

Background

Performance

Sooner or later any discussion about performance comes down to quality. If manufacturing has made enormous strides in improving quality in the past few decades, it is largely thanks to the Total Quality Management (TQM) movement. TQM has an interesting history and dates back to the years after the Second World War when Japan was being rebuilt. Statesmen and economists realized the importance of creating a prosperous and self-confident Japan. One of the things that helped the country back on its feet was a range of talks given by American experts on how to achieve quality in manufacturing. The guiding principle behind the lectures was that attention to detail and quality should be built into every aspect of the manufacturing process. And in order to measure performance, rigorous statistical criteria had to be applied. These talks fell on receptive ears, and soon afterwards the American statistician, W. Edwards Deming, was invited to Japan to conduct further seminars. He also brought with him the concept of the 'quality circle' that had been developed by Bell Labs. Bell was innovative in using small task forces of workers to tackle particular problems. These ideas quickly caught on in Japan and very soon the pupil was outperforming the master. The combination of these principles with a highly committed and disciplined work force helped to transform Japan into a manufacturing power to rival and then outperform its European and American competitors. The rigorous application of concepts such as *just in time* and *kaizen* (continuous improvement) took Total Quality Management to an outstandingly new level and became the key to Japanese manufacturing success. Within two decades, American managers were going to Japan to learn about quality and how to improve their performance from their new arch-rivals! The tables had turned.

The business of learning important lessons from your rivals still holds good today. One of the ways that a company can improve its performance is by looking at who is best at what they do in their sector. They

then analyze and adapt these working practices for their own particular situations. This approach is commonly known as 'benchmarking'. Of course there are few things more flattering to a company than to be chosen as a benchmark by its peers. The danger is that your competitors adopt and improve on what you do and overtake you. A manager of an upmarket confectionary chain had just this experience:

'We had a good reputation in the industry. There were articles about us in trade magazines. Soon other manufacturers had selected us as a kind of benchmark. We even had someone from a supermarket come to see how we made high-class products at affordable prices. Anyway, the warm glow soon disappeared. Within a few months they had poached some key members of staff and were copying what we were doing. I realized I had given away the crown jewels.'

Benchmarking can also be used within a company. Take, for instance, a chain of high street stores all selling roughly the same thing. A crude measure of their success is to calculate their sales per square metre and establish a league table of the various branches. This does not simply apply to sales, of course, but could be adapted to all manner of things: customer complaints, the level of staff turnover, or the number of rings before the phone is answered. Now of course they may be serving different customers and dealing with different socio-economic groups, nevertheless it is a useful measure and it is difficult to ignore its results. It is then up to the company to find out what makes a particular branch so much more, or less, successful than the others and adopt working practices accordingly. For it to work, it requires a serious investment of time and resources in setting up the data gathering and information bank, let alone the time and commitment that is required for analyzing and interpreting it. By adopting different measures the hope is that you will make your firm more competitive and profitable than before.

Exercises

1 Work with a partner and discuss these questions.

- 1 How often do quality and performance come up in discussions where you work?
- 2 How much time is spent measuring and checking for quality?

2 Read the first paragraph and answer the questions.

- 1 What is the relationship between TQM and Kaizen?
- 2 What does the last sentence of the paragraph mean and what does it refer to in the text?

3 Read the first paragraph again. Draw a circle. Create a diagram showing how the quality movement went full circle from the USA to Japan and back to the USA again. Write the different steps on the circle.

4 Read the rest of the article about performance and answer the questions

- 1 What is benchmarking and how does it work?
- 2 What is the danger for the company being benchmarked?
- 3 How did these dangers affect the chocolate company?
- 4 How can benchmarking be used across the branches of the same organization?
- 5 What do organizations have to do to set up benchmarking procedures?

5 Match 1–8 to a–h to create collocations from the text.

- | | |
|---------------|-------------|
| 1 customer | a practice |
| 2 league | b force |
| 3 guiding | c strides |
| 4 working | d principle |
| 5 enormous | e complaint |
| 6 task | f gathering |
| 7 statistical | g table |
| 8 data | h criteria |

6 Using the text to help you, decide what the collocations in 5 mean.

7 Complete the words with *over*, *out*, and *up*.

- 1 We used to be the market leader, but now they are _____ performing us.
- 2 This product is aimed at the high-spending, _____market segment of the market.
- 3 Good news, we have already _____taken last month's sales figures.
- 4 Her performance this year has been totally _____standing.
- 5 I am worried about staff turn_____. Why do people keep on leaving?

8 Look back at the text and choose three words that you could use in your day-to-day work.

9 Oscar Wilde said 'Imitation is the highest form of flattery'. Do you think this is true? What are the dangers of giving into flattery?

10 Work in groups and discuss these questions.

- 1 It is relatively easy to establish quality standards for manufacturing. However, how can service organizations that are so dependent on human relationships standardize and ensure quality?
- 2 How would you react if your organization was selected as the new benchmark of excellence?