



Quality Is Free

*Do it right
the first
time.*

More than 30 years ago, Philip Crosby wrote an astounding book called, "Quality is Free." In it he defined quality in terms that lay people could actually understand. Perhaps the one drawback of "Quality is Free" is that it was such an easy read, people didn't initially grasp how powerful his concepts and philosophy were. In "Quality is Free" Crosby underscored the true costs of poor quality. He asked the

painfully obvious question: Why do it badly the first time — such that the job must be redone, and redone right the second time? The corollary of "Quality is Free" is simply "Do it Right the First Time"!!

In manufacturing (and elsewhere), there are quality departments and various inspection stops along the production line. Some companies (such as Cross Pens) proudly tell you that they perform 100% inspection — meaning that every pen that

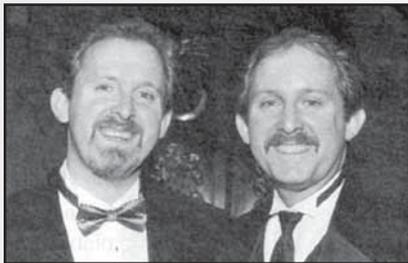
leaves the factory has been looked over by the QC department. The more a company seeks perfection and zero defects, the more inspectors it needs. When business picks up, the company will need to hire even more inspectors. This method of ensuring that defect-free product goes out the door is very expensive indeed. You need extra people, you scrap material, a lot of work and parts go into a product that will never be sold, and the customer has to wait another day before the product can be shipped. Yet this was considered the only way to ensure excellent quality.

In the PVF business we tend to think of quality solely as a vendor issue. We inspect packages when they come in the door — not as they are going out. Thus we also tend to think that quality is the responsibility of the vendor. The supply house shouldn't really have to check incoming valves or fittings for quality — the vendor shouldn't be shipping us poor material. So, yes, of course it is your business to make sure you are dealing with reputable vendors. And I am sure that those of you who have recently ventured in the wild world of sourcing overseas make it a point to take a very hard look at that incoming material before sending it on to your customers.

But quality in the warehouse is much, much more than the product. And if you do it right the first time, you will see that quality is indeed free — it's even better. Excellent quality (zero defects) will pay you dividends in perpetuity.

From start to finish the supply house is a service business. I realize it

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doesn't seem like it should be in the same business category as a day spa or a law firm, but it is. Distributors don't manufacture (though they may add value to some products) — instead they deliver the right product at the right time to the right place.

There are all sorts of “quality” problems in a service industry. Unlike manufacturing, there isn't any “finished product” to inspect. It can be hard to assess just what your level of quality is (outside of customer complaints, at which point it is a little too late). From the moment the customer calls to place an order to when the order is delivered to the customer's dock, consider any mistake along the way a quality problem. And there are many, many places where you can go wrong.

Order taking

First: The customer. Sometimes the customer doesn't really know what he wants — perhaps he is ordering the wrong thing. Maybe the customer forgets to add, “I need this to be delivered to site ‘C,’” whereas the last time he called he wanted product delivered to site “A.” Then there's the customer with abysmal handwriting. He faxes in his order and of course he wants it right now — but the sales guy can't read the fax and can't track him down to verify the specifics of the order.

Second: Insides sales. These guys make errors too. They say a piece is in stock and it's not. They misunderstood the fax or the phone call. They get the quantity, the delivery address, the billing address or some other piece of information wrong.

These errors are the most critical, as they will follow the order all the way through the warehouse and out the door to delivery.

Picking, packing and shipping

Maybe the guy picks the wrong part or loses track in his counting and picks the wrong quantity.

The packing guy just packs what he is given. He doesn't notice special packing instructions or he packs for the truck delivery, when in fact the parts are to be shipped via UPS.

The shipping guy is busy. He prints out multiple labels at a time. He doesn't realize he is shipping to the billing address or worse — that he has stuck label “B” onto box “D.”

Delivery

Here you would figure nothing could go wrong. But it does. The delivery guys deliver 10 boxes, not 11, to the site. Or they get there and there's no loading dock — so they can't deliver at all. The directions for how to get there are bad and they spend hours driving around trying to find the place, arriving late and making all the rest of the day's deliveries late too.

Billing

The wrong parts or the wrong quantity of parts are invoiced. The invoice is sent to the wrong place. Back ordered parts are charged twice or not at all. The invoice and the packing slip don't match.

Oh yes, there are lots of quality minefields out there — and they have nothing to do with some dubious Chinese valve vendor. And let me remind you, these minefields are expensive. What does it cost to send the truck out to deliver the 11th box? Or to pick up the wrong parts and deliver the right ones? Never mind what these kinds of errors do to customer confidence in your service delivery skills.

Mr. Crosby had some thoughts on all of this:

■ Quality is far too important to be left to the quality people(!). He was adamant that the only way to build quality into the process is for management to make total quality a priority throughout the company.

■ Quality has to be defined. Total quality must conform to specifications set forth by management and not some vague concept of “goodness.”

■ The system for causing quality is prevention.

■ The performance standard must be zero defects, not “that's close enough.”

■ The measurement of quality is the price of nonconformance. When that goes to zero, then quality is free.

Total quality is a way to lower your costs and aggravation and at the same time differentiate your company from the competition. Put total quality on your short list of New Year's resolutions. By next year you, too, will be saying, “Quality is Free.” <<

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