

Quality is the Key

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INTRODUCTION

In the 1950s there was more concentration on quantity than quality. From the 1960s consumer awareness led to increased inspection during the production process. The 1970s saw the oil crisis, and quality assurance came to the fore to conserve resources and reduce waste. Quality through technical excellence was the key to Japanese pre-eminence in the 1980s and in the 1990s the combination of technical knowledge plus the effective use of people (the key to total quality management) is to the fore. In the future the issues at stake may well be quality of life and social cost quality.

A quality driven organization concentrates on breaking down the barriers typical in old hierarchical organizations. Instead we aim for a structure in which external customers provide feedback which is passed through all levels of the organization so that they can work in harmony to meet the customers needs. The organization also passes feedback to its external suppliers so that they can correctly supply the organization.

Implementing Total Quality Management (TQM) must begin with a complete understanding and commitment by top management, followed by a company-wide awareness programme to tell everyone what is involved. Only then can you engage in planning and implementation. Finally, it is important to review progress regularly and improve continuously. It is vital to spend enough time on gaining a complete understanding of TQM, and getting commitment from the whole company before planning and implementation so everyone knows what is expected. This will ensure successful implementation.

One of the important features of TQM is to develop an open and totally fearless company culture. Very often people feel inhibited in stating their views, suggesting improvements or doing things differently, especially if they are constantly criticized by an over censorious management. Driving out fear is therefore an important feature exemplified in this concept of leadership. The role of management is to create the conditions to allow staff to reach their full potential.

THE COST OF QUALITY

The cost of quality is the total cost of everything that would not have been required, if everything else had been done right first time. The cost of quality can be split into four categories:

- External failures (eg. returned faulty goods),
- Internal failures—(eg. things that go wrong during production);

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- Appraisal costs (inspections during production);
- Prevention costs—the costs of activities which prevent problems in the first place, for example quality planning, training, quality improvement projects etc.

Investing in prevention activities reduces failure costs, so appraisal costs can also be reduced. In companies not practicing TQM, easily 20% of turnover can be taken up by quality costs, with 70% of this being due to the cost of internal and external failures. Typically only 1% would be spent on prevention. Lots of things go wrong, lots of money is spent putting them right, but hardly any is spent on prevention.

A company practicing TQM might double its prevention costs, from 1% to 2%, but it could expect failure costs to come down from 14% to just 2%. There would then be less need to check for failures, so appraisal costs might be reduced to just one per cent. This company is spending just 5% of turnover on quality, compared to the 20% without TQM.

WYEVALE NURSERIES

Wyevale Nurseries is a plant production nursery. It is part of Wyevale Holdings, which also includes the largest garden centre chain in the UK, and a specimen tree nursery. Wyevale nurseries supplies garden centres, local authorities, the landscape industry and other nurseries. Annual sales are some £5 million, with sites in the midlands, south-east, west country and France. It has around 200 employees.

The quality objectives it set itself were.

- To improve quality standards
- Minimize quality costs
- Increase market share
- Increase profit
- Reduce labour turnover
- Eventually to gain accreditation to quality standard BS5750.

Phase One. The first step was a director's planning workshop, followed by the formulation of a quality policy. The Company's policy statement embodied many of the elements of TQM: "Wyevale Nurseries will provide the highest standard in customer service, including product quality and availability, value and timely delivery. To achieve this standard we will minimize errors and wastage throughout the Company by staff training and better systems."

There were then discussions with department heads, who attended the workshop, to obtain their views about what was needed and how it could be implemented. Departmental meetings, involving all employees, informed them of the Company's intentions.

Information gathering for the exercise included an external customer survey and calculations of the current costs of quality. External and internal failures accounted for 90% of the costs of quality, prevention costs only two per cent. The total quality cost was over 30% sales turnover, over £1 m at the Hereford site alone.

A quality manager was appointed to facilitate and co-ordinate the programme. This is an important position and should be occupied by someone at senior management or director level. The role is coordinating and facilitating rather than responsibility for quality improvement—that function rests with the whole work

force and it is important that it is seen to be so. In smaller companies the role of quality manager could well be combined with other activities.

Phase Two. The second part of the programme at Wyevale involved the following elements. Leadership training for directors and managers; "internal customer" survey to explore relationships between departments of the nursery which supply each other (eg sales and production), process flow charts to establish what goes on where; implementation of performance appraisal; setting quality objectives for each department; setting up a new internal communications strategy.

Phase Three. The third phase was to continue the education process with the work force in TQM: To address problem solving and problem analysis; to form corrective action teams; to monitor reduced quality costs; to produce quality manuals on issues such as planting, pruning, propagation etc; to produce a monthly quality bulletin sent to every member of staff to update them on progress throughout the organization. A staff attitude survey was conducted part way through the programme to determine reactions to the project and discover additional areas needing attention.

Achievements. Achievements to date include:

- Establishing clear departmental responsibilities;
- A confident quality conscious management and work force,
- An improved customer profile;
- Significant waste reduction (the Company reports savings in excess of £100,000 in the first year);
- Major reductions in cost of quality;
- Better communication and team-work;
- Improved methods and procedures

Hereford and Worcester Training and Enterprise Council have chosen Wyevale as one of its exemplary companies in its approach to quality and training.

Next Steps in the Continuation of the Quality Programme. The next steps will be the continuation of the quality programme to gain BS5750 and will include the appointment of a marketing director; the re-assessment of the marketing function; the implementation of TQM to outlying sites within the company; the implementation of a publicity programme; a quality improvement programme with suppliers; and gaining accreditation with the new Investors in People Standard, as a company which recognizes that its strength lies in the quality of its staff