

## **Case: A Total Quality Business Model**

Two young entrepreneurs, Rob and Diane, were contemplating an idea of developing a new type of take-out restaurant with limited dining facilities that would provide a wider variety of home-cooked cuisines than found in currently available businesses. In developing their business model, they realized that a TQ-focused management infrastructure would be vital to success. Here are some of the ideas they arrived at.

### Customer Engagement

Rob and Diane realized that they must focus on the customers' perceived quality of both the product and service. They believe they must provide unexpected value to their customers and go beyond customer expectations to create lifetime customers. As part of training, employees will focus on "moment of truths"—the many instances that a customer forms an impression of the company, either through its products or interactions with its employees. These moments include a friendly greeting to each customer on arrival, recognizing repeat customers, offering samples of different items, answering questions, serving the products, and a genuine thank-you on leaving. Another way to exceed expectations would be to accommodate any reasonable request. Employees would have the authority to do whatever it takes to satisfy the customer. When a complaint is raised, the employee should act immediately to solve the problem, listen attentively to the customer, and apologize. No matter what, the customer should always be thanked for bringing the complaint to the staff's attention.

To evaluate the customer's experience, the company would require shift managers to be the first customer on each shift, starting from the parking lot to check its cleanliness. In addition, they would use technology to track service times and complaints, and "mystery shoppers" each month throughout the system. Every quarter, all regional store and shift managers would meet to discuss their experiences and seek improvements.

### Leadership and Strategic Planning

The leadership system would consist of regional vice presidents responsible for all of the stores in a geographical area, regional managers in charge of about a dozen stores within a region, store managers responsible for the day-to-day operations, and shift managers to

manage the employees on each shift. This “cascading” structure would allow communications to be disseminated rapidly throughout the company, both top-down and bottom-up. A manager training and development program would ensure that each level of manager obtained the necessary skills for their job responsibilities. This training would not only address the needs of entry-level managers, but also those who move up the career ladder in the firm into higher leadership positions.

The company’s vision would be simple: to be the consumer’s choice for all varieties of fresh convenience meals. The strategy would be based on product quality (variety, freshness, value) and outstanding customer service. Rob and Diane realized that every employee needed to understand the company strategy, which would be conveyed during the employee orientation and management training and development programs. Managers would be responsible for ensuring that all hourly employees focus on these two goals through daily meetings, written quality check sheets that must be completed on every shift, and an employee stock-option program that would be tied to meeting these goals as well as profit targets.

### Workforce Management

All managers would be trained in several positions in order to gain a solid understanding of the duties and requirements of all employees, to be able to cover certain positions if needed, to train hourly employees, and to gain credibility with them. The training program for a new manager would be designed to be somewhat self-directed. The manager trainee would be given a skill checklist that includes each skill he or she should learn. Experienced trainers would be available to answer any questions and assist the manager trainee with any difficulties. Trainees would be given short evaluative tests and feedback from the trainer. Before their first day of work, all hourly employees would attend an orientation session focused on making them feel welcome in their new work environment. The session would include a history of the company, mission, policies, and training procedures. To keep good people, the compensation program would need to be competitive in the industry. Managers would be required to visit local competitors to identify their compensation structure and compare them.

Job performance of all hourly employees would be reviewed periodically using performance appraisals by the store manager after the first 30, 90, and 180 days of employment, followed by annual appraisals. The appraisal would cover such topics as customer focus, quality of work, teamwork, and responsibility. It would also require the employee to identify future goals and objectives and plans for improving performance.

### Process Management

All food production processes would be carefully documented so that all employees are aware of what specifications must be met, particularly those health and safety requirements that regulated temperature of food and proper storage. Managers would be responsible for taking periodic measurements and observations to ensure that all employees are following procedures. Managers would also be responsible for their relationships with food suppliers. Rob and Diane are thinking of identifying one large supplier for most of their food supplies.

### Information and Knowledge Management

All key data and information, such as inventories, financial reports and projections, customer feedback, employee and operational performance, would be collected and displayed in the kitchen area, so all employees can understand the results of their efforts. Information from all stores would be consolidated at corporate headquarters for evaluation and analysis.

### **Discussion Questions**

1. What advice might you give Rob and Diane about the management practices they are proposing within each element of the TQ infrastructure? What additional practices might you suggest?
2. How might viewing the organization at three levels of quality, including the strategic (senior leadership), tactical (middle management), and the operational levels help improve their business plan?