

Business philosophies

A

Total quality management

Tom Dryden, of Dryden Vacuum Cleaners, believes in **quality**: 'The **specifications** or **specs** of a product are exact instructions about its design, including its **dimensions** (size), how it is to be made, the materials to be used, etc. The objective of **quality control** is **conformity to specifications**, the idea that the product should be made exactly as it was intended, with **zero defects**: no faults at all. Things should be done **right first time** so we don't have to correct mistakes later in a process of **reworking**. We do **spot checks** every few minutes during production to ensure everything is going well.

We have a system of **total quality management (TQM)**, including **quality circles**: groups of employees who meet regularly to suggest improvements.'

B

Continuous improvement

Ray, at Lightning Technologies: 'We are always making **small improvements** or **enhancements**; this is **continuous improvement**. We refer to it by its Japanese name: **kaizen**.'

Silvia Chavez, Aerolíneas Latinas: 'We use continuous improvement in our service industry. We look carefully at the overall customer experience. In retailing, they use **mystery shoppers**, who pretend to be shoppers to **check service** in shops. We use "mystery travellers" to report on the standard of service before, during and after the flight.'

C

Benchmarking

Jim, production manager at an electricity power station in the UK: 'We use a system called **benchmarking** to compare our **performance** to other power stations. We've recently been to the US to see how the best power stations operate – **best practice** – and try to copy it. We've managed to halve the number of workers, and increase productivity.'

D

Business process re-engineering

Susanna, head of personal banking at an international bank: '**Business process re-engineering**, or **BPR**, applies in service industries as well as in manufacturing. We didn't want to change existing things in small ways. We completely redesigned all our processes in management, administration and customer service. We eliminated three levels of management and installed a completely new computer system. The gains in productivity have been very good.'