

## Quality Management in Service Organization

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### Abstract

*Quality in service organization is rather obscure to define compare to in manufacturing industry. However, they both share the same values which is conformance to requirements. The commitment to meeting quality requirements must extend through all level of organization. Quality management in service organization is based on four basic principles: total involvement, customer orientation, systematic support, and continuous improvement. A case study illustrates how these concepts of quality management have been applied in an engineering consulting firm through several initiatives.*

### Abstrak

*Mutu di dalam organisasi yang berorientasi pelayanan agak sulit didefinisikan dibandingkan dengan di industri manufaktur. Akan tetapi, keduanya mengandung nilai-nilai yang sama yaitu memenuhi persyaratan mutu. Komitmen untuk memenuhi persyaratan mutu harus ada di seluruh tingkatan dalam organisasi. Manajemen mutu di organisasi yang bersifat pelayanan didasarkan pada empat prinsip dasar: keterlibatan menyeluruh, berorientasi pelanggan, dukungan sistematis, dan perbaikan berkelanjutan. Dipaparkan di sini studi kasus yang menggambarkan bagaimana konsep manajemen mutu tersebut diterapkan di perusahaan konsultan teknik melalui beberapa inisiatif.*

### Introduction

The growing concern over quality, as it influences the competitiveness in the global market, led many countries to promote a quality awareness and recognize quality achievement. In the U.S., the result was Malcolm Baldrige National Quality Improvement act of 1987.[2] The act established a quality award that became model in other countries.

In manufacturing industry, the final product has measurable qualifications, and it is produced over the same production process; thus, quality in manufacturing is achieved by planning and controlling production process to meet product specifications.

In a service organization, however, it is easy to obscure the definition of quality. The products of a service organization such as training services or consulting engineering, may be composed of ideas, judgement, solutions, plans and designs. It is a common complaint that quality in a service industry is much harder to define and control than in manufacturing industry. Philip Crosby, a U.S.

management consultant, define quality in a service industry is the same as in manufacturing, which is "conformance to requirements." [3] There is no room for nonconformance in Crosby's view, the performance standard is "zero defects," and this standard is achieved by "doing it right the first time."

Each employee has a certain level of responsibility for meeting requirements for their contributions in the production chain. The commitment to meeting quality requirements must extend through all level of organization since every individual can have impact on quality. It is important that the employees clearly understand the requirements and be given the opportunity to succeed. Even so, we cannot expect quality if we only provide the requirements without the conditions conducive to success.

### Four Basic Principles

Mark Arnold of Organizational Dynamics, a management training company in Burlington, Massachusetts, sees quality management as based on four basic principles: total

involvement, customer orientation, systematic support, and continuous improvement. [3] The first principle means that every level of the firm, from senior management on down, must be involved in quality improvement activities. The second, everyone in the firm must understand the requirements of his customers, and be conscious of how well he is meeting their needs. The systematic support means implementing structures, policies, and procedure to encourage quality. Keep looking for methods to improve, even though customers are satisfied, is a way for continuous improvement.

Effective quality management system needs effective communications, therefore management must encourage their workforce as individuals and establish an atmosphere of easy communications, so that each individual can operate in the harmony with the system towards the same goals. If quality management is a process based on prevention of error in workmanship, schedule and budget, then requirements must be defined throughout the process, rather than at the end product. Achieving quality then becomes a matter of defining the process and requirements at every step of production and being sure each individual understands his responsibilities in meeting those requirements.

Labovitz and Chang maintain that "all large organizations can be seen as a long chain of internal 'customers' and 'suppliers' extending ultimately to the external customer." [3] In this system, management (the customer) is responsible for defining the process and requirements, and the employee (the supplier) is responsible for understanding and meeting these requirements. This supplier/customer relationship must apply to each individual, and to every function in the organization.

#### **Implementation of Quality Improvement**

To implement a formal process of quality improvement, an organization may encounter a considerable difficulties in the introduction and development of the process; the majority of these problems are a result of a failure to plan effectively due to failure to establish objective for quality improvement

activities. [1] The following case study illustrates how these concepts of quality management have been applied in an engineering consulting firm, through several initiatives aimed at establishing an ongoing process for meeting clients' requirements.

Camp Dresser and McKee Inc. (CDM) is an environmental engineering consulting firm headquartered in Cambridge, Massachusetts. They have more than 50 offices throughout United States and overseas. The company provides professional engineering, planning, and management services to public and private clients, responsible for environmental-resources, facilities, and infrastructure. CDM applies quality management principles through initiatives that are based on the following:

1. **Senior Management's Commitment to Quality.**  
Senior management has created the position of Chief Technical Officer to plan, direct, and coordinate activities throughout the firm, which assure that high-quality services are delivered to clients through technical and technological development and quality management.
2. **Establish Procedures for Technical Quality Assurance.**  
Standard quality management policies and procedures are delineated in corporate manuals. As part of these corporate quality management requirements, every project work plan must have a specific quality management plan, which establishes specific requirements, and sets a budget for quality management activities.
3. **Project Managers as Key Component in Quality Management Process.**  
They are responsible for negotiating the contract and scope of the work, establishing the project quality management plan, maintaining on going communication with client, and managing the project team to meet the project requirements.
4. **Technical Development is Key Process in Quality Management.**  
A network of technical advisory groups (TAGs), a staff of technical experts, has

been created to promote technical development. It is very important to remain knowledgeable of technical innovations and technological development and know how and when to utilize them.

5. Each employee is responsible for quality on the job.

Failure to monitor and appraise the effectiveness of quality improvement can halt us to make further progress. This problem due to inadequate internal and external measurement criteria, and lack of thought given to the analysis and presentation of quality improvement.[1] Crosby has suggested to measure the cost of quality by keeping track of how much we spend on quality management and non-conformance. [3] Camp Dresser and McKee Inc. develops the annual cost of quality (COQ). Some factors that include in the COQ's figure are: quality management program, quality control reviews, rework, budget overruns, claim-settlement-litigation expense, answering complaints and restoring client relations. This annual COQ will provide a measurement of how quality management program is working.

The major evidence of quality as perceived by customers, and simultaneously show the external effect of quality management effort, are the same as the indicator of successful business: repeat business (client satisfaction), profit, productivity gains, low incidence of litigation, staff retention, and professional recognition.

## References

1. Newall, D., and Dale, B.G. (1991). "Introduction and development of a quality improvement process." *international Journal of Production Research*, 29, pp. 1747-1760.
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3. Sarinen, Arthur W., and Hobel, Marlene A.(1990). "Setting and meeting requirements for quality." *Journal of Management in Engineering*, 6, pp. 177-185.

## Conclusions

From the above discussion, we can denote some important points that are valuable to resume. Quality is an effort to make the product meets the requirements, therefore to achieve quality we have to define our requirements, communicate them to those performing the work, and most importantly create the climate for successfully meeting those requirements. In a service oriented organization such as consulting engineering, quality management is a continuing process of establishing requirements for each task; communicating the requirements to all team members; providing the leadership, staff, tools, and the environment for meeting the requirements; and examining to see that they have been met. We need to develop adequate internal and external criteria to monitor and appraise the effectiveness of quality improvement, if we failed to do so, it can halt us to make further progress.