

Chapter 5

Organizational Assessment and Quality Awards

Dr. Md. Ahsan Akhtar Hasin

Professor

Industrial and Production Engineering (IPE)

BUET

5.1 Introduction

To judge organizational quality in an organization, there are two types of systems:

1. Assurance systems
2. Award systems

- Assurance systems

- ISO9000 Quality Management System, Hazard Analysis and Critical Control Point (HACCP) (for food products), etc.
- Internal and External audits are required

- Award systems

- Deming Award (Japan)
- MBNQA – Malcolm Baldrige National Quality Award (USA)
- EQA – European Quality Award (Europe)
- Internal and External Assessments are required

5.3 Deming prize

- The Deming Prize was set up in Japan in honor of Dr. E. Deming, back in 1951.
- Initial funding of this prize was obtained by selling his famous book – ‘Eight Day Course on Quality Control’.
- Now it is administered by Japanese Union of Scientists and Engineers (JUSE)
- Assessment is based on TQM, along with Statistical Quality Control
- The award is primarily given to Japanese companies, however, there are some occasions when it was given to a few selected American companies too, an example being Florida Power and Light in 1989.

Table 5.1: Main evaluation criteria for Deming award.

- Ten (10) primary criteria.
- Apart from QA, each criterion in turn is divided into 6 (six) sub-criteria.
- The QA has 12 (twelve) sub-criteria.

Thus, there are 66 (sixty six) sub-criteria in total ($9 \times 6 + 12 = 66$)

As opposed to MBNQA and EQA, the Deming prize has no pre-designated point system for the purpose of flexibility.

Category	Points
Policies	
Organization	
Information	
Standardization	
HR development and utilization	
→ QA activities	
Maintenance/control activities	
Improvement	
Effects	
Future plans	
Total :	?

Deming's 14 points

Deming says: for large majority of the cases (say, for 95% quality problems), the management should be held responsible.

That's why he has prescribed 14 points for practice in companies, which are:

- Adopt the new philosophy.
- Cease dependence on mass inspection (*Prevent* defects rather than *detect* defects.)
- Institute modern methods of training on the job.
- Institute a vigorous program of education and retraining.

5.4 Malcolm Baldrige National Quality Award (MBNQA)

The Americans introduced the MBNQA long 37 years after the introduction of the Deming Prize in Japan.

President Ronald Reagan introduced the MBNQA on 20 August, 1987.

The award is given for achieving excellence in quality (based on TQM practice) for the US business organizations.

The award has been named after American Secretary of Commerce in the Reagan Administration, Malcolm Baldrige.

The award is administered by the US Department of Commerce and the National Institute of Standards and Technology (NIST).

Some leading organizations those received this award are: Motorola (1988), Westinghouse (1988), Xerox (1989), Cadillac (1990), IBM (1990), Federal Express (1990), etc.

MBNQA criteria and allocated points

Categories	Elements/criteria	Maximum points
Driver : The management drives the quality system by setting direction, creating values, goals, and guiding the pursuit of customer value and company performance improvement	1.0 Leadership 1.1 Senior executive leadership 1.2 Quality values 1.3 Management for quality 1.4 Public responsibility	100 40 15 25 20
	2.0 Information and analysis 2.1 Scope and management of quality data and information 2.2 Competitive comparisons and benchmarks 2.3 Analysis of quality data and information	70 20 30 20
System : Composed of processes of meeting the company's customer and performance requirements elements.	3.0 Strategic quality planning 3.1 Strategic quality planning process 3.2 Quality goals and plans	60 35 25
	4.0 Human Resource Development and Management 4.1 Human resource management; 4.2 Employee involvement 4.3 Quality education and training 4.4 Employee recognition and performance management 4.5 Employee well-being and morale	150 20, 40 40 25 25
	5.0 Quality assurance of products and services (Process Mgt.) 5.1 Design and introduction of quality products and services 5.2 Process quality control; 5.3 Continuous improvement of process 5.4 Quality assessment; 5.5 Documentation 5.6 Documentation; 5.7 Supplier quality	140 35 20, 20 15, 10 20, 20
	6.0 Quality results (Business Results) 6.1 Product and service quality results 6.2 Business process, operational and support service quality results 6.3 Supplier quality results	180 90 50 40
	7.0 Customer Focus and Satisfaction 7.1 Determining customer requirement and expectations 7.2 Customer relationship, management; 7.3 Customer service standards 7.4 Commitment to customers; 7.5 Complaint resolution 7.6 Determining customer satisfaction 7.7 Customer satisfaction results 7.8 Customer satisfaction comparison	300 30 50, 20 15, 25 20 70 70
Measures of Progress : Some measures for performance measurement, and thus improvement, through – product and service quality, productivity improvement, waste elimination, supplier performance, financial results.		
Goal : The basic aims of the system to deliver the ever-improving customer value and company performance.		
Total		1000

As evident in the criteria list (previous slide), the main emphasis is –
on management, not the technology involved

The main focus is –
on customer satisfaction and
deployment of customer requirements in product, process, service, etc.

Assessment process

The initial evaluation takes place by analyzing only the company-supplied documented system.

The companies who pass in the initial evaluation need to go through extensive evaluation of site visit.

The site visit takes 2-5 days by a team of 6-8 assessors, depending upon size of the organization.