CULTURE OF QUALITY

ACCELERATING GROWTH AND PERFORMANCE IN THE ENTERPRISE

A strategic collaboration between ASQ and Forbes Insights
What is Quality?

- leadership
- customers
- metrics
- culture
- incentives
- values
- excellence
- TRAINING
- QUALITY
- INNOVATION
- VISION
Why Explore Culture of Quality?

Takata's **Defective** Airbags Become The Biggest Auto **Recall** Ever
- *Forbes, May 19, 2015*

Blue Bell Makes '**Agonizing Decision**' to **Lay Off Workers**
- *Quality Assurance & Food Safety, May 19, 2015*

Bombardier **quality control problems** delay **TTC streetcar delivery**
- *CBC News, May 14, 2015*

**Poor quality** medicines **threaten** global health
- *GhanaWeb, April 26, 2015*
“Since the launch of our Quality Driven Management program in 2008 … we have been able to achieve hundreds of millions of dollars of cost savings.”

Rebecca Yeung, Managing Director, Service Experience Leadership, FedEx
“The whole concept of this research is …

“How do I make my organization better?’

“How do I constantly improve?’

“How do I move my organization to the next phase?’

“These are all issues everyone is facing (and) quality is the responsibility of the organization overall.”

Bruce Rogers, Forbes Chief Insights Officer
Oversees the Culture of Quality Research for Forbes Insights
Surveys Demographics

2,291 Responses

Worldwide
- 50% C-Suite/Senior Executives
- 50% Quality professionals

Revenue Groups
- 50% with less than $500 million
- 50% with more than $500 million

Industry Groups
- Manufacturing
- Health Care
- Transportation
- Financial Service
- Technology
- Consumer Goods
- Food & Drug
- Industrial Products
Self-Described World-Class Organizations

A difference in perspective

- **Overall**
  - Average: 36%
  - Advanced: 42%
- **Quality Professionals**
  - Average: 45%
  - Advanced: 35%
- **Senior Executives**
  - Average: 25%
  - Advanced: 51%

State-of-the-art/world class

- Overall: 12%
- Quality Professionals: 5%
- Senior Executives: 20%
What Organizations Exhibit a Culture of Quality?

- Senior Executives: 75%
- Quality Professionals: 47%
- Total Respondents: 59%
Why Such Different Views?

“CEOs and the C-suite tend to receive filtered, big-picture material that has been ‘pretied up’ for management.”

Elizabeth Keim, Managing Partner, Integrated Quality Resources

“If you’re close to the challenge, you see the precise changes still needing to be made – and there are a lot of them. Whereas from the top, you see great progress.”

Dan Afseth, Software Development Leader, Intuit
Developing, Sustaining a Quality Culture: Vision, Values, Leadership

**Vision**
- 60% say their quality vision is clearly stated
- 32% view their quality statement as compelling

**Values**
- 60% describe their quality values as clearly stated
- 50% say such values are clearly understood throughout the organization
Dissecting key components reveals fault lines

LEADERSHIP

Senior management “lives” the values (leads by example) 47% 63%

Support for quality equally evident among middle management 50% 56%

Supported unequivocally by senior management 60% 81%

*Respondents believe their company’s quality programs are among the strongest and most advanced in the world.
“...Leadership sets the tone, clearly articulates the vision and expectations.” From there “you need to define what quality means, define quality goals … and reward those who are making it happen.”

Jeffrey Ray, Director of Operations and Quality, Strategic Missile & Defense Systems, Boeing Defense Space & Security

“There will always be room for improvement. (Creating and sustaining a culture of quality) is the responsibility of all leadership of all organizations from the beginning to the end of our value stream.”

Ken Shead, Vice President of Integrated Quality, Boeing Defense Space & Security
Key Questions to Explore: Quality Vision

Is Your Organization’s Quality Vision:
--clearly stated
--compelling, inspiring
--shared with key stakeholders, who are those stakeholders
--understood throughout
--continuously evaluated and updated
--N/A/MIA
Are Your Organization’s Quality Values:
--clearly stated
--consistently applied
--supported by performance metrics
--supported by incentives (what kind?)
--shared with key stakeholders (who are they?)
--understood throughout
--evaluated and updated
--N/A/MIA
Leadership & Culture of Quality

Do senior/executive leaders support quality vision and values unequivocally?

Do senior/executive leaders lead by example, live and model the quality values?

Is support for the Quality Vision and Values equally apparent across all levels and functions?

Are senior/executive leaders involved in quality/continuous improvement training and development?
What Drives Your Company’s Pursuit of Quality?

- Customer demands for quality: 90%
- Quality drives effectiveness and profitability: 80%
- Product/Service quality is a key competitive differentiator: 78%
- Quality is a core leadership value: 74%
- High quality serves as a barrier to entry to competitors: 58%
- Competitors consistently "raising the bar": 49%

Percentage of respondents who selected Significant or Very Significant
Quality Goes Beyond Primary Offerings
How Involved Are Customers in Quality?

- Customer needs are the key driver of our quality programs: 53% (Senior Executives) and 44% (Quality Professionals).
- Customer needs dictate our quality objectives: 42% (Senior Executives) and 28% (Quality Professionals).
- Our most visible metrics focus on customer needs: 33% (Senior Executives) and 24% (Quality Professionals).
- We actively involve customers in formal quality discussions: 30% (Senior Executives) and 19% (Quality Professionals).

"Highly Applicable"
Customers and Quality

“I believe the best definition of quality is to … give the customers what they want.”

Paulo Sampaio, Professor of Quality Engineering and Management, University of Minho-Portugal

Intel “enshrines” a set of core values, “all of which can be traced to a customer focus. The customer wins.”

Stan Miller, Director of Enterprise Quality and Reliability Capability, Intel
Customers and Quality

How effective is your organization in the following areas?

76%*
- Identifying customer needs and expectations for quality

63%*
- Balancing value perceived by customers vs. delivery costs

*Percentage of all respondents rating these areas as “effective.”

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ASQ
Executives Drive Quality for Profits, More

In addition to customers, executives cite additional reasons to drive quality:

- Quality’s positive impact on effectiveness and profitability
- Quality is a core leadership value
- Quality’s ability to serve as a key competitive differentiator
Driving Innovation and Risk-Taking

How strongly do you agree or disagree that the following are key drivers of your quality programs (strongly agree)?

- Manage Business Risks
  - Overall: 27%
  - World Class: 46%

- Address Social Responsibility
  - Overall: 15%
  - World Class: 40%

- Stay on top of technological advancements
  - Overall: 27%
  - World Class: 53%

Forbes Insights
Driving Innovation and Risk-Taking

“(The Dare to Try award) is awarded to individuals or teams who … failed in what they were attempting to do. (The award shows) others that the way to improve importance is to take risks; to innovate.”

Sunil Sinha, Resident Director, Middle East and North Africa Regions, Tata Sons

“To deliver awesome, we develop deep empathy with our customers, experience the problem from their perspective, and then boldly innovate beyond the expected, take risks, fail fast, succeed faster.”

Aleksandra Djordjevic, Innovation Catalyst, Intuit
Linking Key Performance Indicators to Quality
Manufacturing Sector Highlights

• In the research, 94% in this sector said “customer demands for quality” are significant/very significant factor—highest across sectors
• 79% said product/service quality is significant/very significant competitive differentiator—among the lowest across sectors
• 80% said high quality improved profitability
• 74% said quality is key value of leadership
• 64% said quality vision is clearly stated; 31% said it is compelling; 53% said it is understood in organization; 45% said it is shared with stakeholders
• 34% said personal comp tied to quality metrics
Technology Sector Highlights

• In the research, 91% in this sector said “customer demands for quality” are significant/very significant factor—among the highest across sectors

• 84% said product/service quality is significant/very significant competitive differentiator—highest across sectors

• 90% said customer needs are key driver of quality programs

• 78% said quality is key value of leadership

• 58% said quality vision is clearly stated; 36% said it is compelling; 49% said it is understood in organization; 47% said it is shared with stakeholders

• 42% said personal comp tied to quality metrics
Challenges Abound in Worldwide Quality Adoption

What are the challenges faced by your organization in adapting quality programs (training, metrics, supervision) to meet the needs of an international workforce?

- Lack of uniform quality standards: 35%
- Use of technology to ensure quality: 34%
- Lack of specialized training: 32%
- Workers vary by region in their ability to take initiative: 32%
- Use of technology for metrics: 28%
- Importance attached to quality by various cultures/regions: 27%
Positive Change is on the Horizon

Companies are planning substantial improvements to quality programs over the next 18 months.

- 54% of all respondents plan to increase investment in quality programs.
- 73% of executives say they are making investments in technology to improve performance against quality objectives.
- 90% of respondents say they are investing in technology to meet end customer needs.
Warning Signs of a Weak Culture of Quality

- CEO: senior executives rarely discuss quality.
- Managers fail to consistently emphasize quality.
- Few feedback loops for continuous improvement.
- Metrics: little-to-no mention of quality goals.
- Training and development do not emphasize quality.
Access the Research

Learn more about the research and download the white paper at cultureofquality.org.
Online Self-Assessment

In addition to the whitepaper, Forbes Insights and ASQ developed a free assessment for organizations to measure and benchmark their culture of quality.

Assess your own culture of quality today at cultureofquality.org.
How much more effective could your organization become if it were to take steps to enhance its culture of quality?
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