UNIT 2

TQM Principles

ORGANIZATION STRUCTURE & DESIGN

- Organizational design is a formal process of integration people, information & technology. It is a process of developing and changing the organization's structure by its managers. It is a chart containing the reporting structure i.e. who reports to whom.

- Organizational structure is the formal authority, power and roles in an organization.

- Organizational size, organizational life cycle, strategy, environment & technology work together to form a complete organization.

TYPES OF ORGANIZATIONAL STRUCTURE

❑ **Hierarchical structure**: Employees are grouped with every employee having one clear supervisor. The grouping is done based on factors such as function, geography & product. For example Corporations, Governments, and organized religions are hierarchical organizations.

❑ **Matrix structure:** The reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. It is a type of organizational management in which people with similar skills are pooled for work assignments, resulting in more than one manager to report to. For example, all engineers may be in one engineering department and report to an engineering manager. But these same engineers may be assigned to different projects and might be reporting to those project managers as well. Therefore some engineers might have to work with multiple managers in their job role.

❑ **Horizontal/Flat structure:** Mostly adopted by small companies and start-ups in their early stage. The most important thing about this structure is that many levels of middle management are eliminated. This enables employees to make decisions quickly and independently. This works well for small companies because work and effort in a small company are relatively transparent.

❑ **Network structure:** It helps visualize both internal and external relationships between managers and top-level management. They are not only less hierarchical but are also more decentralized and more flexible than other structures. The idea behind the network structure is based on social networks. Its structure relies on open communication and reliable partners; both internal and external. The network structure is viewed as agiler than other structures because it has few tires, more control and bottom flow of decision making.

- ❑ **Divisional structure:** Within a divisional structure, each organizational function has its own division which corresponds to either products or geographies. Each division contains the necessary resources and functions needed to support the product line and geography. The main advantage of the divisional structure is the independent operational flow, that failure of one company does not threaten the existence of the others.

- **Line organizational structure:** Its authority flows from top to bottom. Unlike other structures, specialized and supportive services do not take place in these organizations. The chain of command and each department head has control over their departments. The self-contained department structure can be seen as its main characteristic. Independent decisions can be taken by line officers because of its unified structure. The main advantage of a line organizational structure can be identified as the effective communication that brings stability to the organization.

❑ **Team-based organizational structure:** They are made of teams working towards a common goal while working on their individual tasks. They are less hierarchical and they have flexible structures that reinforce problem-solving, decision-making and teamwork.
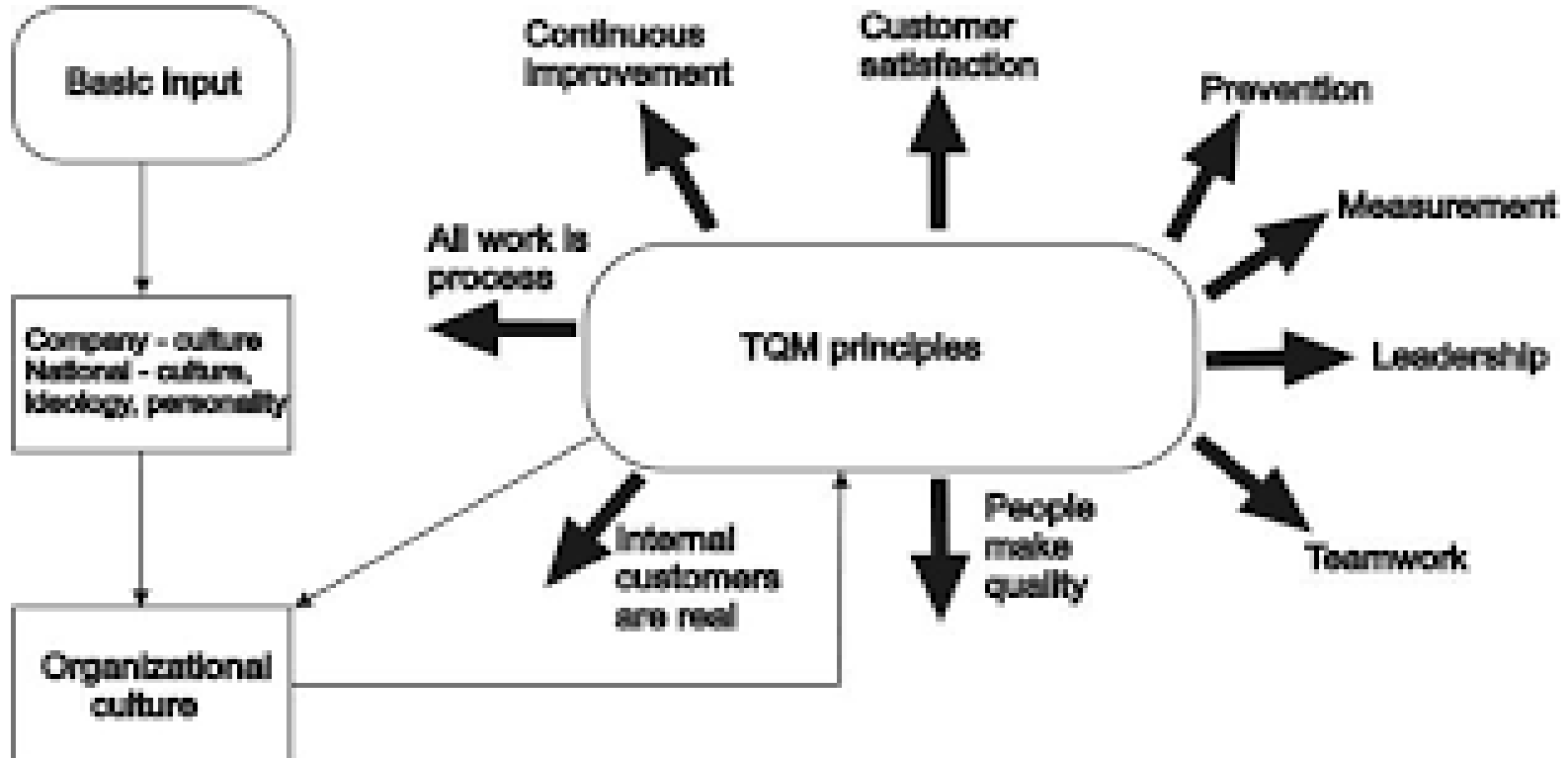
LEADERSHIP

- It is the process of influencing others to facilitate the attainment of organizationally relevant goals.

➢ **Leadership Traits**

- Self confidence
- Knowledge of business
- Creativity & originality
- Warmth
- Flexibility & adaptiveness
- Cognitive ability
- Honesty & integrity
- Personal drive
- Desire to lead

TRANSACTIONAL & TRANSFORMATIONAL LEADERS

BASIS FOR COMPARISON	TRANSACTIONAL LEADERSHIP	TRANSFORMATIONAL LEADERSHIP
Meaning	A leadership style that employs rewards and punishments for motivating followers is Transactional Leadership.	A leadership style in which the leader employs charisma and enthusiasm to inspire his followers is Transformational Leadership.
Concept	Leader lays emphasis on his relation with followers.	Leader lays emphasis on the values, ideals, morals and needs of the followers.
Nature	Reactive	Proactive
Best suited for	Settled Environment	Turbulent Environment
Works for	Developing the existing organizational culture.	Changing the existing organizational culture.
Style	Bureaucratic	Charismatic
How many leaders are there in a group?	Only one	More than One
Focused on	Planning and Execution	Innovation
Motivational tool	Attracting followers by putting their own self interest in the first place.	Stimulating followers by setting group interest as a priority.

STRATEGIC QUALITY PLANNING

Definition

• Strategic planning sets the long-term direction of the organisation in which it wants to proceed in future

• The process of deciding on objectives of the organisation, on changes on these objective, on the resource used to attain these objectives that are to govern the acquisition, use and disposition of these resources.

present ▷ Strategic planning ▷ Vision of future

Seven steps to strategic planning

1. Identification of customer needs

2. Determination of customer positioning

3. Predict the future

4. Gap analysis

5. Closing the gap

6. Align the plan with the mission and vision

7. Implementation of the plan

QUALITY COUNCIL

- It is a team to provide overall direction for achieving the total quality culture (TQC).

- It is a team formed in the organization with an objective of building quality into the culture of the organization.

- Quality council is composed of:

✓ Chief Executive Officer

✓ Senior managers of the functional area

✓ Quality council coordinator or consultant

OBJECTIVES OF QUALITY COUNCIL

- To raise the quality consciousness in the organization through seminars, study tours & using other forms of promotion.

- To ensure effective functioning of the organization on the quality statement & plan.

- To encourage basic and applied R&D in the field of quality and dissemination of its results to the organization.

- To raise the level of training of personnel engaged in quality activities.

- To facilitate upgradation of testing and calibration facilities and laboratories.

DUTIES OF QUALITY COUNCIL

- To establish core values & quality statements (Vision st., Mission st., Quality Policy st.)
- To establish strategic long term plan with goals and annual quality improvement program with objectives.
- To plan training & education programme.
- To determine & monitor the cost of poor quality.
- To perform and monitor the performance measures for each functional areas.
- To determine continually those projects that improve the processes particularly that affect external & internal customer satisfaction.
- To establish multifunctional project and departmental teams and monitor the progress.
- To establish/revise the recognition & reward system periodically.

QUALITY STRUCTURE

QUALITY STRUCTURE

EMPLOYEE INVOLVEMENT

- Employee involvement is probably the most effective approach to improve the quality and productivity.

- Employee involvement is not a replacement for management nor is it the final word in quality improvement.

- It is a means to better meet the organization's goals for quality and productivity at all levels of n organization.

EMPLOYEE MOTIVATION

- A process of stimulating people to accomplish desired goals.

- The process of attempting to influence others to do your will through the possibility of reward.

- The process of inducing people inner drives and action towards certain goals and committing their energies to achieve through goals.

IMPORTANCE OF MOTIVATION

- Improves employee involvement.

- Promotes job satisfaction and thus reduces absenteeism and turnover.

- Helps in securing a high level of performance and hence enhances efficiency and productivity.

- Creates a congenial working atmosphere in the organization and thus promotes interpersonal cooperation.

EMPOWERMENT

- Employment refers to increasing the spiritual, political, social, educational, gender, or economic strength of individuals and communities.

- Employee empowerment means that an employee is given a chance to be enterprising, take risks without compromising with the organizational goals, mission and vision.

Employee Empowerment
Three Levels

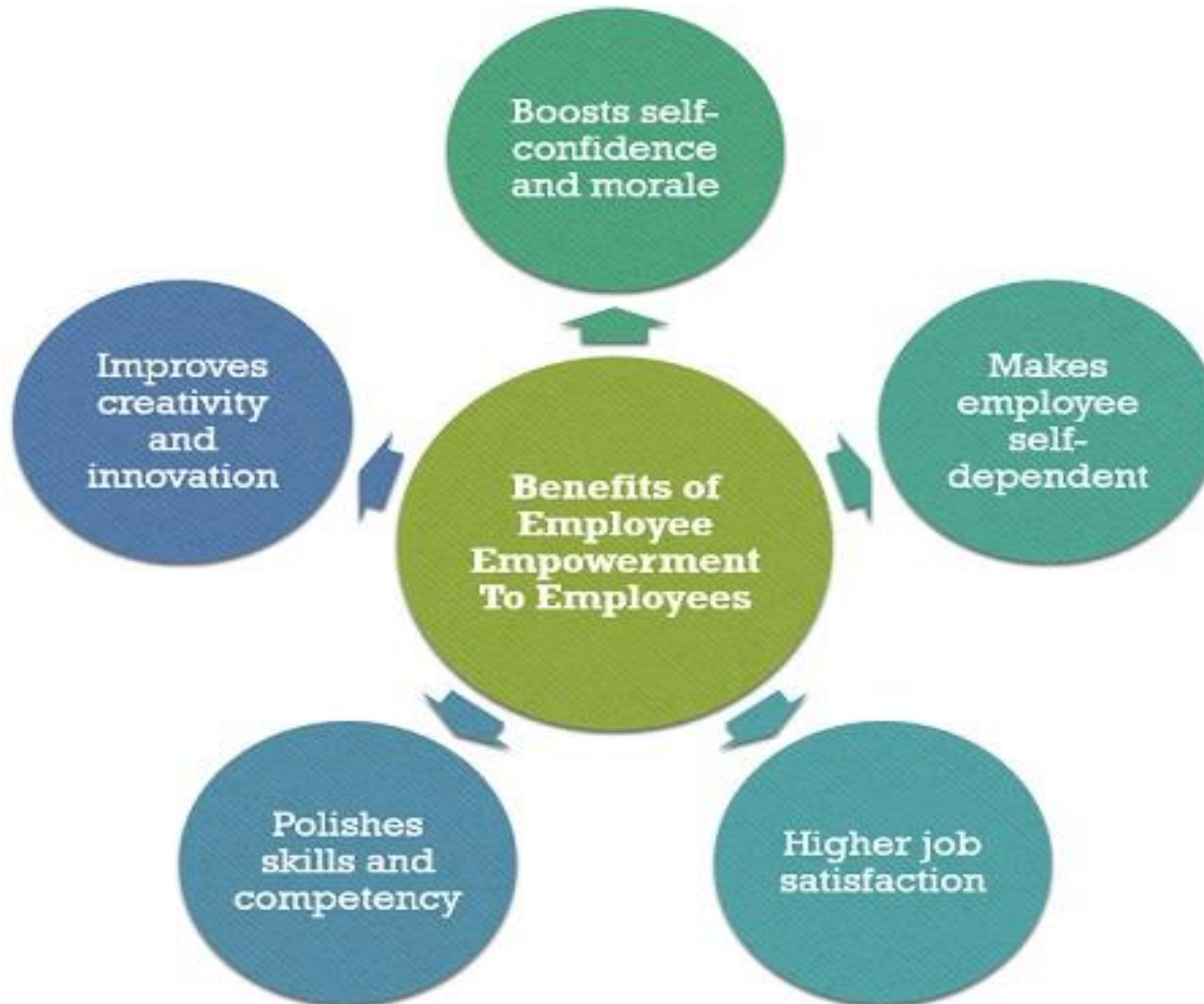**Degree of Empowerment & Leadership**

Enabling employees to make more and bigger decisions without having to refer to someone more senior

Involving employees in taking responsibility for improving the way that things are done

Encouraging employees to play a more active role in their work

➢ Getting closer to the customer
➢ Improving service delivery
➢ Innovating continuously
➢ Increasing productivity
➢ Gaining the competitive edge

Organizational Benefits

Adapted from "Empowering People", Jane Smith

1000ventures.com

BENEFITS OF EMPLOYEE EMPOWERMENT

Boosts self-confidence and morale

Makes employee self-dependent

Improves creativity and innovation

Benefits of Employee Empowerment To Employees

Polishes skills and competency

Higher job satisfaction

TEAM & TEAMWORK

- A team is a small number of people with complementary skills who are committed to a common purpose, set of performance goals, and approach for which they hold themselves mutually accountable.

- Although organizations have traditionally been formed around task or work groups, the concept of teams and teamwork has taken on a new meaning in a TQM environment.

- Teams provide opportunities to individuals to solve problems that they may not be able to solve o their own.

TEAM & TEAMWORK

- **T**rust
- **E**ffective communicative, especially listening
- **A**ttitude positive "can do"
- **M**otivation to perform and improve
- **W**e mentality
- **O**wnership of process with pride
- **R**espect for and consideration of others
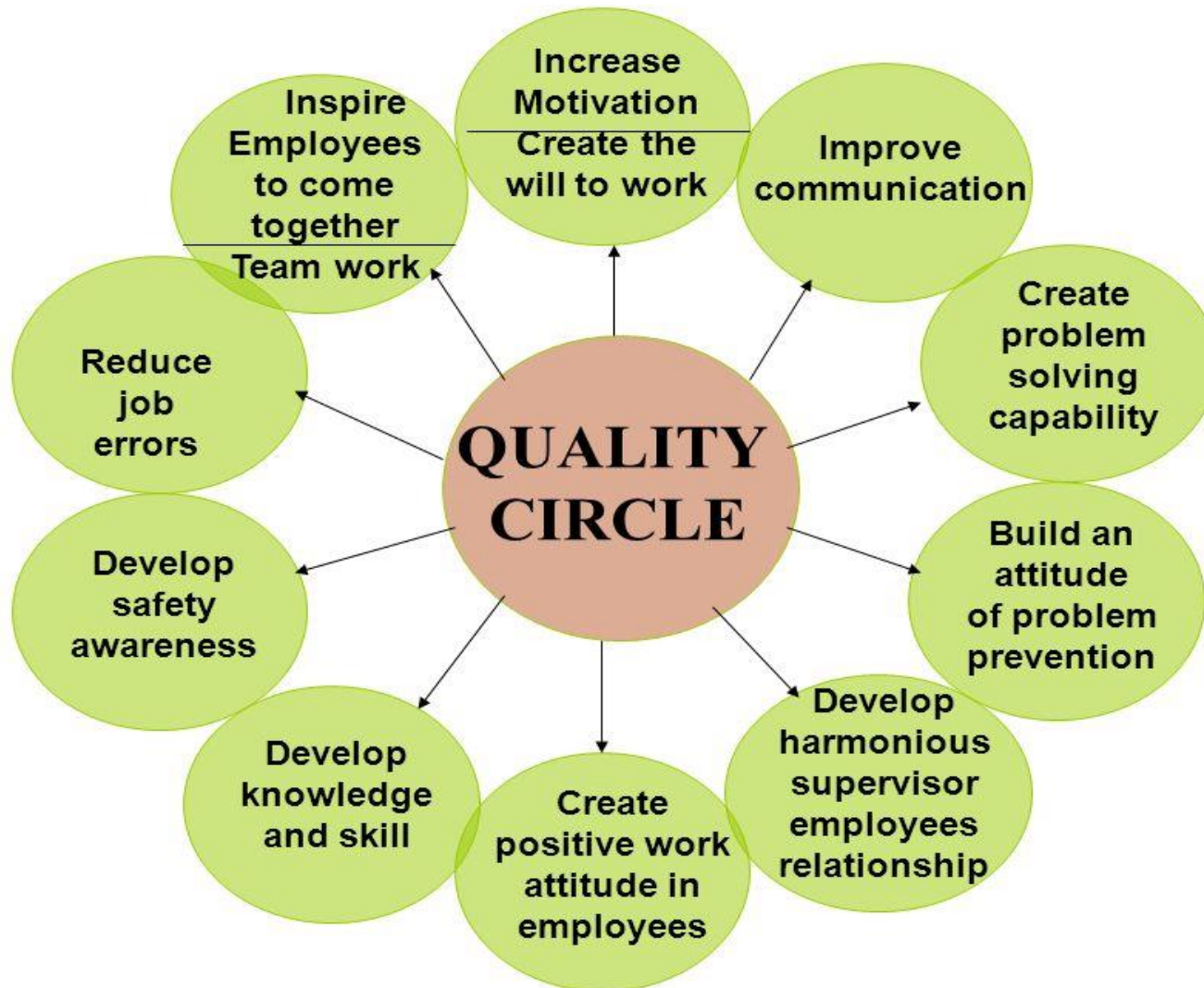- **K**eep focus

IMPORTANCE OF TEAMWORK

- All team members actively participate.
- Members communicate openly.
- Conflict is effectively managed.
- Domination by one or two members is avoided.
- Decisions are critically analyzed.
- All members share team leadership.
- Disruptive behavior is confronted by the team.
- Team membership is rewarding and enjoyable.
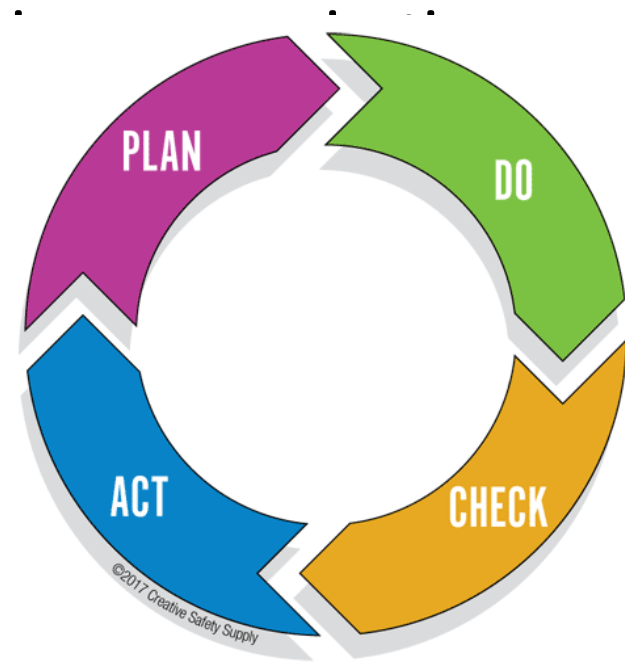
QUALITY CIRCLES

QUALITY CIRCLES

- A quality circle is a group of work-force members, usually from within same work area or doing similar work, who volunteer to meet weekly (on company time) to address quality problems that occur within their work area.

➢ **Advantages of Quality Circle**

✓ Internal leadership

✓ Reinforce worker morale & motivation

✓ Encourage a strong sense of teamwork

✓ Higher quality

✓ Improved productivity

✓ Greater upward flow of information

✓ Broader improved worker attitudes

✓ Job enrichment

PLAN DO CHECK ACT

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CONTINUOUS QUALITY IMPROVEMENT THE QUALITY CIRCLE

Plan
- Quality Principles
- Factors Affecting Quality

Do
- Personnel
- Policies & Procedures

Act
- Review
- Revise
- Communicate
- Monitor

Check
- Sample Guidelines
- Error Categories

WHAT IS KAIZEN?

- **Kaizen**, a Japanese word for "improvement" or "change for the better" refers to philosophy or practices that focus upon continuous improvement of processes in manufacturing engineering, game development and business management.

KAIZEN

Kaizen *(Continuous Improvement)*

5 Principles

- There is always room for improvement
- Teamwork in quality circles
- Workers are confident about offering suggestions
- Strong personal discipline
- Everyone's opinion is valued and considered

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WHAT IS 5S?

PERFORMANCE APPRAISAL

- Performance appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. PA is generally done in systematic ways which are as follows:

➢ The supervisors measure the pay of employees & compare it with targets and plans.

➢ The supervisor analyses the factors behind work performances of employees.

➢ The employers are in position to guide the employees for a better performance.
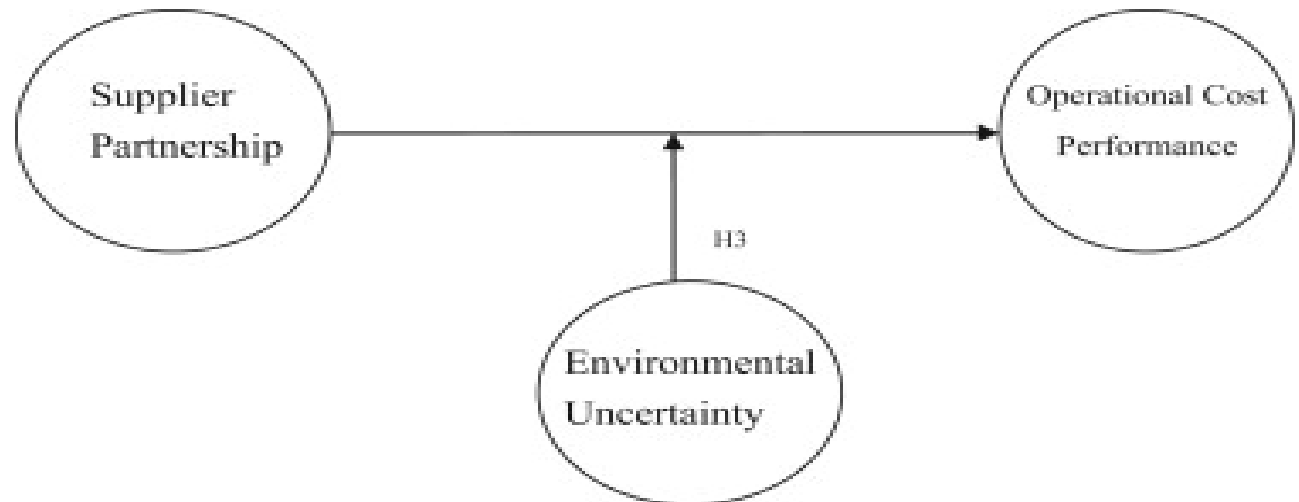
OBJECTIVES

- ✓ To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
- ✓ To identify the strengths and weaknesses of employees to place right men on right job.
- ✓ To maintain and assess the potential present in a person for further growth and development.
- ✓ To provide a feedback to employees regarding their performance and related status.
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- ✓ It serves as a basis for influencing working habits of the employees.
- ✓ To review and retain the promotional and other training programmes.

COMPONENTS OF PERFORMANCE APPRAISAL
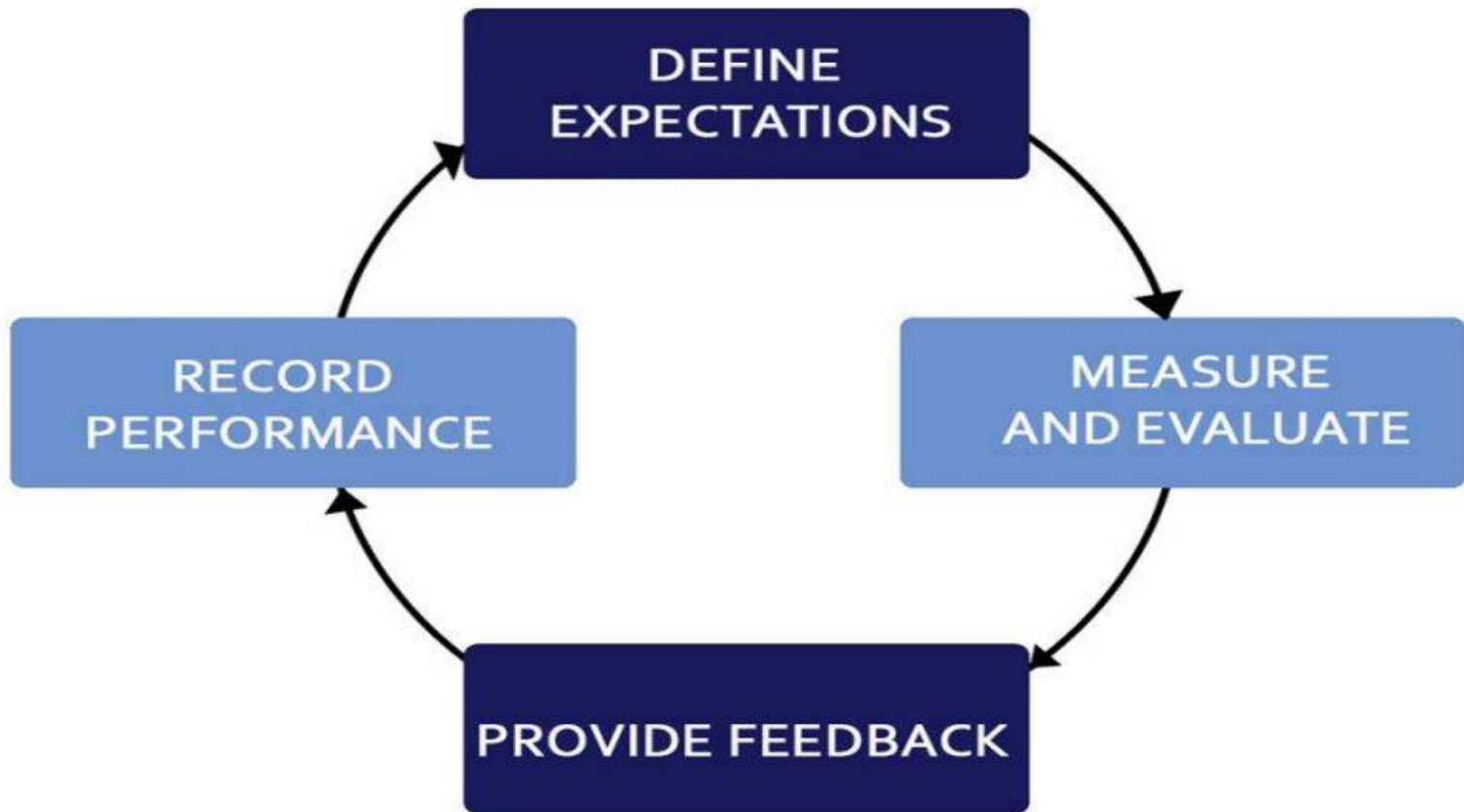
SUPPLIER PARTNERSHIP

- An organization (or customer) purchases its requirements, raw materials, components, and services from supplier. A partnership between customer and supplier is one of the keys to obtaining high quality products and services. Customers and suppliers have the same goal- to satisfy the end user. They must work together as partners to maximize the return on investment because they have limited resources.
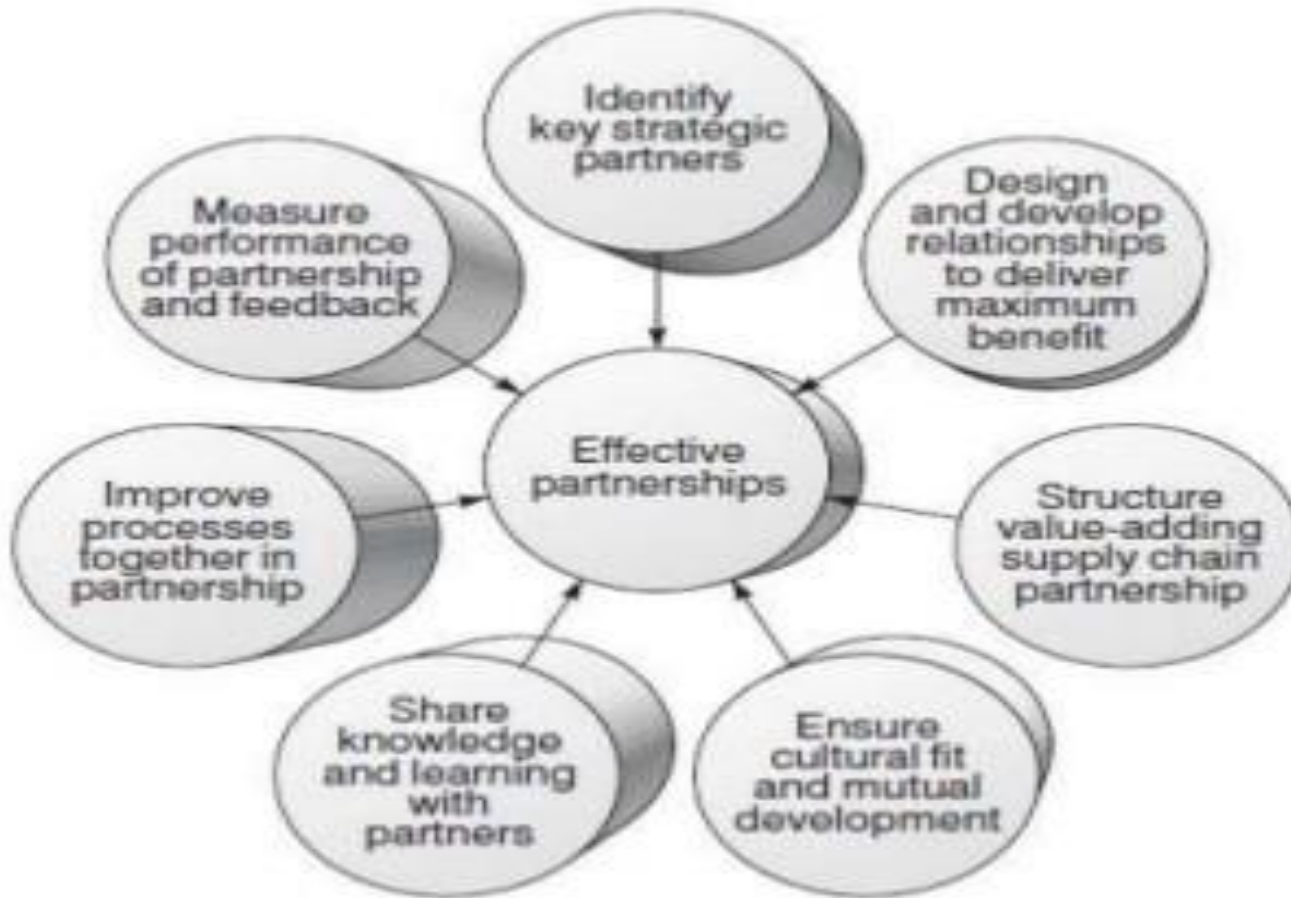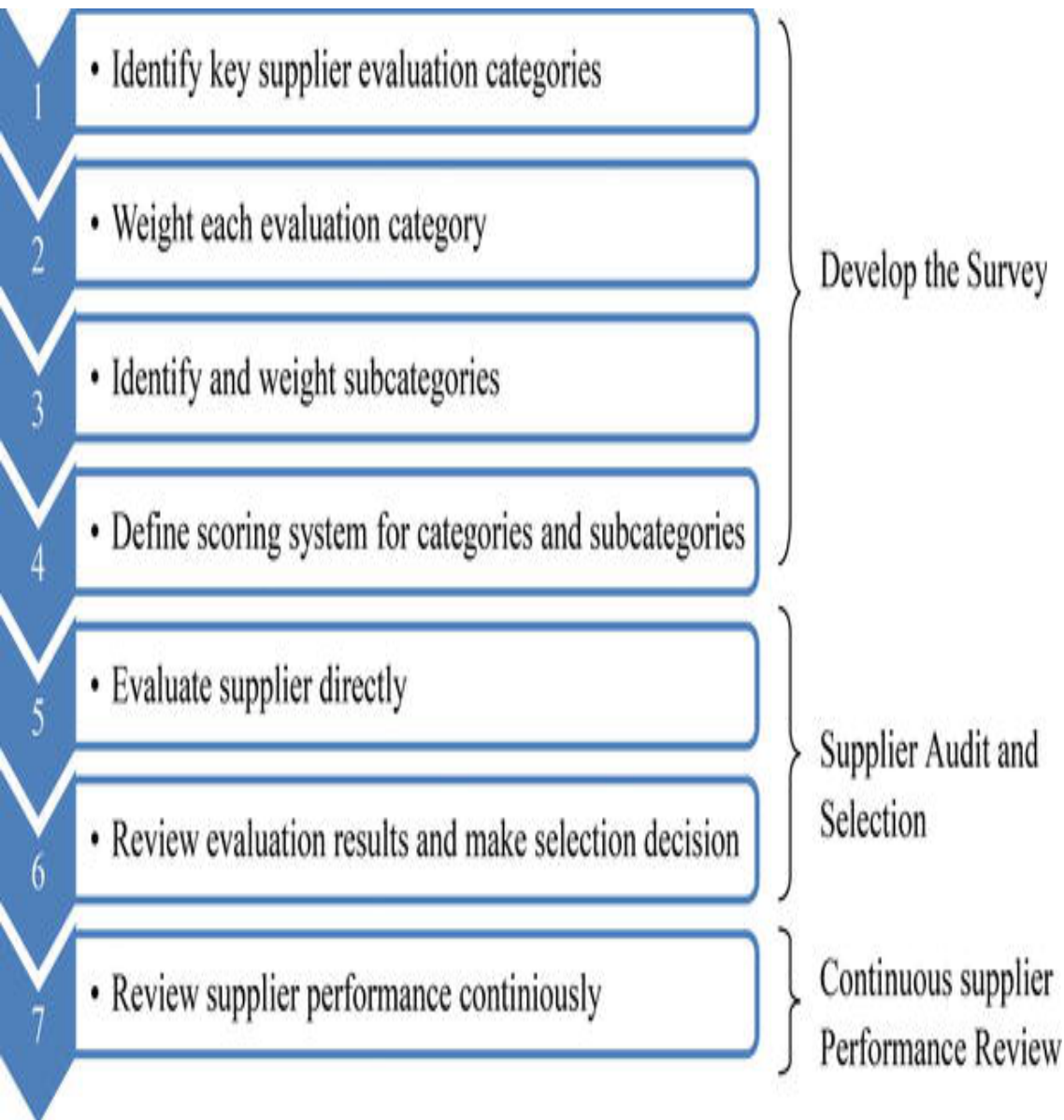
PARTENERING

- Partnering is basically a long term relationship existing between two or more companies or individuals to achieve common goals and objectives by maximizing the effectiveness of each individual's resources. Here each person contributes money, property, labor and skills to share in the profits and losses of a business.

- This relationship should be based upon trust and dedication to common goals and objectives.

EFFECTIVE PARTNERSHIPS

SUPPLIER RATING & SELECTION

1. Identify key supplier evaluation categories
2. Weight each evaluation category
3. Identify and weight subcategories
4. Define scoring system for categories and subcategories

} Develop the Survey

5. Evaluate supplier directly
6. Review evaluation results and make selection decision

} Supplier Audit and Selection

7. Review supplier performance continiously

} Continuous supplier Performance Review

Supplier Evaluation Criteria

- Price, Quality & Delivery
- Financial Stability
- Long-term Relationship Potential
- Total Quality Performance and Philosophy
- E-Commerce Capability

Criteria for Supplier Evaluation

- There are two main categories of supplier evaluations: process-based evaluations and performance-based evaluations.

- The process-based evaluation is an assessment of the supplier's production or service process. Performance-based evaluations are based on objective measures of performance.

- Typically, the buyer will conduct an audit at the supplier's site to assess the level of capability in the supplier's systems.

THANK YOU