
TRANSLATING BUSINESS POLICY INTO QUALITY OBJECTIVES

An organization is organized by vertical functions, such as production, marketing, engineering, finance, quality assurance, sales, administrative services and others. Through such functional organization, responsibilities are delegated and goals pursued. The most common goal in any organization, regardless of the size, location, nature of business and product / services is to make a profit. Profitability is what makes the organization to grow.

Among the objectives to enhanced profits are to drive continuous improvement (Kaizen) in such areas as employee education and empowerment, customer satisfaction, customer service, quality assurance and control, manufacturing and operations cost reduction and control, volume, warehousing and delivery control (inclusive of transportation and handling) and new product development. In short, to enabling profitability, an organization goal or vision must focus on driving quality improvement throughout the entire supply chain of the process and/or the services. These objectives call for cross-functional efforts cutting horizontally across the whole organization. In today business, achieving and ensuring quality in an organization is everyone's duty.

It is no longer a quality control or a quality assurance department job function. It makes more sense that the business policies and goals nowadays are more quality-driven. Take a look at some of the common corporate visions, and most of them say "Achieving Total Customer Satisfaction", "Maintaining the Lowest Cost to Satisfy Our Customers", "Faster Services and Lead Time to Market", etc. Aren't all these can be achievable through the planning and execution of Quality management tools?

Most top managements say that their organization's mission is to provide quality products / services to meet the needs of their customers. Yet even if we accept this at face value, how high should quality stand in the hierarchy of various corporate goals?

The organization has many goals to pursue, such as maximizing shareholders' profits, providing satisfaction to employees, producing goods or services to satisfy customers' needs and serving the community in which it works. Internally, middle management, line managers and staff are held responsible for carrying out the missions of their respective departments such as engineering, production, marketing and administration.

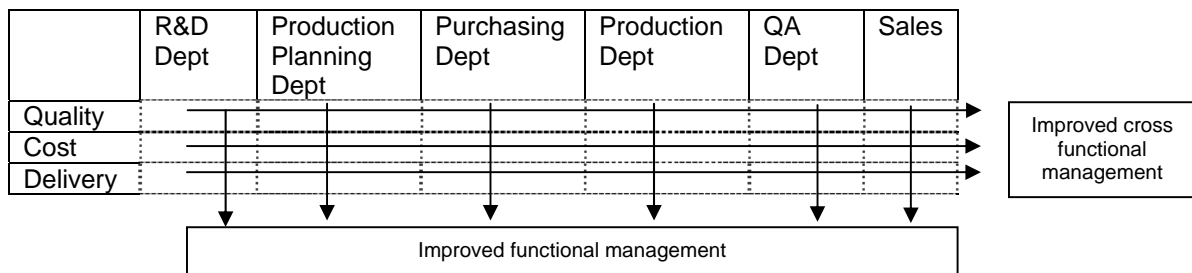
Where should quality place among these sometimes conflicting external and internal goals? Most of the times, each departments will have their own goals to achieve, such as

Production in achieving their yield, Purchasing to buy from cheapest supplier, and many others.

Cross functional management is a key organization tool to help in realizing the business goals, policies, and transferring the values from strategic to tactical approach. Cross-functional management enables strategic planning and execution activities cut across all the major departments in an organization.

Departmental managers naturally tend to place the priority on their own department's functions. Without cross-functional goals, the departments with the loudest voices tend to win interdepartmental negotiations, regardless of the impact on company-wide goals. (See figure 1)

Figure 1: Cross functional and functional management matrix



For instance, during the introduction of new product, the R&D department will develop a prototype of the product, based on feedback from marketing department. Eventually, after the design validation at the laboratory environment passed, the specifications and drawing will be eventually given to the production department to produce. What if the information obtained from the market by marketing department and the design produced by the R&D department did not meet the overall production capability and capacity?

The ideal situation to counter this situation will be an overlapping of various functions at every stage of supply chain management. Cross-functional management has been born of the need to break the interdepartmental communication barriers. In order for this to happen, however, first there must be alignment of company-wide vision, mission and values with the departmental strategic objectives, and also a system for quality assurance and supporting rule, regulations, formats and procedures.

Policy Deployment involves the whole process of internalizing policies throughout the organization, from highest to lowest level. The term policy describes both annual and medium to long term targets and orientations.

Once the top management's Quality policy, values has been determined, they are 'deployed' throughout the lower levels of management. The goals that were stated as abstract by top management become increasingly concrete and specific as they are deployed downward. Quality Management System such as ISO9001 requires a deployment of Quality Policy to departmental actionable Quality objectives. The Quality Objectives must be measurable and specific. Most organizations are using the SMART (*Specific, Measurable, Attainable, Result-oriented and Time Limit*) approach in developing and ensuring the alignment of the objectives with the company-wide policy / goals.

Prior to the effective of the deployment process, top management must ensure the proper resources are available, which including the right team members, qualified staff (through skills, knowledge and attitude improvement), sufficient infrastructures. The planning process should utilize tools such as Balanced Scorecard to maintain a healthy balance in all the key aspects, such as Customer Satisfaction, Profitability, Shareholders' Benefits and Internal Development through Employee engagement (learning, development and motivation). Some organizations fail to acknowledge the balanced contributions of each factor, thus lead to the downfall of the policy. Staff with lack of directions and motivations will not deliver the promise as pictured by the management. For example, a Customer-oriented service company may have a vision to treat every walk-in customer as equal and efficient. This is just a vision of the management. The staff is the actual person who translates the vision into their actionable objectives and thus serves the customer. What if the staff was not motivated and not appreciated for his job done, would you thing he will still be able to demonstrate a good customer service? A customer whom do not receive what he supposed to get (as per the Vision and mission statement) will become not satisfy, thus may lead to customer complaint. In the generic Quality Management System such as ISO9001, the standard calls for a measure and system to translate the customer voice (customer needs) to customer satisfaction, through a systematic process approach in quality policy, quality objectives alignment and execution.

Quality policy deployment, we have seen, represents the deployment between organization goals and measures, starting from top management and going down to the supervisors and workers in the operation floors. This policy deployment offers opportunities for meaningful discussions between manager of different levels and ensures that every manager clearly understand the goals to be reached and is committed to them. When abnormality occurs, in the form of deviation from the agreed-upon target, the causes should be identified through a system policy audit and corrective action taken immediately.

The system policy audits are conducted not to criticize or punish the results, but to point out weaknesses and improvement opportunities in the processes that may or have led to the results, and thus to help the process owners to recognize the shortcomings in their efforts. The system policy audit will also serve as a yardstick of the success of the deployment of the policy in all levels of the organization.

As a summary, organization quality policy is playing an important role in the business expansion and profitability of an organization. Quality Policy is not been seen only as a need of Quality Department, but it has now been integrated as part of running a successful organization. As the Quality policy is increasingly critical, a systematic policy deployment and policy audit are essential to keep the focus aligned at all times.

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