

**MANAGEMENT PROGRAMME**

**Term-End Examination**

**December, 2018**

**01383**

**MS-096 : TOTAL QUALITY MANAGEMENT**

*Time : 3 hours*

*Maximum Marks : 100*

*(Weightage : 70%)*

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- Note :** (i) *There are two sections ; Section A and Section B.*  
(ii) *Answer any three questions from Section A.*  
(iii) *Section B is compulsory.*
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**SECTION - A**

1. What do you understand by standardization ? Explain the process of formulation of Indian Standards.
2. List and explain the key success factors for Total Quality Management (TQM) work in an organization.
3. Explain the following in brief :
  - (a) Quality costing and cost system.
  - (b) Budgeting, control and reporting of quality costs.
4. Briefly explain the six elements of leaders in context of TQM.
5. List and explain different types of quality audit.

## SECTION - B

6. Read the following case and answer the questions given at the end.

Case Study : Total Quality Management [TQM]

**Summary :**

Our client, a multi-location ready mix concrete, sand and gravel supplier faced the twin problems of escalating costs and eroding customer service. MLE was engaged to support the President as he implemented his vision for the firm. Central to his vision was the creation of a culture which valued quality, customer service and continuous improvement. Over a six month period MLE Consulting performed a TQM readiness assessment, organized the Quality Steering Committee, trained the management and hourly employees in TQM and supported the work of the departmentally based Quality Teams and the cross functional Corrective Action Teams. Our client has reported savings of \$2 million to \$3 million.

**Background :**

The firm is one of the largest ready mix concrete producers in the Mid-Atlantic region. Over 350 employees are spread over seven different locations and four major divisions. The second generation management team recognized the need to change the culture of the organization without losing the strength of the family oriented culture. The company did not have a history of participative management and reacted slowly to opportunities. Initial interviews confirmed that management was viewed skeptically. Substandard internal communication fed fear and resentment on the part of employees.

Managers and employees were very loyal to the company. Most of them had grown up in the business. Management had a "shirt sleeve style" typical of the construction industry. Most of the truck drivers could read and write. Turnover was exceptionally low by national and regional standards.

The prolonged recession in commercial and residential construction had put them in a vulnerable position. They were faced with increasingly aggressive competition. A major objective for implementing TQM was to eliminate the waste in delivery and improve the reliability of delivery. The President made it plain that the savings from improvements would fund the culture he needed to implement TQM.

#### **The Process :**

The first step was to perform a TQM readiness assessment. Over a five day period MLE interviewed all of the senior management team and several hourly employees. This confirmed initial observations and highlighted several areas for targeted customer service improvement and cost reduction. TQM training was developed and initial Corrective Action Teams (CAT) were formed, based on the results of the assessment.

The next step was to communicate the vision to every employee in the company. The President told each employee his vision for the business. MLE attended these special 5:30 AM meetings with the truck drivers to answer questions about the TQM process.

The next step was to organize the steering committee and train the management team. Training was further developed in the six TQM

training sessions. By incorporating their culture, credibility was improved. In addition, training improved the application of TQM ideas and broke down barriers to change.

Four groups of twenty employees were then trained. MLE trained in-house trainers to continue the training of employees.

A second, but equally important task continued parallel to the training. The Corrective Action Team (CAT) used the TQM process to improve the customer service levels and eliminate waste in trucking.

The CAT team used each of the five critical areas in Total Quality Management to generate the needed changes in their trucking operations.

- Customer Focus
- Teamwork
- Problem Solving
- Waste Elimination
- Continuous Improvement

Over three months they generated cost reduction initiatives worth \$600,000 and implemented over \$300,000 of cost savings. This major victory by hourly and first line management demonstrated the effectiveness of TQM.

The client engaged MLE to support a change in the vision of the company. They realized a 25:1 payback on their investment in Total Quality Management. Their premier service reputation was restored and they became the preferred supplier to many contractors. According to the President, the company has become much more flexible and responsive. Improvements to the bottom line bear this out.

**Questions :**

- (a) What were the challenges faced by the organizations ?
  - (b) How did the Corrective Action Team used different critical areas as corrective measures ?
  - (c) Do you think that TQM played an important role in rectifying the image of the organization ? Justify.
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