

# Value—It's in the eye of the beholder

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If you want your business to succeed, try to look at your business through the eyes of the people you depend on. They need to see the value associated with your company. Where value can be seen, success will follow:

Customers who see value will order more of your products or services.

Suppliers who see value will provide proportional loyalty and support.

Employees who see value will be motivated to continue performing optimally.

Stakeholders (boards of directors and investors) will reward actions that maximize value.

Managements who see value will be encouraged to allocate the resources you need. Management's positive perception of value is vital.

## How does each group see value?

**CUSTOMERS.** Today's customers demand quality. They consider documented proof of quality to be a given now that ISO and QS reign. The champions of Total Quality Management (TQM), Continuous Quality Improvement (CQI), Six Sigma and other dogmas carry quality like a holy banner into the marketplace. Pricing and timely delivery become competitive factors only after quality is proven.

Customers also see value in your company's ability to communicate and solve problems. Something as simple as a prompt response to a corrective action request shows that your company understands and cares.

**SUPPLIERS.** Your suppliers know they must deliver quality products to you on time at the right price. When they receive regular report cards of performance, they know you are recognizing their efforts and they will do their best to help you.

**EMPLOYEES.** Their view reflects the company's attitudes toward quality. It is self-defeating for quality policies

to be delegated to the Quality Department if no one else cares enough to be involved. Your whole company should be part of the Quality Department. Everyone on the quality team needs to be recognized and rewarded for the value of efforts to protect the company's competitive strength, improve its operating efficien-



cy, and contribute to profitability.

**STAKEHOLDERS.** They may have a lot riding on your success. They see value as a mosaic of inputs from everyone your company deals with.

**MANAGEMENT.** The legendary W. Edwards Deming taught Japanese industry how to achieve quality while U.S. industry remained indifferent (and paid heavy penalties for its indifference). Dr. Deming emphasized that the make or break of quality lies with management. Management must see the value of quality before allocating the required resources. The problem may lie in making value visible. Certainly, this can be true in the case of a company's quality management system.

It is dangerous for management to undervalue the quality system and therefore invest less than what is needed to make it successful. Management undervalues the quality system when improvements the system generates cannot be seen. What distorts the view? Inadequate information systems, for

one. Most information systems do not spotlight key business indicators. Instead, they may make it difficult to see critical business events. What cannot be seen cannot be managed.

With clouded vision, management can incorrectly view the costs of quality as non-productive overhead. Instead, management needs to see quality-related costs for what they actually are—savings that benefit the bottom line!

This brings us to the value of the company's quality management system. In order for it to deliver value, it must make value visible. How well it does this can be measured by:

The value of the information it delivers; i.e., how well the system helps everyone understand his quality-related responsibilities and fulfill them.

An ability to communicate changes to all appropriate people at appropriate times.

Real-time insight into trends of key business performance indicators.

Built-in disciplines to assure that all quality steps are carried out all the time.

Accountability features to measure and report individual and collective performance.

Communication mechanisms that can implement quality requirements, establish a company knowledge base, automate documentation, and make it easier to achieve and maintain standards certification.

A capability to make value more clearly visible to customers, suppliers, employees, stakeholders and management.

Here are two basic rules of business: First, everyone wants to play on a winning team. Second, resources flock to value. The two go together. Value becomes tangible when you systematically make everyone's contribution to quality easy to see and measure.

*CEBOS Ltd. offers MQ1 software and related services for quality certification.*