MANAGEMENT PROGRAMME

Term-End Examination
December, 2013

MS-96 : TOTAL QUALITY MANAGEMENT

Time : 3 hours   *Maximum Marks : 100*

(Weightage 70%)

Note : (i) *There are two Sections : A and B*

    (ii) *Attempt **any three** questions from Section A which carry **20** marks each.*

   (iii) *Section B is compulsory and carries **40** marks.*

SECTION - A

1. (a) Bring out the significant differences between Quality Control and Quality Assurance.

    (b) What is *Kaizen* ? What advantages a company can derive by following the *Kaizen* approach ? What techniques can it use to put the concept in practice ?

2. (a) How can strategic quality goals be deployed at various levels in an organization ?

    (b) Discuss the various types of quality costs. What kind of cost should a firm be more concerned with and why ?

3. (a) What is Quality Circle and what are its principal objectives ? It is said that quality circles do not work beyond Japan. Do you agree ?

(b) What, according to Crosby, are the four Absolutes of Quality Management ? Explain.

4. (a) Why is it necessary to drive out fear in an organization ? Discuss some of its negative/ harmful consequences in the context of quality management.

   (b) Bring out the key differences between Award and Certification.

5. (a) How does implementation of ISO 9000 QMS encourage transparency and accountability ?

   (b) What are the purposes of Environmental Management System (EMS) ? Discuss its core elements.
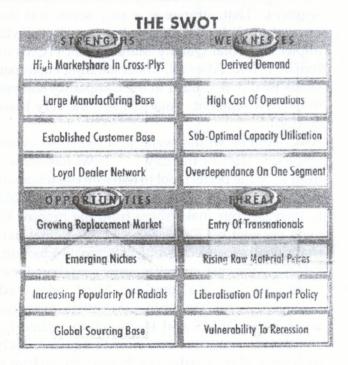
SECTION - B
RELAUNCHING TQM

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

Adversity does strange things to CEOs. At the family-owned pro-fessionally-managed company, Indian Tyres, it suddenly transformed orthodox managers into evangelical change-agents. Actually, the company's afflictions were financial. And B.K. Chatterjee, its avuncular 56 year old CEO, and his A-Team knew that only too well. As did most of its 2,800-strong workforce, who had seen sales plummet and inventories soar in the last 2 years.

Sensing that things are bad is one thing. Seeing it in black and white in the first copies of the company's annual report that rolled off the presses—as did the Rastogi brothers, Shyam Chand, 62, and Ram Chand, 65, who had set up

their flagship in 1951 - another. So, Chatterjee was summoned to their residence (the brothers rarely attended office), and given standing instructions to change-whatever it took. As Ram Chand, the voice of the duo, put it: "We want results, not details."

So it was that a muggy July morning saw Chatterjee and his 4 trusted lieutenants–Avinash Garg, 36, Vice-President (HR), Atul Khanna, 38, Vice-President (Finance), Mukesh Mirchandani, 39, Executive Vice-President (Marketing), and K.Murali, 42, Head (Operations)–closeted together at their corporate office in Delhi's Nehru Place. Had they witnessed the proceedings, Indian Tyres' veterans would have been astounded at the

THE SWOT

STRENGTHS	WEAKNESSES
High Marketshare In Cross-Plys	Derived Demand
Large Manufacturing Base	High Cost Of Operations
Established Customer Base	Sub-Optimal Capacity Utilisation
Loyal Dealer Network	Overdependance On One Segment

OPPORTUNITIES	THREATS
Growing Replacement Market	Entry Of Transnationals
Emerging Niches	Rising Raw Material Prices
Increasing Popularity Of Radials	Liberalisation Of Import Policy
Global Sourcing Base	Vulnerability To Recession

speed at which decisions were taken. Chatterjee, emboldened by the *carte blanche*, decided to enhance the scope of his operations–restricted, essentially, to producing cross–ply tyres for heavy and light commercial vehicles–to include cross-ply and radial tyres for cars. In a matter of minutes, the company's senior management had decided to invest Rs 150 crore in a radial-manufacturing facility. But not without realising what the change implied.

Years of micro-management had endowed them with the ability to spot the problems in a proposal miles away. Chatterjee and his team realised that the move entailed focusing on a new customer segment. That, strange as it may seem, was the compulsion behind their simultaneous decision to implement Total Quality Management (TQM) at Indian Tyres. After all, understanding customer needs would be critical to the company's success in the new segment. And that was the very basis of TQM.

As Chatterjee would write in a memo to every employee later in the day : " TQM has shown itself to be the perfect tool to make an organisation customer-focused. Our objective is to use TQM to increase our maketshare from the present 11 to 16 per cent by 2002." For a company that had traditionally focused its efforts on cost reduction, satisfying the customer was easier said than done. At the first signs of a downturn, Mirchandani had launched a relationship-marketing exercise targeted at OEMS and fleet-owners, whereby customers accumulated points against each purchase they made–much like an airline's

training: tools, presentation skills, and facilitation. All 500 managers and foremen would be the target-audience. "No TQM effort can succeed without effective group leaders," Pankaj Misra, a BIQ consultant, explained to Garg. "They must create an environment in which employees can express their fears and inadequacies in a supportive atmosphere, and transfer whatever they have learnt to their subordinates," Garg told Chatterjee, who was a trifle surprised that an organisation had to spend so much time preparing the ground before launching a TQM initiative. It was decided that Indian Tyres' managers–15-20 at a time–would undergo 3 day sessions on leading hi–performance teams. Another 3-days workshop for groups of 6-8 managers would focus on developing their presentation skills to help them communicate the benefits of TQM to their teams. At the same time, 20 managers across the organisation would be designated and trained as TQM Facilitators. The last stage, Garg and Chatterjee decided, would tackle the implementation of TQM itself.

More than 2 years later, Indian Tyres still found itself in Stage III. It had taken almost 26 months to articulate and communicate the company's vision. Now, managers were being trained to become group-leaders. Garg made it a point to meet a few managers after each training-module ended. He found that everyone–from Deepak Saxena, a 56 year-old who had moved up the ranks to become Stores Manager, to K.Kartikeyan,28 who had recently joined the company as an engineering trainee-had been enthused by the training.

frequent flier scheme. But his customer related initiatives had stopped at that.

So, Chatterjee first decided to set up an apex TQM Council, comprising himself and the 4 functional heads. The Council nominated Garg as the co-ordinator, his first task being to communicate the customer-satisfaction-through-TQM message to the workforce. He began by creating functional and divisional councils within the company, setting up 26 of them eventually. These councils would meet every month to debate ways of enhancing customer satisfaction through improved work -methods.

That done, Garg and Chatterjee evolved a 4-stage strategy to implement TQM across the organisation. The first stage involved formalising a vision statement; Indian Tyres had functioned for 47 years without one. Chatterjee, who rather ambitiously titled the company's vision, A *Commitment To The Future,* announced it to all the employees at a hurriedly-convened meeting: "Our vision is to provide our customers with quality products by developing a series of mutually-beneficial relationships with our associates."

The second stage required the TQM Council to create a training calendar that specified the dates for workshops to communicate the company's vision to groups of its employees. In Stage III, employees–who would, by then, have a fairly clear picture of the company's vision–would be put through a module to acquaint them with the basics of TQM. In association with the Bharat Institute of Quality (BIQ), Garg identified 3 areas of TQM

THE TQM ROADMAP

Conduct A Diagnostic Survey	Establish The Apex TQM Council	Set Up Functional / Divisional Councils
Develop A Vision Statement	Record Minutes Of Each Meeting	Ensure That The Councils Meet Every Month
Formulate A Plan For The Future	Design Training Modules	Evolve Performance Measurement Indices

However, his lingering doubts–magnified by Chatterjee's remarks on the time being spent on the process–kept haunting him. That his CEO expected quick hits had become evident to Garg, 6 months into the process, when Chatterjee, armed with the previous quarter's MIS report, indignantly pointed out their absence. The routine was to be repeated every quarter, and Garg's doubts intensified. They proved to be alarming when he overheard 2 of his senior marketing managers discussing the process. "So," said one "when is this TQM thing going to end ?" "The sooner , the better", replied the other. "We can then get on with our jobs, and focus on the customer."

TQM was meant to be a transformation initiative that would enhance Indian Tyres' customer focus. And here Garg was, listening to the managers who were closest to the customer complain that it was doing just the reverse. He immediately called up Harish Duggal, an old friend who headed the HR function at Shyam Pistons, one of the country's largest piston-manufacturers. He had

implemented TQM there in the early 1990s with considerable success, and Duggal had become a sounding-board who answered every one of Garg's queries-and there were many–patiently.

This time, Duggal listened while Garg briefly sketched out his problems. "I think you guys are on the right track," he eventually said. "There is no right or wrong approach to TQM. We ourselves had to relaunch the exercise whenever we felt the need for a mid-course correction. All you have to do is to increase your focus on training and communication." And BIQ's Misra echoed Duggal's view.

But Garg wasn't really convinced. And he only had to wait until the next Council meeting to discover that neither was Chatterjee, who launched a blistering attack on the snail-like pace of the TQM programme. "What have we got to show so far ?" he asked Garg. "Indian Tyres has an articulated vision statement, and we are spreading an awareness of the need for customer satisfaction. We seem to have created a platform from which we can now launch our TQM efforts. But is that enough ? Most of the pre-requisites of TQM have been met.But the actual process of implementing TQM has yet to even start. Isn't there a quicker way of doing all this ?"

The debate raged. Mirchandani, who believed that the company was losing out on competitive space because of its elaborate TQM rollout plan, agreed with Chatterjee. The others believed that it was better to go about TQM the right way instead of rushing it. Things would have worked had it not been for the fact that cost-reduction–Indian Tyres' traditional focus area–had now taken a back seat. While cost wasn't a selling

proposition for car-radials, it was the only factor that OEMS and fleet -owners considered. Not only did sales to those segments still account for 75 per cent of Indian Tyres' turnover, given the state of the market, it would stay that way for at least the next 5 years.

Michandani played on the organisational fear that Indian Tyres could not afford to lose share in its largest market. "It is all very well to think about diversifying into radials, where the margins are higher and customers value technological superiority - not costs. But we should not lose sight of the present. And that, as far as we are concerned, is cross-plys and OEMS and fleet-owners." His arguments were bolstered by the fact that the company's marketshare had remained at 11 per cent despite its entry into a new segment. The meeting ended with Chatterjee instructing Garg to speed things up, and to ensure that they did not lose out in one market while trying to establish a beachhead in another.

Garg spent the next few days reviewing the TQM template that he had created. He spoke to Duggal and BIO's Misra. "Everyone goes through this phase," Misra reassured him, but Garg knew that the Council would not be satisfied. He was also beginning to realise what the problem was. Like any change-management technique, TQM had a short-term aspect to it as well as a long-term one. Driven by the urge to get things right in their first attempt, he had focused all their organisational efforts on the long-term aspects of TQM. To get the company to believe that it was on the right track in the short run, he would have to marry the two. He identified 3 ways by which this could be achieved.

- Identifying key business-drivers in the light of the company's changing product-portfolio.

- Explaining what TQM is and isn't, and defining both its long and short-term benefits.

- Identifying projects that would yield results in the short term.

"this will ensure, " he told Chatterjee, "that we view TQM in an evolutionary, rather than a revolutionary, perspective. We will play down any expectations that next year will be better because of TQM. Our problem is that we expect TQM to solve all our problems. It cannot. But the quick hits managed by the TQM process will keep our people motivated."

EPILOGUE. Three months later, Chatterjee decided that relaunching the TQM process with a focus on short-term results was, perhaps, the best option open to him. Garg identified projects in each of the 4 functional departments, and set up TQM teams to work on them. While they dealt with issues like on-time billing and reducing defects in one line by 10 per cent, they were all linked to customer satisfaction. The results, which were visible in months, were announced by Chatterjee at a company meeting specially convened for the purpose. Even as the organisation celebrated, Garg identified 4 additional pilot-projects. TQM was, finally, rolling out at Indian Tyres.

Questions :

(a) What kind of problem situation the CEO of Indian Tyres was confronted with ? Was any essential link in the TQM programme missing ? What was that ?

(b) What did the CEO advise his TQM coordinator and Why ?

(c) What basic things, in your view, the TQM coordinator should do or revisit to ensure the success of the process ?

(d) If you regard TQM as an on-going initiative, what then is the imperative that the company should have at regular intervals ?

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