



# Introduction to Business

Topic 3: Production and Quality

Lecture 2: Quality and Kaizen

# Learning Objectives

- What is:
  - Quality
  - Kaizen



# What is *Quality*?

- Quality is about the features of a product or service that help satisfy customers' needs.
- The term *quality* in a business sense means *fitness for purpose* (the product should be suitable for the intended purpose).
- Customers' expectations are vital.
- A supplier supplies a quality product when it exactly meets the requirements of the customer.

# Why is Quality Important? -1

- Gives competitive advantage
- Encourages customers to buy again
- Opportunity to gain customers through recommendations

# Why is Quality Important? -2

- Builds consumer confidence in the brand
- Reduces costs incurred in solving after-sales problems
- Helps improve efficiency

# Who determines Quality?

- It is important to realize that quality is determined by the intended users, clients or customers, not by society in general.
- Quality is **not** the same as *expensive* or *high quality*. Even lowly bottom-of-the-range goods can be considered quality items if they meet a market need.

# Class Exercise

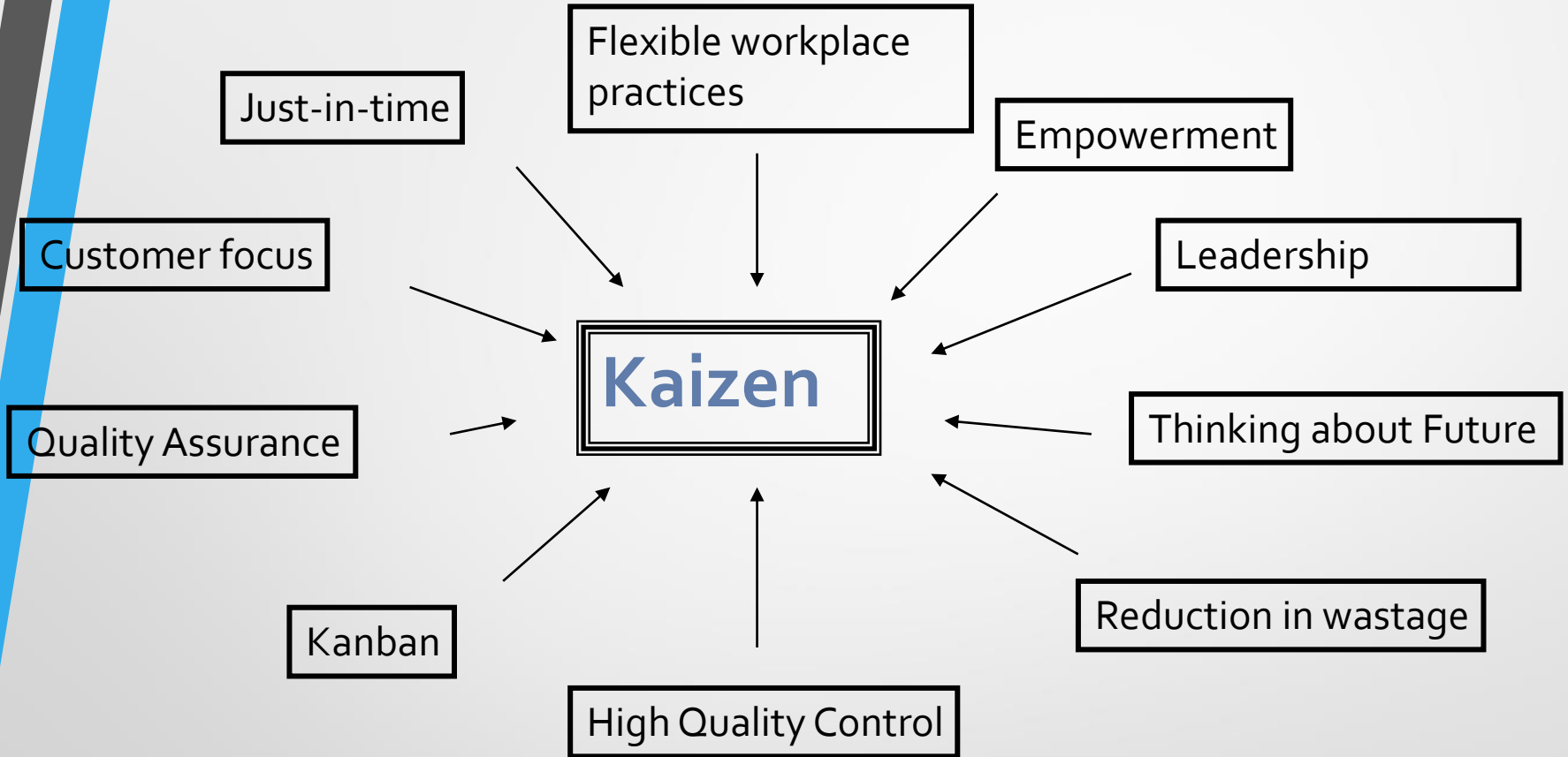
- In groups, think about a product that you would class as a quality item.
- Discuss what actually makes it a quality item.
- 10 minutes

# Introduction to Kaizen



- Japanese concept
- Kaizen is a Japanese term for *continuous improvement*
- Focus on gradual and continuous improvement
- A whole business philosophy
- Important for EVERYONE to be involved in the process

# Kaizen



# Flexible Working Practices - 1

- Patricia Hewitt, then UK Secretary of State for Trade and Industry stated:
- “Over the last decade there has been a revolution in the workplace. Now that women make up almost half the workforce, the relationship between work and family life has altered dramatically and the world of work must catch up.
- Allowing people to work in a sensible way that allows them to balance earning a living with looking after their children is not only good for families and children, it is good for business too.”



# Flexible Working Practices - 2

- Cary Cooper , Professor of Organisational Psychology and Health, Lancaster University, UK states that
  - “.....research shows that long hours damage your health, relationships with partners and children and, interestingly, your productivity.”

# Flexible Working Practices - 3

- More job satisfaction and better staff morale
- Ability to attract a higher level of skills
  - because the business is able to attract and retain a skilled and more diverse workforce



# Flexible Working Practices - 4

- Greater continuity:
  - as staff who might otherwise have left, are offered hours they can manage.
- Greater cost-effectiveness and efficiency:
  - such as savings on overheads when employees work from home or less downtime for machinery when 24-hour shifts are worked

# Empowerment - 1

- Management team truly committed to allowing employees to make decisions
- Employees feel as though they have choice and can make direct decisions; this does often lead to a greater feeling of self-worth.

# Empowerment - 2

- Building decision-making teams is often used in employee empowerment,
- because it allows for managers and workers to contribute ideas toward directing the company



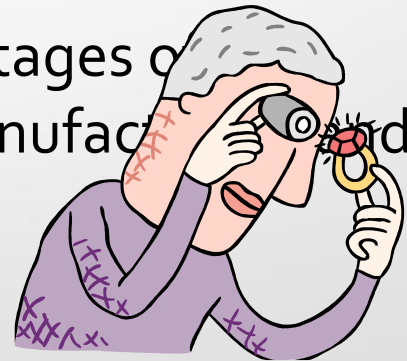


# Leadership and Thinking about the Future

- Seen as vital
- Ability to communicate a clear vision;
- Take people along with the vision;
- And to think about where the company needs to be in 5, 10, 15 and 20 years time

# High Quality Control - 1

- High quality control measures at all stages of development, design, marketing, manufacturing and selling process.



# High Quality Control - 2

- Every member of the workforce has responsibility for the quality of products and services provided by the business.
- Emphasis on “right first time” - mistakes should be eliminated before the item gets to the final stage of production and certainly to the consumer

# Quality Assurance

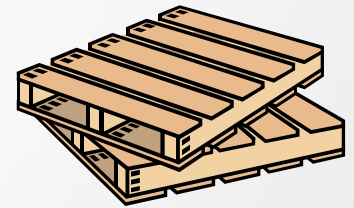
- It is a set of activities intended to ensure that products (goods and/or services) satisfy customer requirements in a systematic, reliable fashion.
- To ensure that no product leaves the business with a defect – important in building supplier relationships, image, reputation

# Customer Focus

- Great attention paid to customer requirements and needs
- Creates customer loyalty through continuous feedback
- The object is to be able to answer the key question
  - “Why should this customer buy from me and not anyone else?”

# Reduction in Wastage

- **Reuse** - Many products can be designed so that they can be used more than once, for example refillable bottles, retreaded tyres and wooden pallets.
- **Recycling** - Numerous material can be recycled, with the most common being paper, glass, metals and plastics .



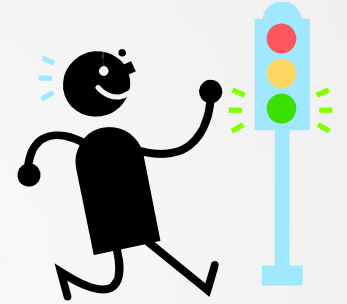
# Just-in-Time - 1

- Minimises the amount of stock held
- Stock arrives as it is needed
- Can lead to dramatic improvements in a manufacturing organisation's return on investment, quality, and efficiency

# Just-in-Time - 2

- Some have suggested that **Just-on-Time** would be a more appropriate name since it emphasizes that production should create items that arrive when needed and neither earlier nor later.

# Kanban -1



- Concept related to *just-in-time* production
- Kanban is a Japanese term for *visible record*.
- Kanban is a signalling system to trigger action.

# Kanban -2

- Kanban is a simple parts-movement system that depends on cards and boxes/containers to take parts from one work station to another on a production line.
- The essence of the Kanban concept is that a supplier or the warehouse should only deliver components to the production line as and when they are needed, so that there is no storage in the production area.

# Kanban -3

- Within this system, workstations located along production lines only produce/deliver desired components when they receive a card and an empty container, indicating that more parts will be needed in production.
- Each work-station will only produce enough components to fill the container and then stop.

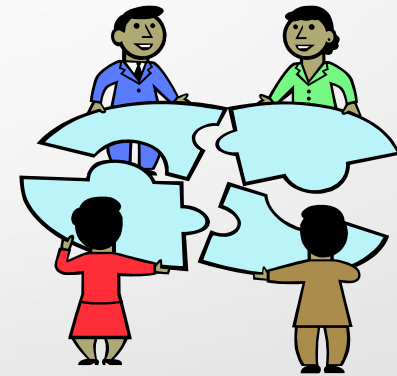
# Class Activity

**Answer the following questions:**

A quality product should do what the customer wants and expects it to do. This is known as...	
Quality systems based on 'continuous improvement' are usually based on the Japanese philosophy of.....	
The main objective of quality control is to.....	
In 'kaizen', whose responsibility is it to ensure the quality of products and services provided by the business?	
To minimise the amount of stock in the warehouse and the stock arriving as it is needed. This is known as.....	

# Kaizen Method

- The foundation of the kaizen method consists of **five founding elements**:
  - Teamwork
  - Personal discipline
  - Improved morale
  - Quality circles
  - Suggestions for improvement



# Conclusions

- Quality is *fitness for purpose*.
- Kaizen is a method of improving the organisation and its products/services through adopting an organisation-wide philosophy of *continuous improvement*.

# References

- Cary Cooper , Professor of Organisational Psychology and Health, Lancaster University, Accountancy Age feature on work/life balance, 3 March 2005.
- 
- Patricia Hewitt, Then UK Secretary of State for Trade and Industry, "Flexible Working – The Business Case", published by The Department of Trade and Industry, 2003.

# Topic 3 Lecture 2

- Any questions?