

Total Quality Management (TQM)

Total Quality Management (TQM) is a philosophy that says that uniform commitment to quality in all areas of an organization promotes an organizational culture that meets consumers' perceptions of quality.

The concept of TQM rests largely on five principles:

1. Produce quality work the first time.
2. Focus on the customer.
3. Have a strategic approach to improvement.
4. Improve continuously.
5. Encourage mutual respect and teamwork.

To be effective in improving quality, TQM must be supported at all levels of a firm, from the highest executive to the lowest-level hourly employee. TQM extends the definition of quality to all functional areas of the organization, including production, marketing, finance, and information systems. The process begins by listening to customers' wants and needs and then delivering goods and services that fulfill these desires. TQM even expands the definition of customer to include any person inside or outside the company to whom an employee passes his or her work. In a restaurant, for example, the cooks' customers are the waiters and waitresses. This notion encourages each member of the organization to stay focused on quality and remain fully aware of his or her contribution to it and responsibility for it.

The TQM philosophy focuses on teamwork, increasing customer satisfaction, and lowering costs. Organizations implement TQM by encouraging managers and employees to collaborate across functions and departments, as well as with customers and suppliers, to identify areas for improvement, no matter how small. Teams of workers are trained and empowered to make decisions that help their organization achieve high standards of quality. Organizations shift responsibility for quality control from specialized departments

to all employees. Thus, total quality management means a shift from a bureaucratic to a decentralized approach to control.

An effective TQM program has numerous benefits. Financial benefits include lower costs, higher returns on sales and investment, and the ability to charge higher rather than competitive prices. Other benefits include improved access to global markets, higher customer retention levels, less time required to develop new innovations, and a reputation as a quality firm. Only a small number of companies use TQM because implementing an effective program involves much time, effort, money, and patience. However, firms with the necessary resources may gain major competitive advantages in their industries by implementing TQM.

The Implementation of TQM

The implementation of total quality management is similar to that of other decentralized control methods. In developing TQM, companies need to understand how consumers define quality in both the goods and services offered. If a company pays more attention to quality in its production process, fewer problems will occur later when the product is in the consumer's hands. One way to measure product performance and quality is through customer surveys, which can help managers identify design or manufacturing problems.

According to quality consultant Armand V. Feigenbaum, the end user best defines quality, which means that quality is open to subjective interpretations. Consumer perceptions have to be changed if a company wants to change a product's quality image. Extended service programs and improved warranties can help accomplish this feat. As examples, Whirlpool Corporation promises that parts for all models will be available for 15 years, and Mercedes-Benz provides technical roadside assistance after service hours.

Another means of ensuring a commitment to quality "after the sale" is via a product or service guarantee. Wal-Mart is known for its no-hassles return policy for any product—with or without a receipt. Mail-order house L. L. Bean will replace a pair of hunting boots purchased ten years earlier with new boots. Saturn automobile retailers provide total

refunds for vehicles within 30 days if the customer is not fully satisfied. However, many companies are not willing to incur the short-run costs associated with such guarantees.

Commitment throughout the organization

To be effective, the TQM philosophy must begin at the top. From the board of directors to the hourly line employees, TQM must be supported at all levels if the firm is to realize any real improvements in quality. In addition to commitment from the top, the organization must meet these requirements if TQM is to succeed:

- A change in corporate culture about the importance of quality
- Forging of internal team partnerships to achieve quality, process, and project improvements, and the creation of external partnerships with customers and suppliers
- Audits to assure quality techniques
- Removal of obstacles to successful implementation, such as lack of time or money in the short run

Typically, two to ten years are needed to reap the benefits of a successful TQM program.

The Benefits of Outsourcing

Do you want to maximize your revenue and minimize your expenses? Do you want to get access to specialized skills and services? Do you want to concentrate more on your core business? Do you want to save on money, time and infrastructure?

If your answer is yes to any or all of the above questions, you might be interested in outsourcing. Outsourcing has several benefits. Outsource and take advantage of the benefits of offshore outsourcing. Read the following benefits of outsourcing to find out more about how outsourcing can give your business a competitive advantage!

1. Take advantage of the cost-advantages!

Outsourcing to countries such as India can give you access to cost-effective services. The same services with the same level of quality are offered in India for a much lower cost! This cost-advantage has increased the number of services that are being offered to India. Services such as [call center services](#), [teleradiology](#), [medical billing](#), etc can help you save up to 60% of your total costs when outsourced! Getting access to high-quality services at a cost-effective price is the biggest benefit that you can get while outsourcing. **Outsource and reap the benefits of outsourcing.**

2. See an increase in your business

Another benefit of outsourcing is seeing a big increase in your profits, productivity, level of quality, business value, business performance and much more. Outsourcing can help you see an increase in almost every aspect of your business. Outsource and see your organization experience an increase in every aspect with these benefits of outsourcing.

3. Save Big!

One of the benefits of outsourcing is that you can save on every aspect of your business and increase your profits. When you outsource, you can save on time, effort, infrastructure and manpower. Since you don't have to invest in infrastructure, you can also save on making unnecessary fixed investments. Outsourcing removes the burden of changing or maintaining infrastructure. You can also save on capital expenditure. Outsourcing can also help you save on training costs, because you do not have to invest in manpower. These savings will help bring about an increase in your revenue. Your organization can also save on investing in expensive software and technologies.

4. Get access to specialized services

By outsourcing you can get expert and skilled services. **This benefit of outsourcing has been the key reason why several outsourcers opt for outsourcing.** The function that you outsource may not be your core competency but you can find an outsourcing partner who is specialized in that particular business process. Your outsourcing partner will be able to provide more proficient services. This is yet another benefit of outsourcing, because if you perform all your business processes in-house, you will not be able to provide specialized and skilled services. Outsourcing can give you this advantage.

Outsource2india is an organization that offers a wide range of specialized business process outsourcing solutions to global clients. Outsourcing business processes to us has enabled clients to cross-leverage our skills and expertise across industry verticals and technologies to achieve greater efficiency and quality levels in the outsourced process.

At Outsource2india, we have dedicated teams that offer outsourced services across a range of services which include [Call center](#), [Data Management](#) and [Engineering Services](#), [Healthcare Services](#), [Financial Services](#), [Software Services](#), [Research and Analysis Services](#), [Digital Image Editing Services](#), [Creative Services](#) and [Web-analytics Services](#).

Outsource specific processes to our expert teams and increase your ROI. [Contact O2I here](#).

5. Concentrate more on your core business

One of the benefits of outsourcing is that your organization will be free to concentrate on your core business. By outsourcing all your non-core functions, your employees can be put to better use and you will be able to see a huge growth in your core business.

6. Make faster deliveries to customers

Another benefit of outsourcing is that you can make quicker deliveries to customers. Your outsourcing partner will be able to provide faster deliverables and you in turn will be able to make quick deliveries to your customer. Faster deliveries can also help you save on time.

7. Improved customer satisfaction

With timely deliveries and high-quality services you can impress your customers. Outsourcing can help you benefit from increased customer satisfaction and your customers will remain loyal to your organization.

8. Benefit from time zone advantages

Outsourcing to countries such as India has a time zone advantage. Your night will be India's day. With this advantage, your outsourcing partner can complete critical work and send it to you the next day. Thus, your work is continued by your outsourcing partner even after your employees go home. This enables the work to be completed much faster and gives your business a competitive advantage. This is one of the benefits of offshore outsourcing.

9. Increased efficiency

Another benefit of outsourcing is increased efficiency. Your non-core business functions will be performed efficiently by your outsourcing partner, while your core functions can be efficiently carried out in-house. Thereby you can achieve overall efficiency and see an increase in your profits.

10. Give your business a competitive edge!

Outsourcing can help your organization gain a competitive edge in the market. You can also get access to specialized services for different business processes and thereby provide your customers with best-of breed services. Such strategic outsourcing can give your business a competitive edge among your peers. The benefits of outsourcing can give your organization a cutting-edge in the worldwide market. Outsource and take advantage of the benefits of outsourcing.

11. Outsourcing countries also benefit from outsourcing

Countries such as U.S, U.K, Norway and Australia amongst others can benefit by outsourcing. The economy of these countries has increased tremendously after outsourcing. In the U.S, after the outsourcing boom, the economy has increased, jobs have increased and the wages of American workers have increased.

The Advantages and Disadvantages of Outsourcing

Organizations who are interested in outsourcing are often curious to know more about advantages and disadvantages of offshoring. By gaining insight about both the good and bad of outsourcing, organizations can decide if outsourcing is right for them. Most organization jump headlong into outsourcing, without actually finding out if outsourcing is good for their business. Before outsourcing, ensure that you are aware about the pros and cons of outsourcing.

The advantages and disadvantages of outsourcing can help your organization decide if outsourcing is right for your business. The following is a list of the advantages and disadvantages of outsourcing:

The Advantages of Outsourcing

- Outsourcing your non-core activities will give you more time to concentrate on your core business processes
- Offshoring can give you access to professional, expert and high-quality services
- With outsourcing your organization can experience increased efficiency and productivity in non-core business processes
- Outsourcing can help you streamline your business operations
- Offshore outsourcing can help you save on time, effort, manpower, operating costs and training costs amongst others
- Outsourcing can make your organization more flexible to change
- You can experience an increased control of your business with outsourcing
- Your organization can save on investing in the latest technology, software and infrastructure as your outsourcing partner would be investing in these
- Outsourcing can give you assurance that your business processes are being carried out efficiently, proficiently and within a fast turnaround time
- Offshoring can help your organization save on capital expenditures
- By outsourcing, your company can save on management problems as your offshore partner will be managing the team who does your work
- By outsourcing, you can cater to the new and challenging demands of your customers
- Outsourcing can help your organization to free up its cash flow
- Sharing your business risks is possible with outsourcing
- Outsourcing can give your business a competitive advantage as you will be able to increase productivity in all the areas of your business
- Outsourcing can help your organization to cut its operational costs to more than half

If you want your organization to stay ahead of competition, concentrate on core competencies and make use of the latest technologies, then outsourcing can help your organization achieve all this and more. In outsourcing, the advantages of outsourcing are more than the disadvantages of outsourcing. The pros of outsourcing have driven more organization to step into offshoring and experience the benefits that it has to offer.

The Disadvantages of Outsourcing

- At times, it is more cost-effective to conduct a particular business process, rather than outsourcing it
- While outsourcing services such as payroll processing services and tax preparation services, your outsourcing provider will be able to see your company's confidential information and hence there is a threat to security and confidentiality in outsourcing
- When you begin to outsource your business processes, you might find it difficult to manage the offshore provider when compared to managing processes within your organization
- Offshoring can create potential redundancies for your organization
- In case, your offshore service provider becomes bankrupt or goes out of business, your organization will have to immediately move your business processes in-house or find another outsourcing provider
- The employees in your organization might not like the idea of you outsourcing your processes and they might express lack of interest or lack of quality at work
- Your outsourcing provider might not be only providing services for your organization. Since your provider might be catering to the needs of several companies, there might be not be complete devotion to you and your company
- By outsourcing, you might forget to cater to the needs of your valuable customers as your focus will be on the business process that is outsourced
- In outsourcing, you may lose your control over the process that is outsourced

- Outsourcing, though cost-effective, might have hidden costs, such as the legal costs incurred while signing a contract between companies. You might also have to spend a lot of time and effort in getting the contract signed
- With outsourcing, your organization might suffer from a lack of customer focus
- There can be several disadvantages in outsourcing, such as, renewing contracts, misunderstanding of the contract, lack of communication, poor quality and delayed services amongst others.

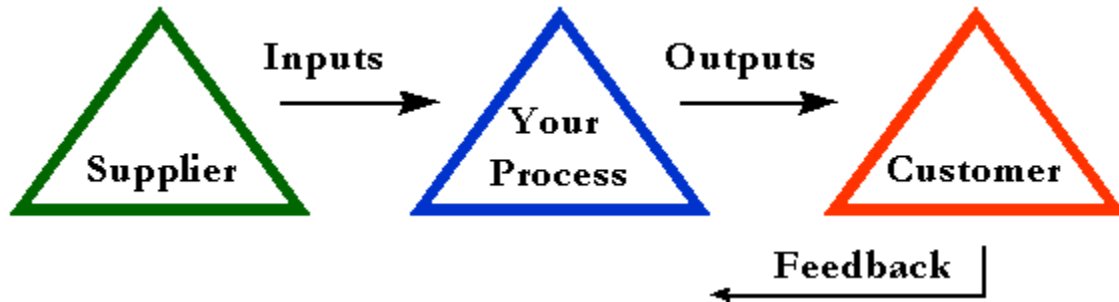
The disadvantages of offshoring give organizations an opportunity to think about what they are stepping into. However the disadvantages of outsourcing are less than the advantages of offshore outsourcing. When outsourcing, you might not experience any of these disadvantages of offshoring, if you find a reliable outsourcing partner. Before outsourcing take the interests of your customers and employees into consideration and then make an informed decision. If your organization is genuinely interested in outsourcing, let not the disadvantages of outsourcing stop you.

If you have ever waited in line at the grocery store, you can appreciate the need for process improvement. In this case, the "process" is called the check-out process, and the purpose of the process is to pay for and bag your groceries. The process begins with you stepping into line, and ends with you receiving your receipt and leaving the store. You are the customer (you have the money and you have come to buy food), and the store is the supplier.

The *process* steps are the activities that you and the store personnel do to complete the transaction. In this simple example, we have described a business process. Imagine other business processes: ordering clothes from mail order companies, requesting new telephone service from your telephone company, developing new products, administering the social security process, building a new home, etc.

Business processes are simply a set of activities that transform a set of inputs into a set of outputs (goods or services) for another person or process using people and tools. We all do them, and at one time or another play the role of customer or supplier.

You may see business processes pictured as a set of triangles as shown below. The purpose of this model is to define the supplier and process inputs, your process, and the customer and associated outputs. Also shown is the feedback loop from customers.



So why business process improvement?

Improving business processes is paramount for businesses to stay competitive in today's marketplace. Over the last 10 to 15 years companies have been forced to improve their business processes because we, as customers, are demanding better and better products and services. And if we do not receive what we want from one supplier, we have many others to choose from (hence the competitive issue for businesses). Many companies began business process improvement with a *continuous improvement model*. This model attempts to understand and measure the current process, and make performance improvements accordingly.

The figure below illustrates the basic steps. You begin by documenting what you do today, establish some way to measure the process based on what your customers want, do the process, measure the results, and then identify improvement opportunities based on the data you collected. You then implement process improvements, and measure the performance of the new process. This loop repeats over and over again, and is called continuous process improvement. You might also hear it called business process improvement, functional process improvement, etc.



Continuous Process Improvement Model

This method for improving business processes is effective to obtain gradual, incremental improvement. However, over the last 10 years several factors have accelerated the need to improve business processes. The most obvious is technology. New technologies (like the Internet) are rapidly bringing new capabilities to businesses, thereby raising the competitive bar and the need to improve business processes dramatically.

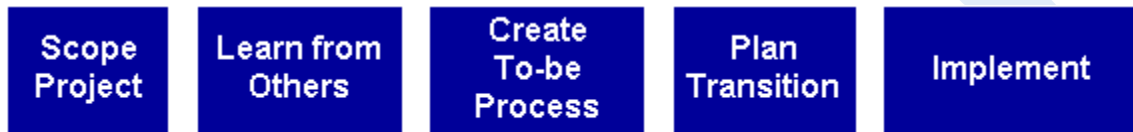
Another apparent trend is the opening of world markets and increased free trade. Such changes bring more companies into the marketplace, and competing becomes harder and harder. In today's marketplace, major changes are required to just stay even. It has become a matter of survival for most companies.

As a result, companies have sought out methods for faster business process improvement. Moreover, companies want breakthrough performance changes, not just incremental changes, and they want it now. Because the rate of change has increased for everyone, few businesses can afford a slow change process. One approach for rapid change and dramatic improvement that has emerged is Business Process Reengineering (BPR).

Business Process Reengineering (BPR)

BPR relies on a different school of thought than continuous process improvement. *In the extreme*, reengineering assumes the current process is irrelevant - it doesn't work, it's broke, forget it. Start over. Such a clean slate perspective enables the designers of business processes to disassociate themselves from today's process, and focus on a new process. In a manner of speaking, it is like projecting yourself into the future and asking yourself: what should the process look like? What do my customers want it to look like? What do other employees want it to look like? How do best-in-class companies do it? What might we be able to do with new technology?

Such an approach is pictured below. It begins with defining the scope and objectives of your reengineering project, then going through a learning process (with your customers, your employees, your competitors and non-competitors, and with new technology). Given this knowledge base, you can create a vision for the future and design new business processes. Given the definition of the "to be" state, you can then create a plan of action based on the gap between your current processes, technologies and structures, and where you want to go. It is then a matter of implementing your solution.



Breakthrough Reengineering Model

In summary, the extreme contrast between continuous process improvement and business process reengineering lies in where you start (with today's process, or with a clean slate), and with the magnitude and rate of resulting changes.

Over time many derivatives of radical, breakthrough improvement and continuous improvement have emerged that attempt to address the difficulties of implementing major change in corporations. It is difficult to find a single approach exactly matched to a particular company's needs, and the challenge is to know what method to use when, and how to pull it off successfully such that bottom-line business results are achieved. Such are the topics for this module series