the ASQ Global State of Quality reports at www.globalstateofquality.com.

Use of ISO standards as a quality framework / FIGURE 2



“The cascading deployment of these measurements that lead to the outcomes is the key,” he said. “I can’t put a big enough pitch in for the idea of standardization. I think it is critical that these metrics be standardized ...” so they’re part of standard work within an organization.

Using your data

The research found most organizations use quality measurements as expected—to establish strategic goals, conduct trending and predictive analysis for decision making, and reward employees through compensation.

One differentiator is governance and quality management. Only 59% of organizations with distributed governance use measurements to drive performance compared to 81% for organizations that use a functional central committee. Furthermore, only 38% of organizations that govern quality with distributed leadership use quality measurements as part of variable performance compensation.

Preparing your people

When it comes to quality training, many questions still remain, such as who should be trained in using quality tools and techniques and how much money should be invested.

The “Discoveries 2013” report reveals that an organization’s quality management framework and size are key indicators when it comes to the training it provides. Organizations using ISO standards are more likely to provide ISO training, and larger organizations tend to offer more quality training for employees than smaller ones.

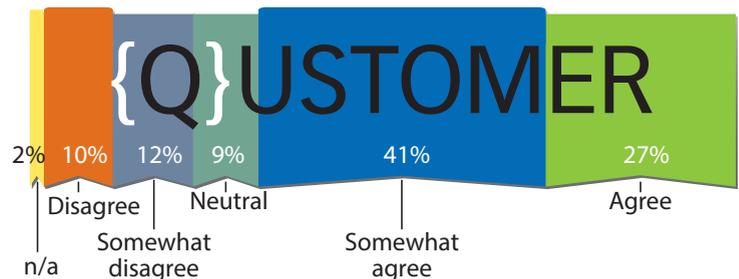
Another factor determining the level of quality training provided at an organization is the governance model. The data show that as governance moves away from a centralized quality department, the percentage of organizations providing training to various types of staff members decreases (see Tables 6 and 7, p. 26).

According to Wakhlu, quality training needs should be based on what will help the organization achieve its end goal.

“Fundamentally, just like performance is going to be driven right from the start of the value chain in the organization to the very end ... training will be determined on the basis of, ‘What are the organization’s competencies that need to be developed in order for

Customer transparency / FIGURE 3

Information on our product or service quality performance is shared with customers.



Percentages may not add up to 100% due to rounding.

customer satisfaction to be at the top 5% or whatever the company might choose?”

A key variable in training is finances. One-third of responding organizations have a formal training office responsible for training staff on quality practices—with larger organizations being more capable of allocating funds for this. Based on 274 respondents, the median annual training cost per full time quality employee is \$1,333.

Technology in training could help offset this cost, and it’s something to be explored in future research.

According to Saco, a generation or even less ago, a classroom approach was the usual method of training, whereas today, there are blended approaches that include online courses.

Establishing culture

The last theme revealed in this installment of the ASQ Global State of Quality Research report involved quality culture. One clear finding has emerged—organizations are becoming true partners with their customers. From the definition of quality to quality processes to quality measurements, the customer is tied to it all in some way.

Reporting quality metrics / TABLE 5

	Frequency of reporting quality metrics					
	Annually	Quarterly	Monthly	Weekly	Daily	Ad hoc
Senior executives	26%	34%	27%	4%	2%	5%
Divisional leadership	11%	17%	54%	8%	2%	4%
Department leadership	7%	9%	51%	19%	7%	4%
Front-line managers	5%	5%	32%	22%	23%	7%
Front-line staff	6%	5%	20%	14%	33%	10%

Quality-related training by industry / TABLE 6



Quality-related training by governance model / TABLE 7

Quality is governed by:	Staff directly involved in quality-related activities	Any staff that requests quality training	Newly hired staff	All staff
A centralized quality department	76%	49%	38%	27%
Leadership located in multiple business units/parts of the organization	66%	47%	31%	22%
A centralized committee of leaders from multiple functions	59%	34%	29%	27%
Senior executive leadership/officers	56%	25%	21%	36%

The researchers thus coined the term, the “qustomer.”

Transparency with the customer is key, but it can be hard to do. Of respondents, 41% somewhat agree that they share information on product or service quality performance with customers while 27% agree that they do (see Figure 3, p. 25). Thirteen percent of respondents agree and 43% somewhat agree that the only person qualified to specify what quality means is the customer.

Another aspect of a quality culture is how organizations encourage employees to meet critical quality

targets. Regardless of revenue group or industry, 55% of organizations provide incentives to employees through informal manager recognition. Just 30% of all respondents offer financial incentives.

To Wakhlu, this finding makes sense, as the motive for practicing quality should be more than purely financial.

“People are driven not so much by financial incentives but a sense of fulfillment and accomplishment—a sense of doing something purposeful,” said Wakhlu. “If they do good things, if they think they’re creating value for people generally, there is a great enough intrinsic motivation.”

What’s next?

The “Discoveries 2013” report is just the beginning of what is to be revealed through the ASQ Global State of Quality Research. The July report delves deeper into industry-focused findings, while the third report will include some qualitative data from interviews and focus groups.

The question now is how to use this information to improve quality in your organization. To start, begin asking the following questions of your own organization:

- What does quality mean to you?
- What do your quality processes do, and how do you manage them?
- How do you measure quality?
- Would you say you’ve established a culture of quality within your organization?

The information here should serve as a benchmark for you to evaluate the answers to these questions and help you identify areas for improvement. While there may not be a standard definition of quality, we all can agree on one thing: A quality organization never stops improving. **QP**

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