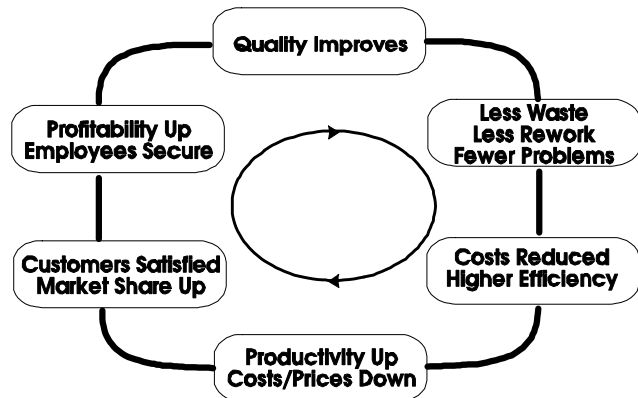


Why is Quality Important?

The Quality Cycle

How Quality Pays



Many companies do not realise that at the heart of their planning decisions is an assumption of the importance of quality to the company. In making this assumption, most companies do not think through their aims:

- Will they become market leaders in quality,
- Will they be competitive with other leading operators, or
- Will they be merely adequate?

"The pursuit of mediocrity is always successful"

Unfortunately, because the details are too often not identified, quality adequacy becomes the default mode of operation.

The Different Views

The Government View

The Federal Government believes that Quality is essential if Australian products and services are to compete effectively, either in domestic or export markets, and hence reduce import payments and increase export income.

The Government has developed a number of programs to assist industry lift its game, offering direct financial assistance to companies *wanting* to make the quality "breakthrough". Many of *these* assistance programs are involved with the introduction of Total Quality Management and Quality Certification. Others are designed to introduce a competitive focus, assist Research and Development, and promote employee participation.

In addition, a number of Government departments and instrumentalities at both State and Federal level have established purchasing policies requiring suppliers to provide evidence of a certified Quality System before qualifying as suppliers.

The Customer View

The market for all goods—whether retail or other—has become increasingly demanding and discerning. It has become increasingly impatient of failures and errors, and surveys indicate that whilst a satisfied customer tells on average three other potential customers of their satisfaction, a dissatisfied customer will tell eleven others of their views.

In addition, there is now import competition in almost every product area, and some of the imported goods are cheaper, and some better. Despite the advertising programs, Australian consumers steadfastly refuse to buy local goods, when they are inferior, or significantly more expensive. To survive, Australian companies must become competitive in features, quality and pricing, and realise that continuous improvement is essential if they are to maintain market share and profitability.

Beware of what you become whilst in pursuit of what you want.

The Company View

Many companies are beginning to recognise the results of investment in Quality. As quality is improved, waste is reduced, problems are fewer, rework is down, and the costs are significantly lower than before. Productivity increases, and as the market becomes aware of the improvement, the market share increases, with the result that profitability increases. As a result, job security is improved, and more money is available for improvement, so quality increases again, and the cycle repeats.

Most companies are beginning to recognise that with escalating market demands, and increasing competition, efficiency of operation must improve. Improving quality is now recognised as one of the best ways to do this, through it's reductions in cost, and improved understanding of market needs.

The Union View

The ACTU believes that standards and quality are central to industrial development, and have started to spread this message into the workforce. This results in part from an acceptance of the fact that the world does not owe Australia a living, and of the need for the union movement to support industry, but clearly there is also a recognition that these issues are central to the continuance of employment by Australian industry.

The Legal View

Australian product liability requirements have been upgraded regularly, primarily through changes to laws regarding contracts and negligence. Whilst the existence of a quality system is still a legal defence under negligence, it is only the effectiveness of that system that provides any true defence, through the prevention of liable defects.

Strange women lying in ponds
distributing swords is no basis for
a system of government! (Monty
Python)