18 Business philosophies

A Total quality management

Tom Dryden, of Dryden Vacuum Cleaners, believes in **quality**: 'The **specifications** or **specs** of a product are exact instructions about its design, including its **dimensions** (size), how it is to be made, the materials to be used, etc. The objective of **quality control** is **conformity** to **specifications**, the idea that the product should be made exactly as it was intended, with **zero defects**: no faults at all. Things should be done **right first time** so we don't have to correct mistakes later in a process of **reworking**. We do **spot checks** every few minutes during production to ensure everything is going well.

We have a system of **total quality management** (**TQM**), including **quality circles**: groups of employees who meet regularly to suggest improvements.'

B Continuous improvement

Ray, at Lightning Technologies: 'We are always making small improvements or **enhancements**; this is **continuous improvement**. We refer to it by its Japanese name: **kaizen**.'

Silvia Chavez, Aerolíneas Latinas: 'We use continuous improvement in our service industry. We look carefully at the overall customer experience. In retailing, they use **mystery shoppers**, who pretend to be shoppers to check service in shops. We use "mystery travellers" to report on the standard of service before, during and after the flight.'

C Benchmarking

Jim, production manager at an electricity power station in the UK: 'We use a system called **benchmarking** to compare our **performance** to other power stations. We've recently been to the US to see how the best power stations operate – **best practice** – and try to copy it. We've managed to halve the number of workers, and increase productivity.'

D Business process re-engineering

Susanna, head of personal banking at an international bank: '**Business process re-engineering**, or **BPR**, applies in service industries as well as in manufacturing. We didn't want to change existing things in small ways. We completely redesigned all our processes in management, administration and customer service. We eliminated three levels of management and installed a completely new computer system. The gains in productivity have been very good.'

18.1 Complete the crossword, using words from A opposite.
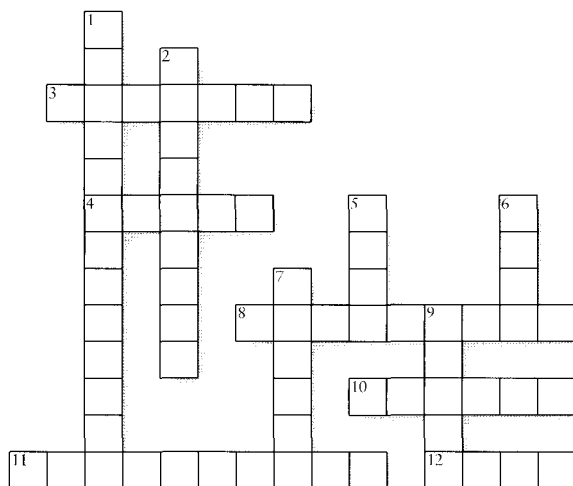
Across

3 See 6 down.

4,5 down Right .... (5,4)

8 Could be length, height or width. (9)

11 Total quality .... (10)

12,10 Making sure things are alright. (4,6)

Down

1 What the designer decides. (13)

2 Doing it again when you shouldn't have to. (9)

5 See 4 across.

6,3 across No mistakes at all. (4,7)

7 A quality .... meets to suggest improvements. (6)

9 Short form of 1 down in plural. (5)

18.2 Which expression from B, C or D opposite describes each of these situations? One of the expressions is used twice.

1 A police service reduces the number of forms to fill in when a crime is reported, first from fifteen to twelve, then to ten, then to seven, then to three.

2 A travel company closes all its high street shops, lays off middle managers and half of its sales assistants and retrains the others to sell on the phone. It also starts an Internet service.

3 A telephone company looks at other telephone companies to see which one issues bills with fewest mistakes to customers. It then copies this company's methods to reduce the mistakes in its own bills.

4 Most parcel delivery companies deliver 70 per cent of parcels by 10 am the next day, but one company has an advanced computer system that enables it to achieve an 80 per cent delivery rate.

5 An Internet banking service starts by allowing customers to see how much money they have in their accounts, and the latest transactions in the order they took place. Six months later customers can view the transactions in different orders. Three months later, they can make payments using the Internet service, which they couldn't do before.

Over to you

Do you try to continuously improve your own work? If so, in what ways?

In what ways does your company or the place where you study improve its efficiency? What should it be doing?