

A

Seminar report

On

Total Quality Management

Submitted in partial fulfillment of the requirement for the award of degree
Of MBA

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Acknowledgement

I would like to thank respected Mr..... and Mr.for giving me such a wonderful opportunity to expand my knowledge for my own branch and giving me guidelines to present a seminar report. It helped me a lot to realize of what we study for.

Secondly, I would like to thank my parents who patiently helped me as i went through my work and helped to modify and eliminate some of the irrelevant or un-necessary stuffs.

Thirdly, I would like to thank my friends who helped me to make my work more organized and well-stacked till the end.

Next, I would thank Microsoft for developing such a wonderful tool like MS Word. It helped my work a lot to remain error-free.

Last but clearly not the least, I would thank The Almighty for giving me strength to complete my report on time.

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Preface

I have made this report file on the topic **Total Quality Management**; I have tried my best to elucidate all the relevant detail to the topic to be included in the report. While in the beginning I have tried to give a general view about this topic.

My efforts and wholehearted co-corporation of each and everyone has ended on a successful note. I express my sincere gratitude towho assisting me throughout the preparation of this topic. I thank him for providing me the reinforcement, confidence and most importantly the track for the topic whenever I needed it.

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Introduction

Total quality management or TQM is an integrative philosophy of management for continuously improving the quality of products and processes. It is used around the world. TQM functions on the premise that the quality of products and processes is the responsibility of everyone who is involved with the creation or consumption of the products or services offered by an organization.

In other words, TQM capitalizes on the involvement of management, workforce, suppliers, and even customers, in order to meet or exceed customer expectations. Considering the practices of TQM as discussed in six empirical studies, Cua, McKone, and Schroeder (2001) identified the nine common TQM practices as cross-functional product design, process management, supplier quality management, customer involvement, information and feedback, committed leadership, strategic planning, cross-functional training, and employee involvement.

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Why TQM?

Ford Motor Company had operating losses of \$3.3 billion between 1980 and 1982.

Xerox market share dropped from 93% in 1971 to 40% in 1981.

Attention to quality was seen as a way to combat the competition.

TQM: A “Buzzword” Losing Popularity

For many companies, the term TQM is associated with corporate programs (mid 1980s ~ early 1990s) aimed at implementing employee teams and statistical process control.

Unfortunately, many companies were dissatisfied with the perceived results of these programs, concluding TQM does not work.

What does TQM mean?

Total Quality Management means that the organization's culture is defined by and supports the constant attainment of customer satisfaction through an integrated system of tools, techniques, and training. This involves the continuous improvement of organizational processes, resulting in high quality products and services.

Objectives: after successfully completing this seminar, participants will be able to better; Ì Explain quality management concepts, values and strategies

- Explain management's roles and responsibility in leading quality management
- Develop a prioritized list of quality improvement projects
- Develop a Process Improvement Team quality improvement project charter
- Conduct quality project improvement reviews
- Select Quality Process Improvement Team members
- Explain basic process improvement tools and techniques

Benefits of TQM

Improve quality.
Employee participation.
Teamwork.
Working relationships.
Customer satisfaction.
Employees satisfaction.
Productivity.
Communication.
Profitability.
Market shares.

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The principles of quality management

In TQM, the processes and initiatives that produce products or services are thoroughly managed. By this way of managing, process variations are minimized, so the end product or the service will have a predictable quality level.

Following are the key principles used in TQM:

- **Top management** - The upper management is the driving force behind TQM. The upper management bears the responsibility of creating an environment to rollout TQM concepts and practices.
- **Training needs** - When a TQM rollout is due, all the employees of the company need to go through a proper cycle of training. Once the TQM implementation starts, the employees should go through regular trainings and certification process.
- **Customer orientation** - The quality improvements should ultimately target improving the customer satisfaction. For this, the company can conduct surveys and feedback forums for gathering customer satisfaction and feedback information.
- **Involvement of employees** - Pro-activeness of employees is the main contribution from the staff. The TQM environment should make sure that the employees who are proactive are rewarded appropriately.
- **Techniques and tools** - Use of techniques and tools suitable for the company is one of the main factors of TQM.
- **Corporate culture** - The corporate culture should be such that it facilitates the employees with the tools and techniques where the employees can work towards achieving higher quality.
- **Continues improvements** - TQM implementation is not a one time exercise. As long as the company practices TQM, the TQM process should be improved continuously.

The Eight Elements of TQM

Total Quality Management (TQM) is a management approach that originated in the 1950s and has steadily become more popular since the early 1980s. Total quality is a description of the culture, attitude and organization of a company that strives to provide customers with products and services that satisfy their needs. The culture requires quality in all aspects of the company's operations, with processes being done right the first time and defects and waste eradicated from operations.

To be successful implementing TQM, an organization must concentrate on the eight key elements:

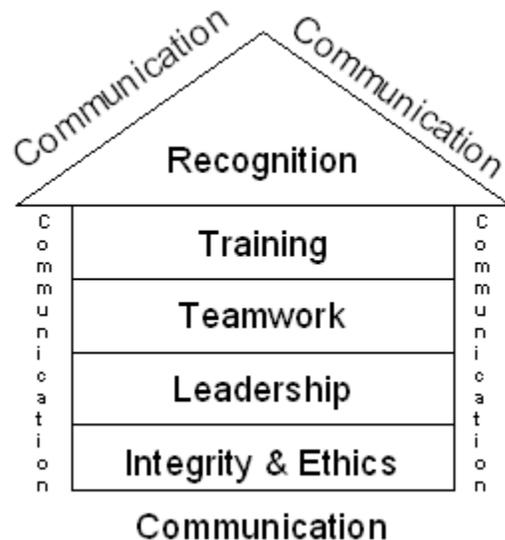
1. Ethics
2. Integrity
3. Trust
4. Training
5. Teamwork
6. Leadership
7. Recognition
8. Communication

This paper is meant to describe the eight elements comprising TQM.

Key Elements

TQM has been coined to describe a philosophy that makes quality the driving force behind leadership, design, planning, and improvement initiatives. For this, TQM requires the help of those eight key elements. These elements can be divided into four groups according to their function. The groups are:

- I. Foundation – It includes: Ethics, Integrity and Trust.
- II. Building Bricks – It includes: Training, Teamwork and Leadership.
- III. Binding Mortar – It includes: Communication.
- IV. Roof – It includes: Recognition.



I. Foundation

TQM is built on a foundation of ethics, integrity and trust. It fosters openness, fairness and sincerity and allows involvement by everyone. This is the key to unlocking the ultimate potential

of TQM. These three elements move together, however, each element offers something different to the TQM concept.

1. **Ethics** – Ethics is the discipline concerned with good and bad in any situation. It is a two-faceted subject represented by organizational and individual ethics. Organizational ethics establish a business code of ethics that outlines guidelines that all employees are to adhere to in the performance of their work. Individual ethics include personal rights or wrongs.
2. **Integrity** – Integrity implies honesty, morals, values, fairness, and adherence to the facts and sincerity. The characteristic is what customers (internal or external) expect and deserve to receive. People see the opposite of integrity as duplicity. TQM will not work in an atmosphere of duplicity.
3. **Trust** – Trust is a by-product of integrity and ethical conduct. Without trust, the framework of TQM cannot be built. Trust fosters full participation of all members. It allows empowerment that encourages pride ownership and it encourages commitment. It allows decision making at appropriate levels in the organization, fosters individual risk-taking for continuous improvement and helps to ensure that measurements focus on improvement of process and are not used to contend people. Trust is essential to ensure customer satisfaction. So, trust builds the cooperative environment essential for TQM.

II. Bricks

Basing on the strong foundation of trust, ethics and integrity, bricks are placed to reach the roof of recognition. It includes:

4. **Training** – Training is very important for employees to be highly productive. Supervisors are solely responsible for implementing TQM within their departments, and teaching their employees the philosophies of TQM. Training that employees require are interpersonal skills, the ability to function within teams, problem solving, decision making, job management performance analysis and improvement, business economics and technical skills. During the creation and formation of TQM, employees are trained so that they can become effective employees for the company.
5. **Teamwork** – To become successful in business, teamwork is also a key element of TQM. With the use of teams, the business will receive quicker and better solutions to problems. Teams also provide more permanent improvements in processes and operations. In teams, people feel more comfortable bringing up problems that may occur, and can get help from other workers to find a solution and put into place. There are mainly three types of teams that TQM organizations adopt:
 - A. **Quality improvement teams or excellence teams (QITs)** – These are temporary teams with the purpose of dealing with specific problems that often recur. These teams are set up for period of three to twelve months.
 - B. **Problem solving teams (PSTs)** – These are temporary teams to solve certain problems and also to identify and overcome causes of problems. They generally last from one week to three months.
 - C. **Natural work teams (NWTs)** – These teams consist of small groups of skilled workers who

share tasks and responsibilities. These teams use concepts such as employee involvement teams, self-managing teams and quality circles. These teams generally work for one to two hours a week.

6. Leadership – It is possibly the most important element in TQM. It appears everywhere in organization. Leadership in TQM requires the manager to provide an inspiring vision, make strategic directions that are understood by all and to instill values that guide subordinates. For TQM to be successful in the business, the supervisor must be committed in leading his employees. A supervisor must understand TQM, believe in it and then demonstrate their belief and commitment through their daily practices of TQM. The supervisor makes sure that strategies, philosophies, values and goals are transmitted down through out the organization to provide focus, clarity and direction. A key point is that TQM has to be introduced and led by top management. Commitment and personal involvement is required from top management in creating and deploying clear quality values and goals consistent with the objectives of the company and in creating and deploying well defined systems, methods and performance measures for achieving those goals.

III. Binding Mortar

7. Communication – It binds everything together. Starting from foundation to roof of the TQM house, everything is bound by strong mortar of communication. It acts as a vital link between all elements of TQM. Communication means a common understanding of ideas between the sender and the receiver. The success of TQM demands communication with and among all the organization members, suppliers and customers. Supervisors must keep open airways where employees can send and receive information about the TQM process. Communication coupled with the sharing of correct information is vital. For communication to be credible the message must be clear and receiver must interpret in the way the sender intended.

There are different ways of communication such as:

A. Downward communication – This is the dominant form of communication in an organization. Presentations and discussions basically do it. By this the supervisors are able to make the employees clear about TQM.

B. Upward communication – By this the lower level of employees are able to provide suggestions to upper management of the affects of TQM. As employees provide insight and constructive criticism, supervisors must listen effectively to correct the situation that comes about through the use of TQM. This forms a level of trust between supervisors and employees. This is also similar to empowering communication, where supervisors keep open ears and listen to others.

C. Sideways communication – This type of communication is important because it breaks down barriers between departments. It also allows dealing with customers and suppliers in a more professional manner.

IV. Roof

8. Recognition – Recognition is the last and final element in the entire system. It should be provided for both suggestions and achievements for teams as well as individuals. Employees strive to receive recognition for themselves and their teams. Detecting and recognizing contributors is the most important job of a supervisor. As people are recognized, there can be

huge changes in self-esteem, productivity, quality and the amount of effort exhorted to the task at hand. Recognition comes in its best form when it is immediately following an action that an employee has performed. Recognition comes in different ways, places and time such as,

- Ways – It can be by way of personal letter from top management. Also by award banquets, plaques, trophies etc.
- Places – Good performers can be recognized in front of departments, on performance boards and also in front of top management.
- Time – Recognition can given at any time like in staff meeting, annual award banquets, etc.

Advantages of total quality management

1. Emphasizing the needs of the market:

TQM helps in highlighting the needs of the market. Its application is universal and helps the organisation to identify and meet the needs the market in a better way.

2. Assures better quality performance in every sphere of activity:

Adverse and non-participative attitudes of the employees are the biggest obstacles in the organization's success, growth and advancement. TQM stresses on bringing attitudinal changes and improvements in the performance of employees by promoting proper work culture and effective team work. It provides excellent opportunities for self development and increasing employee's interest in the job.

3. Helps in checking non-productive activities and waste:

Every organisation aims at improving productivity as well as reduction in cost so as to result in increase in profitability. Under TQM, quality improvement teams are constituted to reduce waste and inefficiency of every kind by introducing systematic approach. Such efforts are helpful in achieving cost-effectiveness and safety in the organisation.

4. Helpful in meeting the competition:

TQM techniques are greatly helpful in understanding the competition and also developing an effective combating strategy. Due to the cut throat competition, the very survival of many organisations has become very vital issue. TQM helps in understanding the customers as well as the market. It provides an opportunity to the organisation to meet the competition by resorting to the techniques of TQM.

5. It helps in developing an adequate system of communication:

Faulty and inadequate communication and improper procedures act as stumbling blocks in the way of proper development of an organisation. It results in misunderstanding, low- productivity, poor quality, duplication of efforts and low morale. TQM techniques bind together members of various related sections, departments and levels of management for effective communication and interaction.

6. Continuous review of progress:

TQM helps to review the process needed to develop the strategy of never ending improvement. Quality improvement efforts have to be undertaken continuously to meet the dynamic

challenges. From the above, it can be concluded that TQM results in both tangible and intangible gains.

Tangible gains are in the form of better product quality, improvements in productivity, increased market share and profitability etc. Whereas intangible gains are, effective team work, enhancement of job interest, improvements in human relations, participative culture, customer satisfaction, improved communication and building better image of the company.

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The Disadvantages of TQM

Demands a Change in Culture

TQM demands an organizational culture that focuses on continuous process improvement and customer satisfaction. It requires a change of attitude and a reprioritization of daily operations. TQM also requires a long-term management commitment and constant employee involvement. According to Forbes, changing an organization's culture is a difficult challenge, because culture amalgamates an interlocking set of values, processes, attitudes, communication practices, roles, goals and assumptions, and is often met with resistance by employees, who view it as a threat to their jobs.

Demands Planning, Time and Resources

A good TQM system often takes years to implement, and that occurs only after significant planning, time, long-term resource allocation and unwavering management commitment. Lack of proper planning can cause a TQM system to ultimately fail.

Quality is Expensive

TQM is expensive to implement. Implementation often comes with additional training costs, team-development costs, infrastructural improvement costs, consultant fees and the like. The system also requires continuous investment in the form of refresher trainings, process and machine inspections, and quality measurement. TQM is not suitable for very small companies, because its implementation, training and execution costs far supersede its financial gains.

Takes Years to Show Results

TQM is a long-term process that shows results only after years have passed. It requires perseverance, patience, dedication and motivation. Many organizations give up on it after failing to see tangible results quickly. Organizations that function in highly competitive environments cannot afford the luxury of time.

Discourages Creativity

TQM's focus on task standardization to ensure consistency discourages creativity and innovation. It also discourages new ideas that can possibly improve productivity.

Not a Quick-Fix Solution

Many companies, in their excessive focus on quality, end up losing financially. Both Xerox, the American document management company, and Federal Express, the cargo airline, suffered significant financial setbacks after winning the Baldrige Quality Awards -- awards that recognize

quality performance. According to the book, "Corporate Transformation and Restructuring," two-thirds of companies that embrace TQM fail to experience major performance breakthroughs or improvements in customer satisfaction. According to an Arthur D. Little survey of 500 companies, only 36 percent felt that TQM improved their competitiveness.

Conclusion

Total Quality Management is practiced by many business organizations around the world. It is a proven method for implementing a quality conscious culture across all the vertical and horizontal layers of the company.

Although there are many benefits, one should take the cost into the account when implementing TQM.

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