

Service Quality Research/9

Deming's Fourteen Points and Service Quality Research -1

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One of the major themes of this series of articles is a focus on the shortcomings of using standard methodologies to measure service quality. Discussion has centred on how standard methods can show high service quality ratings even though there might be serious customer dissatisfaction and how standard qualitative research can be ineffective in identifying the underlying problems.

The articles, however, did not focus on whether what is being measured is worth measuring. As an example, an earlier article mentioned that IBM linked managerial compensation to customer satisfaction. It may be innovative, but is it a good way to ensure service quality? The articles did not discuss the relevance of the aspect being measured but only whether a given methodology will achieve the stated research objectives.

In this context, it might be worthwhile to review the ideas of Dr. W. Edwards Deming whose views are somewhat at variance with those who seem to be climbing on the bandwagon of 'service quality' - as if it is an incantation, the mere repetition of which will bring untold profits with little effort. His views on quality are somewhat at variance with what many organizations appear to believe. For instance, he believes that quality does not add to the cost of doing business, but instead reduces it. Here are some of his other views:

- Eliminate slogans, exhortations and targets for the workforce.
- Eliminate management by objectives.
- Eliminate management by numbers, numerical goals.

These and other pronouncements by Deming (summarized in his '14 Points', to be covered in this and subsequent articles) run counter to many current practices.

Why Deming?

Dr. W. Edwards Deming, an eminent statistician, was one of the first to recognize the importance of service as a vital component of quality. He is credited with having taught the Japanese how to create and deliver quality. While much of his work centred around products, his vision of quality is very broad in scope and extends beyond statistical quality control, making his ideas relevant to any area of service quality.

Deming's developed fourteen points outlining what an organization has to do to achieve quality. A review of his 14 points show that many assumptions that underlie the current service quality research can be challenged as destructive and as running counter to the spirit of providing genuine service quality.

I present here the major themes of the Deming method with comments followed by questions followed by suggestions for research. Answering the questions may lead to insights on what needs to be done and the research procedures that may be relevant to achieving the stated goals. It may even make us wonder whether we are researching the right areas, whether we are answering the

right questions and whether our assumptions about service quality are tenable. These fourteen points also focus on the need to carry out internal research as a vital input for providing service quality.

1. Constancy of Purpose

Create constancy of purpose toward improvement of product and service, with the aim to become competitive, stay in business and provide jobs. How many organizations that talk about quality will support employees who provided quality when doing so was not profitable to the organization? For instance, if a bank employee spends 30 minutes with a customer who is not particularly profitable but who has a problem, will the bank manager appreciate the employee's efforts? Many organizations which talk about service quality fail to provide it because they use the concept selectively without constancy of purpose.

Questions: Do all employees know the purpose? How do you know it is understood by all? What is the mechanism for determining customer needs? What prevents a new president from changing the philosophy of the company?

Suggested Research. Internal research to assess the depth and breadth of understanding of the organization's mission in terms of service quality; an evaluation of the strength of commitment to the mission at various levels of the organization; as well, identification of the weaker links in the chain.

2. Adopting the New Philosophy

Adopt the new philosophy. We are in a new age. Western management must awaken to the challenge, must learn their responsibilities, and take on leadership for change. Quality is not a cost-added component of a product. Many organizations assume that quality costs money and someone has to pay for it. If we cannot charge more, we cannot afford quality. Deming suggests otherwise. Effort put in to improve the process increases the uniformity of output (eg. consistency of service) and reduces waste of manpower.

Questions: Do you know the cost of not meeting your customer needs? Do you know how to make your customers brag about your company?

Suggested Research: An analysis of the cost of meeting customer needs, an analysis of the cost of not meeting customer needs.

It is no longer sufficient just to meet specifications, no longer sufficient to have the customer not complain. It is necessary, for good business, to have customers that boast about your product or service, stay with you, and bring in a friend for new business.

W.E. Deming

3. Manage the Process, Not the Outcome

Cease dependence on inspection to achieve quality. Eliminate the need for inspection on a mass basis by building quality into the product in the first place. In many organizations there is an emphasis on managing the outcome (handling service related complaints) rather than on managing the process (identifying the source of the problems and preventing the complaints from arising in the first place). When an organization manages the outcome, it tends to brag about how far it goes to keep customers happy. When an organization manages the process, *customers* brag about the organization. The latter is the real measure of service quality. It is this aspect that retains your current customers and attract new ones.

Questions: How many problems are handled simply to satisfy the customer? What mechanism is in place to connect problems to the processes? What mechanism is in place to ensure the processes that generate service quality is maintained and improved upon?

Suggested Research. A continuous elicitation and assessment of customer complaints (see *Imprints*, June 1990) with a view to reducing the variability in service. Relating the complaints to the processes that give rise to problems with a view to streamlining the processes.

4. Look at the Total Cost, Not Price Tags

End the practice of awarding business on the basis of price tag. Instead minimize total cost. Move towards a single supplier for any one item on a long-term relationship of loyalty and trust. If you are to meet your customer's needs in the long term, you need suppliers who are consistent and reliable. Suppliers are more likely to invest in improving quality when they have a long-term relationship with you and are not constantly worried about someone underbidding them and taking away the business. What is relevant to a business is the total cost of the product (service) and not the cost of individual components. An organization may be able to buy each (comparable) individual component at a lower cost. However, doing so may affect an organization's ability to deliver quality in the long-term.

Questions: How many single source suppliers do you have? How frequently do you change suppliers? How important is price in making buying decisions? What effort has been made to encourage the suppliers to adopt a service quality philosophy?

Suggested Research: For an organization to deliver quality, it is important that its mission is understood and followed by its suppliers as well. Modern organizations have several suppliers, all of whom indirectly affect that quality of products and services offered by the organization. Research programmes in this area should measure the understanding of buyers and suppliers of the organization's mission.

5. Improve Service Quality and THUS Decrease Costs

Improve constantly and forever the system of production and service, to improve quality and productivity, and thus constantly decrease profits. This theme of Dr. Deming directly contradicts a widely held assumption, especially among neophyte converts to 'quality': providing quality means decreasing profitability. Organizations often assume that if customers don't complain and if service objective specifications are met, no further improvement is necessary. But one of the main components of cost is the variability. A service that is less variable results in lower costs in the long run. This approach minimizes the costs associated with remedial action and also minimizes the false economy associated with using the wrong tools or people for the job.

Questions: What aspects of your service are not considered to be problematic? How many of those are on the active agenda for improvement?

Suggested Research: Formal tracking and recording of steps taken to improve service quality in areas where research has shown no specific deficiency. Brainstorming sessions to continuously improve service quality.

(Deming's remaining nine points will be discussed in the next issue of Imprints.)