

DEVELOPMENT OF QUALITY OBJECTIVES

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Abstract

Top-management should not have any second thoughts in revising quality objectives and the changes should be communicated to the personnel, also. There is a clear link between the organization's commitment for continuous improvement and the dynamic aspect of policy and quality objectives review. Under these conditions, even partial achievement of relevant and careful established quality objectives proves continuous improvement.

Keywords: mission, quality objectives, strategic planning, key performance areas

QUALITY – A KEY FACTOR FOR SUCCESS

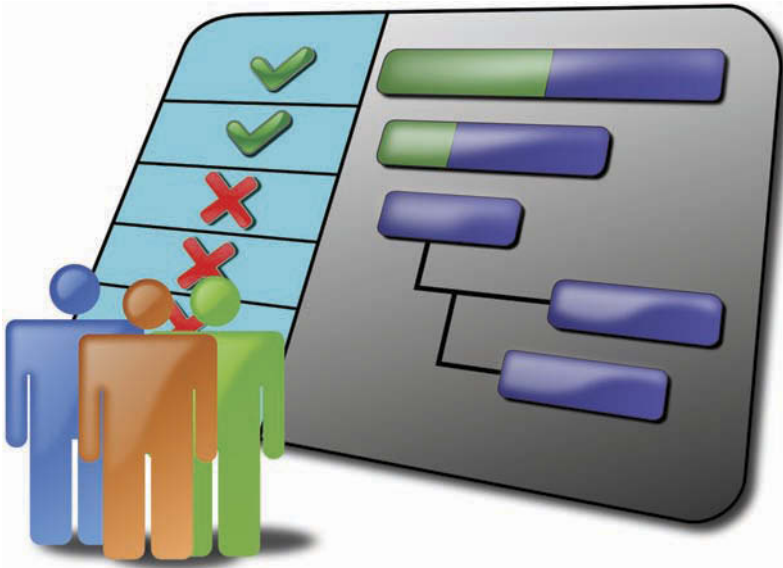
ISO 9001:2008 and ISO 9004:2009 provide excellent models for organizations to create quality management systems tailored specifically to their customers' needs. On one hand, accomplishing ISO 9001:2008 requirements will create trust in organization's capability to meet customers' expectations, by stimulating the analysis of their needs, by defining and controlling processes. On the other hand, ISO 9004:2009 enhances a basic quality management system



by focusing on continuous improvement, in order to increase competitiveness, the satisfaction of customers and other interested parties. Virtually any organization can identify and implement processes that comply with these requirements, but the true challenge is ensuring that such compliance will add value by helping the company to achieve its business goals.

According to some quality management experts, the most significant change brought by the new standards ISO 9000 is not linked to customers satisfaction, continuous improvement or even to the process-model

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structure. The most significant change is the requirement for quality objectives. The standard requires that quality objectives should be established at each relevant function and level within the organization. In this respect, to move beyond simple standards compliance towards measurable, profit-improving success, it is required an understanding of how “the business of business” interacts with management theory, more exactly, an integration of quality and excellence into the business routines.

In order to achieve best results, top-management’s commitment regarding to quality must be confirmed, by aligning the quality policy, objectives and processes. ISO 9001:2008 requires that a quality policy should provide a framework for reviewing the company’s quality objectives. The policy should give an overall direction for the organisation, and the objectives should flow in that direction. However, because of outside forces such as customer requirements and market environment, business regime can – and often does – change.

When this happens, the correspondence between quality policy and objectives may become skewed. Thus, the standard requires that top-management periodically review changes to both policy and objectives, but ISO doesn’t address aligning quality policy and quality objectives with other business goals. In such cases, confusion about accountability could arise, and the organisation’s quality objectives might become more than responsibilities assigned to the “Quality Department”. On the other hand, resource allocation can also be a problem, when middle managers attempt to accomplish goals that aren’t synchronized with quality objectives.

As a first conclusion, in any organisation implementing a quality management system, quality objectives must be defined, reflecting, also, the quality policy. They must be coherent and aligned to strategic objectives of the business, taking into account, also, customers’ expectations. More than that, key-processes for accomplishing the business objectives, should be designed and aligned to quality objectives.

The quality policy, objectives and processes are interrelated and must work together to achieve business improvement.

ESTABLISHING QUALITY OBJECTIVES

There is already proven by lots of organisational practices that the success in business competition is determined by ensuring customers satisfaction, which means that the products quality level has to fulfill their requirements and expectations.

The economic organisations evolve in a highly dynamic social, economic, technological and competitive environment. Adapting to this environment implies a stronger customer focus; in this respect “customer-driven company” has become “customer-driven quality”, which requires a proactive approach to customer satisfaction. Generally, being proactive as managerial focus implies long-term decisions, and the implementation of these decisions has to result in eliminating or diminishing potential causes with negative effects in the organisation’s performance. The main causes that require the management’s reactive attitude to be replaced by the proactive one in order to obtain customer satisfaction are the social development dynamics, shown by the evolution of customer requirements and expectations, and the intensification of competitive forces, currently increased by the globalization process.

The strategic planning of quality can provide the proactive approach to customer satisfaction. “Customer focus” – one of the eight quality management principles – determines several requirements for development and implementation of the managerial processes described in the ISO 9001:2008 standard. As an essential condition for the existence of every economic organisation, and especially for its evolution in the current external environment, customer focus requires the organisation’s top-management to develop the planning process in quality, as well. Quality objectives have to be set for both the organisation, and its products, as we may



conclude from the following paragraph from the standard: “...the top-management has to ensure that the quality objectives, including those which are necessary to fulfill the requirements referring to the product, are set for the relevant positions and to the organisation’s relevant levels”. As well, recommendations from ISO 9004:2009 standard which contain a specific reference to strategic planning of quality (paragraph 5.4.1), clarify the idea that quality planning should be done by a strategic decision.

Generally, in each organisation which has implemented a quality management system and especially in those whose system is in compliance with the ISO 9001:2008 standard, the managerial processes contain specific elements implied by the organisation’s customer focus. For the same reason, strategic planning of quality in these organisations requires developing of the classical strategic management process, in a manner which may

allow the following specific problems to be solved:

- How are the organisational quality objectives comprised in the quality strategic ones?
- How may quality objectives be identified for different organisations, positions and levels?
- How may the correspondence between organisational and product quality objectives be achieved?
- How may the correspondence between the product quality objectives and the functional areas and compartment ones be achieved?
- How should the product quality objectives be set, in order to allow both fulfillment of customers' requirements/expectations and achievement of organisational objectives?

Therefore, another specific problem of the strategic planning on quality consists in the necessity of having supplementary input data. Besides information concerning

general and competitive external environment and the organisation's strategic capability, there is a need for information referring to requirements and expectations of interested parties, especially customers.

Generally, organisations are setting multiple strategic objectives for the same period, because they can aim to the achievement of performance in different domains, as profitability, efficiency, competitiveness, flexibility, customer satisfaction, employees' satisfaction, social responsibility. From these domains, there should be identified key areas where strategic objectives have to be set. For example, quality focused organisations should always consider competitiveness and customer satisfaction as key areas for their objectives. In this way, the organisational quality objectives will be more than implicit (they are necessary in order to achieve other objectives, i.e. profit, turnover), but explicit, referring directly to the performance the organisation has to achieve, in order to fulfill customers' requirements and expectations. The organisational objectives express the global level performances. Their achievement requires obtaining certain results which have to be planned for different organisation levels, and these can be identified using a derivation process.

Within the strategic planning of quality process, identifying organisation's strategic business units is especially important. This is justified by the fact that requirements and expectations of different customer segments are not identical, even for the same product. Setting the quality objectives for the strategic business units is a



decisive stage for the organisation's success, because they are the base for adopting adequate competitive strategies; the competitive advantage which has to be achieved by implementing these strategies thereafter becomes the landmark for product quality objectives setting.

A model for a process of strategic planning, whose implementation allows solving particular problems regarding quality objectives in customer oriented organisations is presented in Figure 1.

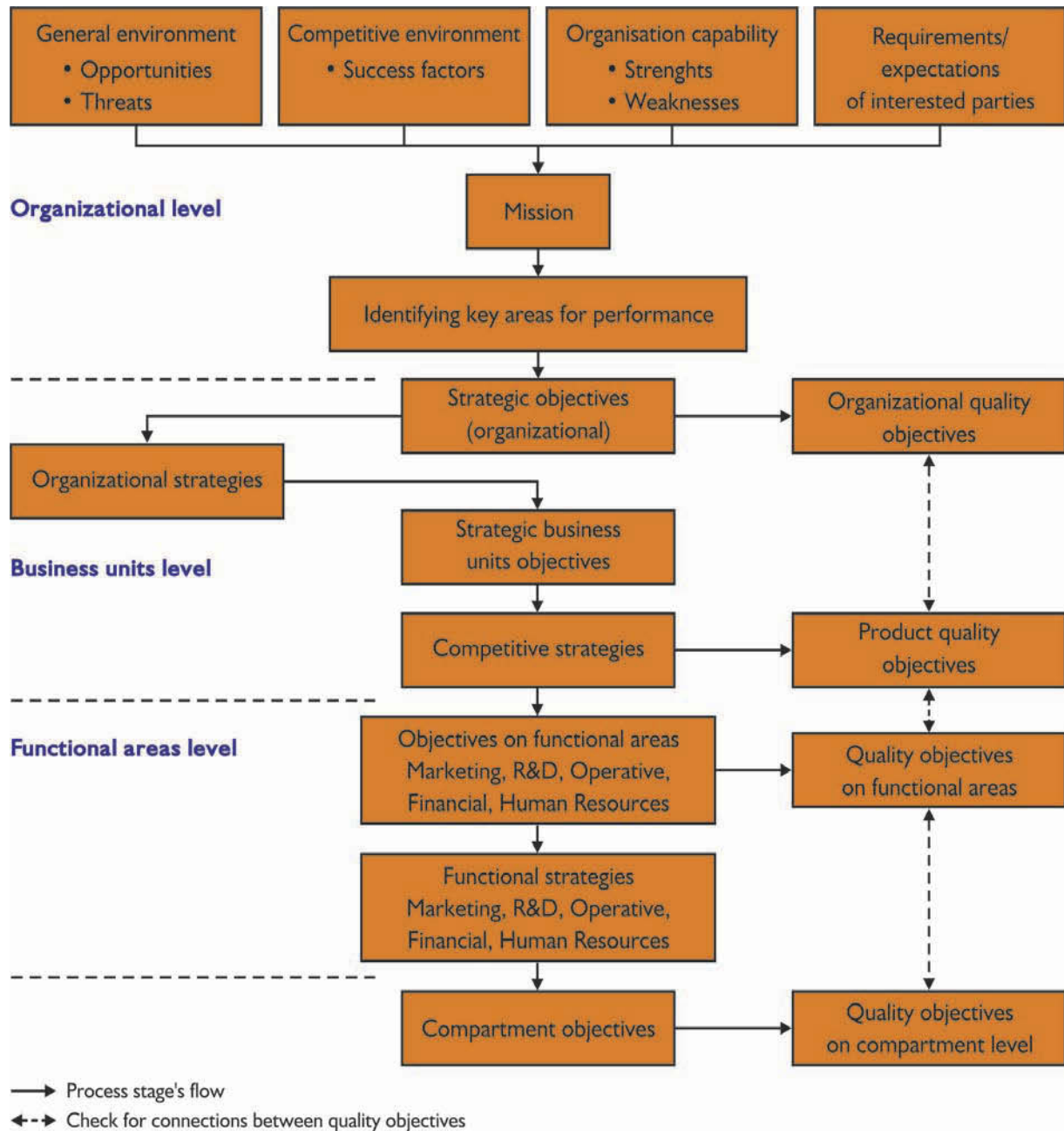


Figure 1 – Model for a strategic planning process

When setting and deriving quality objectives through the process presented in Figure 1, an obstacle may occur: if strategic objectives are not, implicitly, quality objectives, it is difficult to set quality objectives for product/service only referring to strategic business units. For example:

- if the organisation implements distinctions as competitive strategy, which requires bringing added value by enhancing the quality of products, solutions may be established without ensuring of correlation to organizational operating capabilities;
- if the organisation adopts a cost-controlling strategy, the analysis done for identifying solutions must be dense and extensive.

To overcome these difficulties, but also to build a method for verifying correctness and completeness of quality objectives established, we will propose another model of setting up and deriving quality objectives. The model will be based on the identification of “key problems” of quality, which must be solved in order to create capabilities of achieving strategic objectives.

QUALITY OBJECTIVES BASED ON “KEY PROBLEMS”

Generally speaking, a problem is a “question proposed for solution or consideration (Webster’s Dictionary). Regarding to the proposed model, a problem is more like a “difficult situation which needs solving” (Word net). In this respect, an

organisational problem becomes a challenge that needs to be solved, to establish more favorable circumstances in the organisation. Identification of a quality problem will be the sign for an inconvenience in the business, or an inadequate framework for accomplishing organisational objectives.

In order to release a new approach for setting quality objectives, we count on the following idea: the complete achievement of the strategic objectives in any organisation is conditioned by the identification and solving of the inconvenient situations regarding quality. By solving quality problems which have a special impact over objectives of other nature than quality objectives (key problems) it is created an ensemble of favourable forces, which can lead to the accomplishment of the strategic plan.

Many organisations which implement quality management systems know which are the requirements for quality objectives, but in many situations a lot of errors may occur:

- determination of quality objectives simply as a way to fulfill ISO 9001:2000 requirements, instead of this being a tool for decision making and strategic management;
- establishing objectives which are non-related to the mission or vision of organisation;
- establishing objectives formulated only in qualitative terms which may not be measurable (i.e. “reduction of costs of corrective measures”; “increasing number of collaborations and partnerships with suppliers and clients”);

- establishing of unclear defined objectives (i.e. “efforts will be made for increasing qualitative level of products made by our organisation”; “any problem with quality must be solved quickly and at high exigencies”);
- establishing vague, nice formulated, but useless objectives, without any added value (i.e. “promoting a management based on analyzing requirements of clients and taking actions in consequence”);
- allowing functions to select objectives without guidance and facilitation from the top-management; this may lead to establishment of quality objectives which are incompatible between functional areas or with strategic interest of organisation („total control over flux

and processes, in order not to appear deficiencies);

- inadequate training, regarding practical issues on quality objectives and the way each employee can contribute to their achievement.
- establishing easy to achieve objectives, will not be a solid base for mobilizing the members of organisation. On the other hand, if impossible objectives are established, workers may ignore them.

We propose a practical way for establishing quality objectives, which may eliminate difficulties presented above. A schematic view of the new process appears in Figure 2:



Figure 2 – Establishing quality objectives

Phase 1. Establishing the foundation for quality objectives

The quality objectives must have a beneficial and distinguishable effect over the organisation's performance. They must be established according to the quality policy of organisation, but this alone won't provide the sort of guidance needed to drive the formation of the strategy of organisation. A quality system, as given in most businesses today, is just one variable in a long list of success factors (including reliability, innovation, delivery, price, prestige) that vary depending on circumstances. In other words, a traditional quality policy is not enough for being the base of quality objectives. The quality objectives are dynamic and must be updated according to the business environment and to other activities of continuous improvement. They will become, in this way, strategic objectives of the company and means for accomplishing requirements. The foundation of their selection will be the mission of organisation next to quality policy. The mission, defined by the top-management, must be compatible with the vision of organisation.

Top management must provide answers to the following questions as it defines the organisation's mission:

- Why do we exist as an organisation?
- What basic needs and desires are being met by the organisation's efforts?
- What goods or services will the organisation deliver now and in the future?
- Whom does the organisation serve through its efforts?

- Who are the stakeholders (employees, customers, suppliers, shareholders, neighbors, community leaders etc.), what are their individual strengths and importance in relation to what the organisation is trying to accomplish?
- How does the organisation identify the necessities and expectations of clients?
- How does the organisation identify the needs of recognizing capacities, work satisfaction, competence and professional enhancement of the personnel?
- How does the organisation approach the potential benefits of establishing partnerships with its suppliers?
- How does the organisation verify the accomplishment of the mandatory requirements?
- What are the strengths and weaknesses of organisation and what does form the cultural foundation of the organisation?
- In a general sense, where is the organisation moving (philosophically, operationally and competitively) compared to its current position?

Phase 2. Establishing strategic objectives and "key problems"

Phase 2 continues the previous analysis by identifying the results that the organisation must achieve by accomplishing its mission. Practically, Phase 2 is the step of establishing strategic objectives and key problems of organisation, after considering influences of external environment and the strategic potential.

The strategic objectives and the correspondent key problems must be:

- measurable, or accompanied by success factors;
- true indicators of success or failure within an organisation;
- based on mission, so they may differ depending on the organisation;
- developed at the top of the organisation. Only top management has the broad perspective and understanding of the competitive environment necessary to select key problems (although the process of selecting key problems may be facilitated by others within the organisation);
- few in number, generally between four and ten. The more measures that are adopted as key measures, the more unfocused the organisation will become.
- representative of a wide range of organisational interests, including financial results, customer perspectives, internal performance measures and human resource concerns;
- clearly defined;
- used to form the basis for the selection of quality objectives.

Reaching strategic objectives will be conditioned, most of the time, by the way

the organisation fulfils the requirements and expectations of clients and of other interested parties, because clients are a valuable asset of any organisation. This is why the strategic objectives once established, the key problems must be identified. In this respect, from the instruments of quality management, it may be utilized the Matrix of Results or the Critical Incidents Technique.

Phase 3. Base quality objectives on key problems

After top management has selected key measures for the organisation, functions and departments at all levels will select measurable quality objectives that are consistent with the key problems. It may sometimes be possible for functions and levels to adopt objectives that are the same as key problems, but most of the time, it will be necessary to select close substitutes: objectives that have direct, logical connections to them. Departments must strike a balance between traditional quality objectives and key problems that reflect other strategic concerns.

Establishing quality objectives based on key problems implies: identification



of possible causes of the problems, analysis of these causes, and a “cause-effect” analysis.

For each of the mentioned three steps, there may be utilized a large variety of quality management instruments. Experts recommend brainstorming and nominal groups technique for *Step a*), diagram of relationships and diagram of affinity for *Step b*), and “cause-effect” diagram and “Five Why-s” checklist for *Step c*).

The following are the basic requirements for relevant and complete quality objectives:

- objectives should contain three elements: characteristics (description), an indicator (the value that needs to be achieved), the tendency (the evolution);
- to be established at relevant functions and levels;
- should be measurable;
- must be established also objectives necessary to achieve requirements of the product;

- must be communicated to the whole personnel;
- must be evaluated the need for updates and changing during management reviews;
- they have to be explicitly formulated, concrete, well delimited;
- they must allow evaluation by established criteria (even for qualitative objectives);
- they must be related to capabilities and restrictions within the organisation;
- there must exist a structural compatibility of objectives and a temporal continuity;
- to be realistic (some experts consider as a requirement for a quality objective a 70% probability for its accomplishment).

Quality objectives are selected by process owners that are the managers who are directly responsible for the processes concerned. The selection/establishment process has to be done very carefully, in order to keep the generality of objectives and not to be produce the sub-optimization



phenomenon (this occurs when an objective enhances one function, but harms other functions). Process owners should set targets for the quality objectives in close relationships to the ISO 9001:2008 standard. They should establish quality objectives with an understanding of the underlying process capability. The old standby “two percent better than last year” may become a deception unless there is a logical basis for the target.

On the other hand, we have mentioned before that objectives must be measurable and clearly defined, as required by ISO 9001:2008. “Measurable” means the performance is traceable over time using quantitative data. Most organisations won’t have too much trouble in making their objectives measurable, the problems arise in trying to define them clearly. In order to avoid mistakes, definitions attached to each quality objectives should answer the following questions:

- What exactly does the objective mean?
- How is the objective calculated?
- What is the source of data?
- Who collects data and how often?

The quality objectives must be established on a large time horizon, rather than

being detailed on short and medium time, at department level. It is mandatory that the process of establishing quality objectives should end with personnel training. According to ISO 9001:2008, personnel must have a clear understanding of what their department is working toward and how they can contribute to the effort. This sets up significant responsibilities for training on the department level. This will eliminate vague statements from employees such as “we’re trying to get better” or “we want to make the best quality possible”.

Top-management shouldn’t have any second thoughts in revising quality objectives and the changes must be communicated to personnel, also. There is a clear link between the organisation’s commitment for continuous improvement and the dynamic aspect of policy and quality objectives review. In these conditions, even partial achievement of relevant and carefully established quality objectives, proves continuous improvement. If all of these details will be adequately established, then misunderstandings, confusion and suspicions will be avoided, and quality objectives will have better chances in leading to organisational performance.

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