

WHATEVER HAPPENED TO THE Q WORD?

A survey of influencers
A manifesto for improvement

www.thecqi.org

Introduction

The Chartered Quality Institute commissioned this study to open a debate on whether the UK economy suffers from a quality gap. Do we, as a nation, pay enough attention to quality? And do we have the competence to deliver it? If not, can we realistically expect to emerge from recession through recovery into growth without a decline in our national competitiveness?

The UK is emerging from a deep and sustained recession, burdened with the highest national debt since the Second World War. The fiscal deficit is high, our national credit rating is strained and everyone is aware of the need to work harder with tightened budgets. The CQI believes it is time to ask a fundamental question. During more than 13 years of unprecedented economic growth, whatever happened to the 'Q' word?

More than ever, quality will be key to national competitiveness and prosperity in the future, especially in an advanced economy such as the UK where high labour, energy and infrastructure costs make it unrealistic to compete on price alone. We believe it is time to seriously examine how we re-engineer the way we work, how we can improve products and services in the private and public sectors to world-class levels, and how we create and sustain a national quality culture.

The study and this report tell us how opinion formers view quality, reveals to what extent quality is managed in their organisations and lends valuable insight as to how and where we should address our efforts. In this document the CQI does not propose prescriptive remedies, nor does it presume to lecture the business community on how to run their enterprises – many of which have survived and thrived during the downturn.

We do, however, provide the starting point for a national debate on quality – beginning with the opinion formers in our country – and we argue the need for a positive, systematic and value-driven approach, focused on achieving the highest levels of quality, service and value in the public and private sectors, led from the top and delivered by professional managers and an engaged, motivated workforce.



Simon Feary
CEO

May 2010



Quality: gaining the view from the top

This survey presents the headline findings of research conducted on behalf of the CQI by market research agency YouGovStone. It was completed online by 764 members of YouGovStone's panel of influential people, including business leaders, directors, national journalists/editors, politicians and well known figures in their chosen areas from law to the City and the clergy. The survey was restricted to respondents based in the UK, who make up around three quarters of the total panel of 4,000, and represents the views of 764 respondents. Fieldwork was conducted from 10–17 April 2010.

Terms of reference

Respondents were not pre-briefed or given any definitions of 'quality' or 'quality management.' The research was designed to reveal to what extent the sample, as providers and individual consumers, perceived improvement or decline in product and service quality over time. It was not designed to establish or compare levels of satisfaction.

Responses relating to impressions of products and services should not be read as judgements on their absolute quality, but as indicators of levels of quality improvement. For example, the fact that 39% felt that the UK service standards

in general had fallen over the past year should not be read as indicating that only 39% were satisfied with service standards.

The survey was also designed to explore:

- How much value respondents attached to quality, both as providers and consumers
- How well they felt quality was delivered by their organisations
- Who they felt was responsible for delivering quality
- Whether they were familiar with formal quality management
- Whether they used quality management in their organisations
- Whether they felt quality had improved in the UK over the past period.

Responses are intended to lend insight into attitudes to quality among UK opinion formers. The CQI is a not-for-profit professional body dedicated to raising awareness and knowledge of quality practice. This survey represents the views of the sample group and does not necessarily represent the views of the CQI, unless stated in the commentary and analysis. Further information about the CQI and its guiding principles can be found at the end of this document.

Summary: What HAS happened to the 'Q' word?

A survey of YouGovStone's 'Influentials' group, designed to explore whether we care enough about quality in the UK, reveals that while quality may have taken a back seat in some sectors during the last UK boom, the 'Q' word remains, in principle at least, at the top of the agenda.

'Quality critical for competitiveness of organisations and UK plc'

Quality is identified as critical to success by the overwhelming majority (68%) of opinion formers questioned in the CQI survey. For some, the answer is simple: 'Without concentrating on quality you have no business to be in business.' Respondents also see quality as a source of national competitive advantage:

'If we only focused on one improvement as UK plc, it would be to become a world leader in quality. This would then give us competitive advantage over emerging economies which are nowhere near (our current levels of quality). As a country we MUST rank quality of service and of our products much higher. We should all look at Apple and say: "Are we as good as that? If not, why not and what are we going to do about it?"'

'Quality deficit in UK plc'

Despite the critical nature of quality for respondents, the percentage of respondents claiming their quality levels are 'very high' is only 33% for those in the private sector and falls to 22% in the public sector. The survey gives valuable pointers as to where and why respondents feel that standards of quality in the UK fail to meet their expectations. Comments reveal concern that quality has suffered from an over-emphasis on cost reduction:

'In the recent dramatic economic climate quality has suffered due to companies/organisations looking at cost cutting in

order to survive. Sadly, few organisations/individuals see that an increase in quality is probably the best way to assure customer/client loyalty and that we all need to get back to working harder and raising standards rather than dropping to the lowest common denominator...For every industry in the UK, quality is a core attribute, particularly now that we cannot compete on price.'

'Quality deficit in public life'

Additionally, according to the 'Influentials' group, service quality levels have fallen in most areas of public life, but particularly and most steeply in local and central government services. While this may come as no surprise to many, it indicates a pressing need for public sector reform, which the CQI argues should be focused on quality and not on distracting target-based management approaches. This poses the question as to whether the UK has the resources, but more importantly the resolve, to enact step change on such a scale.

'No consensus on responsibility for quality'

Responses indicate a low level of consensus and reluctance to take personal responsibility for delivering quality. Only 11% saw quality as the responsibility of a quality manager or department and the survey generated some hostility towards quality management systems (especially associated with ISO 9001), with an overwhelming majority feeling this approach to be ineffective or hindering their activities.

A manifesto for improvement: a national quality campaign?

The picture we gain from the 'Influentials' who participated in this study is that there is a gap between our aspirations to compete on the quality of our goods and

services and the current reality. The survey clearly marks quality as critical to UK plc, but there is far less evidence that we know how to deliver it, especially at the highest levels of quality, service and value demanded by customers in challenging times.

This being the case, the CQI believes this disconnect between aspiration and delivery must be addressed, especially if we are to meet the ongoing challenge of global competition and if we are to meet the pressing challenge of getting the most out of our public service spend.

This survey and ensuing debates provide a starting point to investigate the need for a quality campaign in the UK. The question that the CQI puts to you is: 'are we content with the status quo, or do we need to progress a manifesto for improvement to ensure that what we do we do well, and what we do well we do better?'

Survey findings

How much importance do respondents attach to quality, as providers?

Respondents demonstrated a high level of commitment to providing quality. 68% claim that quality is 'critical' to the future success of their organisation and a further 25% say it is 'important'. 57% claim their organisation takes quality 'very seriously,' 32% 'somewhat seriously'. 52% say that 'quality is everyone's responsibility' in their organisation. Only 7% believe that 'nobody is formally responsible for quality.'

How well do they feel quality is delivered by their organisations?

While 50% claim quality is 'at the heart of their organisation', only 23% believe that their level of delivered quality 'is very consistent'. Just 16% believe their quality 'is market leading'. 30% believe their current levels of quality are 'very high' while 43% say it is 'high' and 19% 'medium'. The percentage claiming their quality levels are 'very high' rises to 33% for those in the private sector and falls to 22% in the public sector.

Analysis and comment

The fact that 83% see quality as critical/important to the success of their organisation confirms that respondents attach a high degree of importance to quality and feel responsible for its delivery. On the other hand, only a minority are confident that they consistently deliver very high quality, while less than half that number believe that quality leads their market. This suggests that while they attach prime importance to quality, they do not see the market in general as sharing this view. The fact that only 23% see their delivery of quality as 'very consistent' further indicates a lack of confidence in the way their organisations systematically manage the delivery of quality.

On the positive side, 73% claim that their quality levels are high or very high

compared to the 4% who see their quality as low or very low. In the context of the 'Q' word debate, these responses show that while quality is a clear priority, there may be a gap between the intention and aspiration to improve to the highest levels and their perceived ability to deliver these improvements. Moreover, less than 20% feel that quality leads their markets, thus reducing the real imperative to improve.

This may be a sign that the UK has fallen behind in its aspiration to deliver excellence. If so, it should be cause for concern. In an open, free market economy, with few barriers to market entry there is little alternative but to compete on quality to win customers from high quality-driven EU competitors and emerging economies with lower production costs. While a low exchange rate will make exports cheaper and more competitive and imports more expensive, this is no substitute for step changes in high quality delivery, especially to other EU states and the US, which are the UK's largest trading partners and markets with high quality expectations and excellent providers. The CQI argues that meeting the new government's urgent priorities of significantly reducing the trade gap and increasing public sector efficiency and productivity will require significantly higher aspirations towards the delivery of excellent quality than the evidence suggested by this survey.

What levels of quality do we provide to consumers?

Despite the financial crisis and recent recession, 51% of respondents believe the quality of products (goods and/or services) supplied by their organisations has improved over the past five years compared to the previous period. Overall, 70% believe the quality of their goods or services has improved or stayed the same over the past five years, rising to 82% among business respondents and 81%

in the health sector. Only 18% felt that the quality of their products had fallen over the recent past. Respondents also believe the intrinsic value of the goods/services they supply has also increased. Those working in media are least likely to believe their product has improved (31%). Media aside, results were broadly consistent across the ten sectors represented by the sample group.

Analysis and comment

Rate of improvement is a key quality indicator, since it demonstrates an organisation's ability to improve processes, innovate and realign to meet, match and anticipate rising customer expectations in competitive markets. But while it is encouraging to note that more than 50% of respondents believe that the quality of their output has improved and 70% believe they have held their own or improved their quality over five years compared to the previous period, this indicator of progress is not necessarily indicative of an absolute rise in quality standards. The distinction is important.

Given that the UK is entering a prolonged period of modest economic growth at best, in difficult and uncertain times for European and global markets, pressures to compete on quality, service and value will intensify. Given that public sector budgets will come under increasing pressure as tax revenues fall or increase more slowly, quality improvement rates will need to consistently rise across the board if services are to be maintained at their present levels, much less improved.

According to the Office of National Statistics, UK productivity in the private sector rose on average by less than 2% over the past ten years, while productivity declined in the public sector. The CQI argues that standing still will not be enough, and that a significantly higher percentage of businesses and public sector organisations will need to demonstrate much higher levels of improvement over the next five years. A new approach is called for.

Survey findings continued

How well is quality delivered in the UK in general?

Asked, 'as consumers and citizens' whether they felt the general quality of service in the UK has improved or deteriorated in the recent past, there is a net deterioration of 25 points (16% improved, 41% deteriorated), showing that the sample believes standards have fallen. This net score is also down nine points over the past five years. Areas of public life that achieved a positive net score for the quality of goods and services provided that have been improving rather than deteriorating in recent years include the NHS (+13, rising to +31 amongst respondents who work in the health sector), public transport (+3), retail (+15), consumer goods (+25), and the leisure industry (restaurants, hotels, entertainment) (+45). Those on the slide include central government (-57), the media (-29), local authorities (-28), and utilities (-27).

With the caveat that these results are not designed in any way to represent a comprehensive picture of quality in the UK – sectors such as manufacturing, financial services, agriculture and telecommunications were not included, for example – the downward trend underlines the view that service standards have fallen. This is in contrast to respondents' perception that the quality of output from their own organisations has risen.

Analysis and comment

Respondents are more critical of quality 'as consumers and citizens' than they are as providers. But assuming goodwill, good faith and given that the sample group includes players in most if not all of the above sectors, these responses should be taken at face value.

It should come as no surprise that retail, consumer goods, food and leisure services are perceived to have improved. The UK's retail and fashion chains, supermarkets,

restaurants and tourist attractions are held in high regard at home and abroad, operate in highly competitive markets, generate high margins, open seven days a week and benchmark favourably with international operators. Public transport, largely privatised, has improved over the past period, in quality of service if not necessarily in value, which is perhaps reflected in its marginally positive score. Many consumer goods are imports, which perhaps tells us little about home-grown quality, but indicates that our retailers are efficient and entrepreneurial traders.

On the negative side, respondents perceived a marked decline in the quality of service provided by utilities. Given that water and energy shortages are extremely rare and short-lived in the UK, their concerns are unlikely to relate to delivered quality. Despite government regulation, with few exceptions, utilities have routinely increased their profits and generally increased tariffs above the rate of inflation. The arguments that they need to invest to renew the infrastructure and provide new sources of greener energy are well understood and publicised, but UK energy and water prices are among the highest in Europe. Perceived poor or indifferent service and value for money are therefore the most likely causes.

Given that the high cost of energy and water affects both consumers and business, the CQI argues that it is a priority for government to work with utility providers to reduce costs while recognising the need for investment in newer, greener alternatives. Many utilities companies already have highly developed quality systems in place.

The public sector quality deficit

Respondents singled out both local and central government service and utilities as sectors where quality had significantly declined. This is both worrying and

understandable. Elsewhere in the survey, 86% of respondents indicated that they felt that the burden of bureaucracy imposed by government on their organisations had increased over the recent past – and this rose to 90% amongst the business segment. Respondents across all sectors, including those working in local and central government, registered a similar level of concern.

Given that citizens have little or no choice regarding the provision of public services, they are naturally and universally inclined to be more critical on principle. But, caveats aside, the survey response is not indicative of levels of satisfaction with one or more aspects of government service provision. Instead, it indicates a perception that the quality of local and central government services has seriously declined in comparison to other aspects of daily life. It therefore highlights a quality gap with wide implications.

Government is the country's largest employer and accounts for the largest portion of GDP. Given that productivity and efficiency improvements are a priority, it is cause for concern that perceived rates of decline in quality of service are so high, after more than a decade of rises in public spending and before anticipated cuts have been enacted. While respondents feel that quality in the NHS, the UK's (and Europe's) largest employer, has shown signs of improvement, there is little room for optimism. Without a careful, considered and systematic approach towards quality improvement across all areas of government service, service will continue to decline.

The CQI therefore argues that radically improving the quality of public sector services is a pressing priority. This does not imply using quality management as a heavy-handed cipher for cost reduction in the guise of productivity and efficiency measures. The previous government's

Survey findings continued

attempts at reform based upon centralised decision-making and command and control management enforced by meeting mandatory and punitive targets bore little relation to quality management.

Instead, the CQI calls for the establishment of management by values, governed by the principle of meeting customer needs at the lowest cost to the organisation, achieved by training, empowering and engaging employees. The methods, principles and practice of quality management can play an important, but by no means exclusive, role in transforming the public sector. There may be arguments about the appropriate techniques, but this survey provides ample evidence, if any was needed, of the need to rebuild the UK's public sector on a firm foundation of quality.

Who is responsible for delivering quality?

52% of survey respondents agree that 'quality is everyone's business' while 29% see it as an 'individual responsibility'. In operational terms, 23% see quality as the responsibility of formal quality control, production or operations departments, 29% believe quality is the prime responsibility of line managers, 23% cite team leaders and only 7% believe that 'nobody is responsible for quality'.

59% of those working in organisations with at least 50 employees have a formal quality control process in place and 33% in these larger organisations hear about quality trends or issues at least weekly. 39% claim quality is regularly reviewed, almost the same percentage claim 'quality is something we often talk about', but only 23% believe their quality management is very consistent, while 16% believe the way quality is considered and delivered in their organisations 'is rather patchy'.

66% are aware of formal quality management systems such as ISO 9000

(rising to 88% of those in the business sector), but of those aware just 24% say they help while 53% believe they have no real effect and 18% believe they hinder their activities.

Analysis and comment

Given that the vast majority see quality as critical to their future success, it is less encouraging that only a small majority are prepared to take collective responsibility for its delivery and only half that number agree that it is an individual duty. The gap between individual and collective responsibility may explain why only 23% believe their quality is very consistent.

Although almost two-thirds of those working in larger organisations have formal quality systems, only 11% saw quality as the responsibility of a quality manager or department. Around 40% hear about quality and the same number discuss it and most are aware of audit-based systems such as ISO 9000, but an overwhelming majority feel this approach is ineffective or hinders their activities.

Hostility towards 'box-ticking' and bureaucracy is mirrored elsewhere in the survey and in verbatim responses such as: 'formal assessment processes risk removing accountability from the individual whose personal commitment to deliver the highest quality/standard of output is essential to achieve a high quality culture'. The audit-based approach is still valid and widely-used, but is not normally seen by organisations as the driver of excellence.

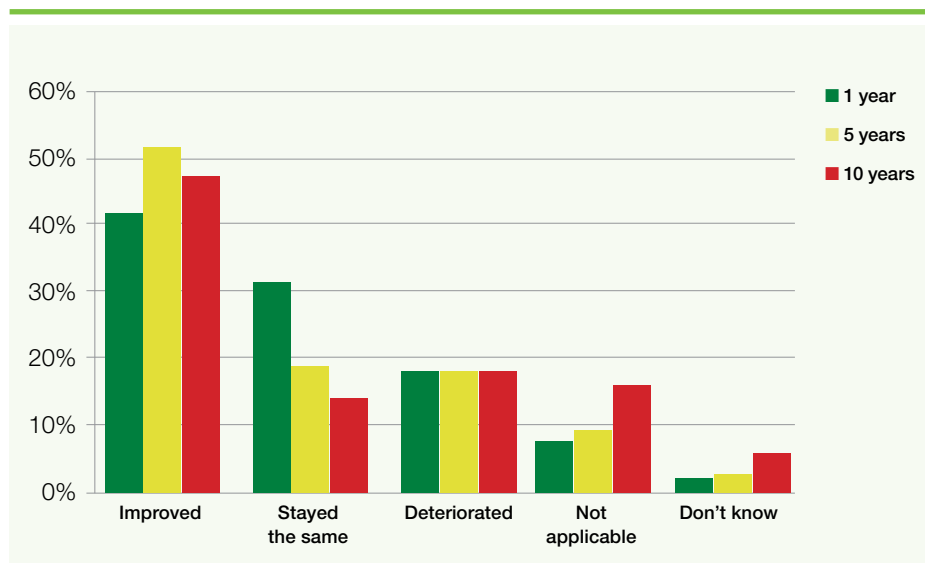
The gap identified between respondents' views of the quality they deliver and their poor opinion of UK quality standards in general indicates a problem with the UK approach towards systematic delivery of quality. The best exponents in countries such as Japan, Germany, the US, the Nordic countries and, latterly, Korea and Singapore 'align for excellence' and work in well-organised but empowered

teams. They identify and relentlessly pursue quality goals, measuring customer satisfaction and employee engagement against business measures such as increased market share, profitability and return on capital, often in contexts such as the business excellence model.

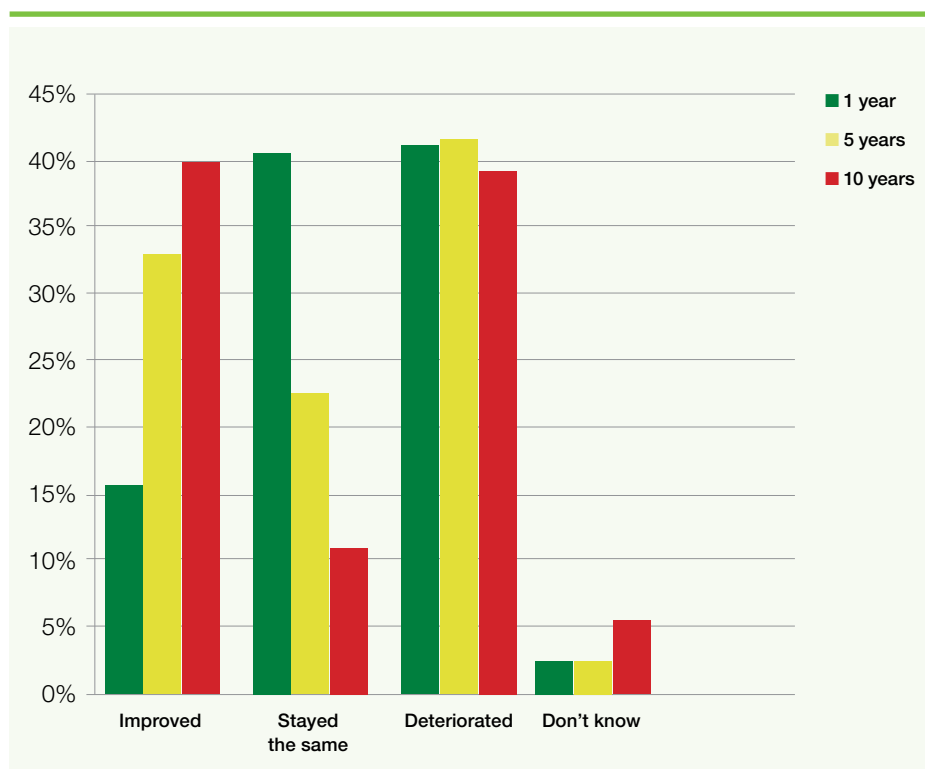
Responses indicate a low level of consensus and reluctance to take personal responsibility for delivering quality. High performing organisations demonstrate overwhelming agreement that quality is both everyone's responsibility and an individual's duty and high confidence in the organisation's systems to consistently deliver quality and improvement. Formal measurement systems, preferably not based on compliance, are routinely but unobtrusively used to track progress.

If this approach sounds very 'un-British' this might explain what has happened to the 'Q' word. Hostility towards quality management systems based on ISO 9000 and the 'clipboard mentality' is not unique to this sample or to the UK, for that matter, but highlights a general problem with understanding how quality is managed within many UK organisations. Quality management does not involve compliance to command and control structures, nor can quality be built on algorithms. But consistent and continuous improvement can only take place in a managed framework, which implies discipline, competency and enthusiasm. Small- and medium-sized businesses, in the UK as elsewhere, find it easy to instil these values outside a formal management framework, but larger businesses that run without quality systems run the risk of increasing waste and delivering inconsistent quality. If this sounds like a problem that the UK is facing, and describes many areas of the UK public sector, then this underlines the CQI argument for a national quality campaign.

Survey charts



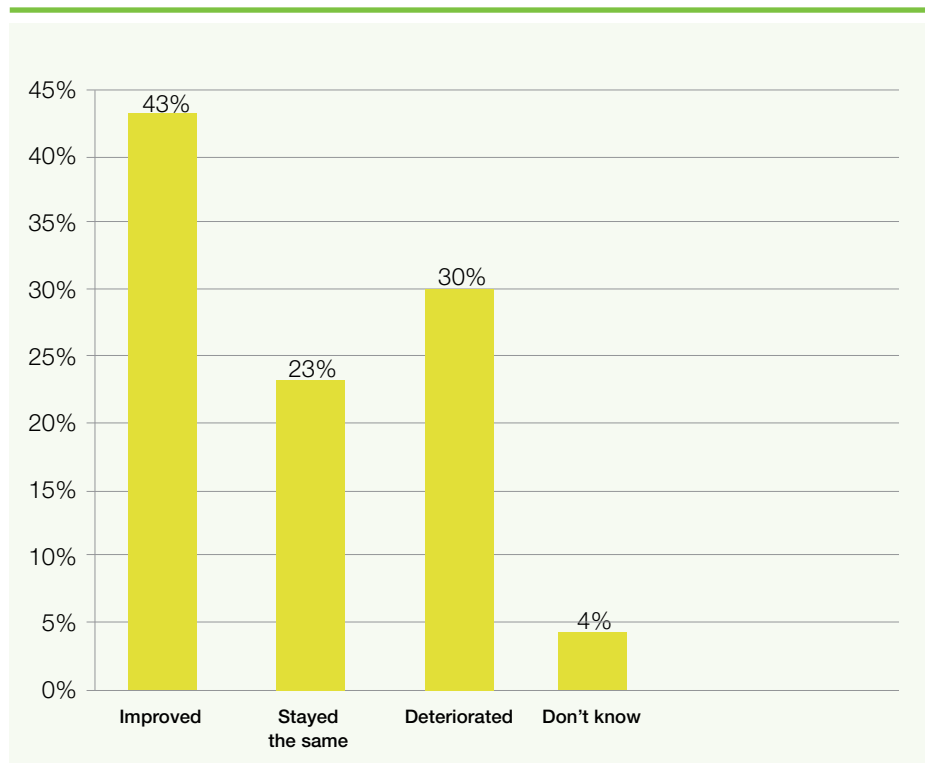
Perceptions of quality over time (respondents' own organisations)



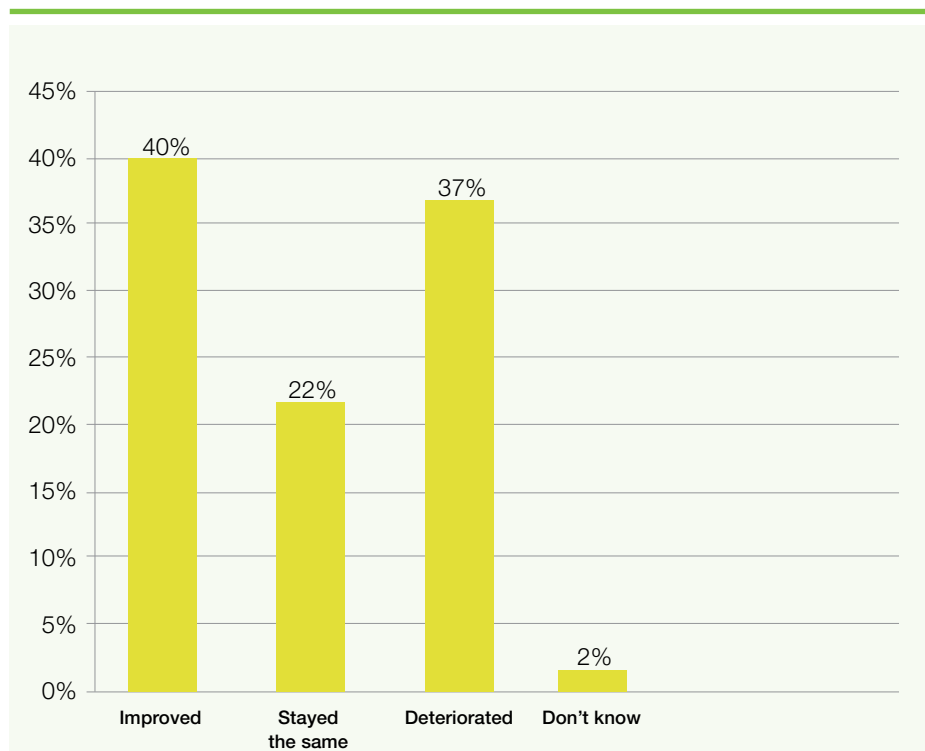
Perceptions of quality over time (respondents' own organisations)

Survey charts continued

As a consumer and citizen do you believe that the quality of goods and services that you experienced over the past few years has improved, stayed the same or deteriorated in the following sectors in the UK?



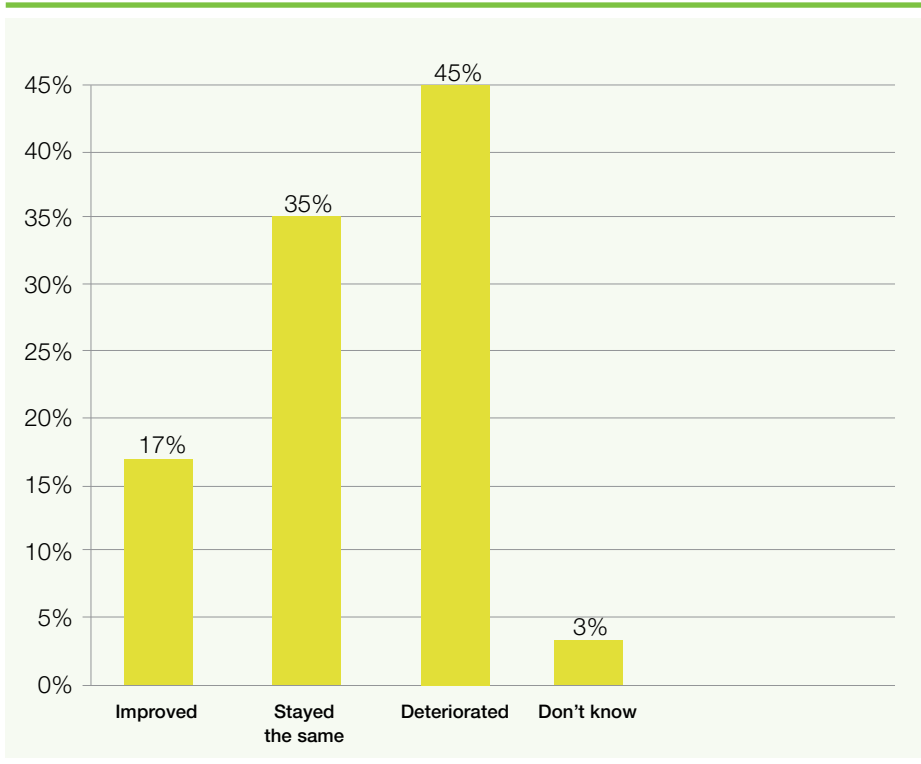
Perceptions of quality of goods and services over time



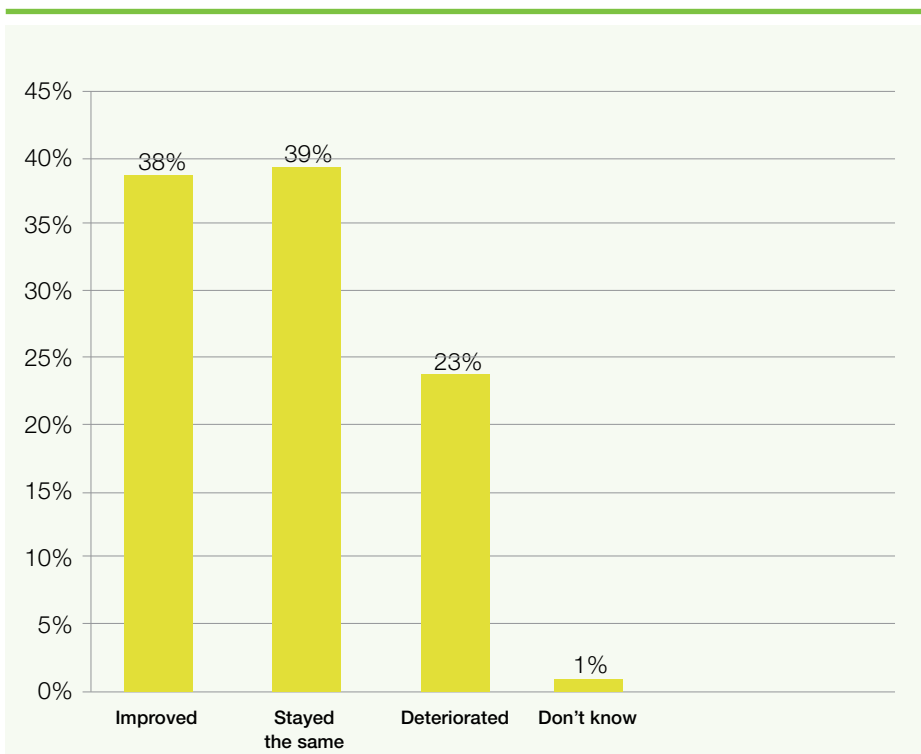
Public transport

Survey charts continued

Local authorities

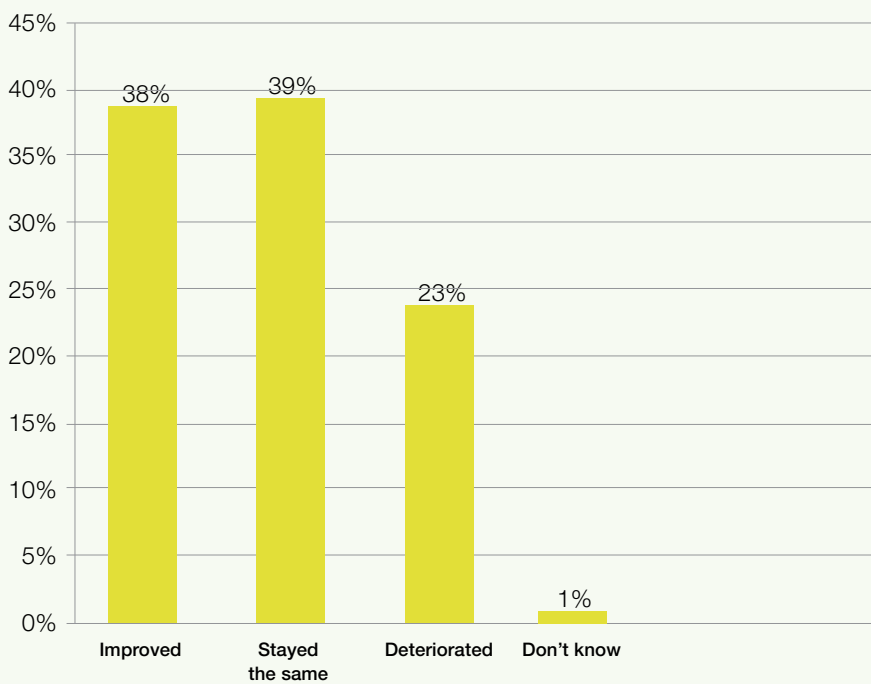


Central government

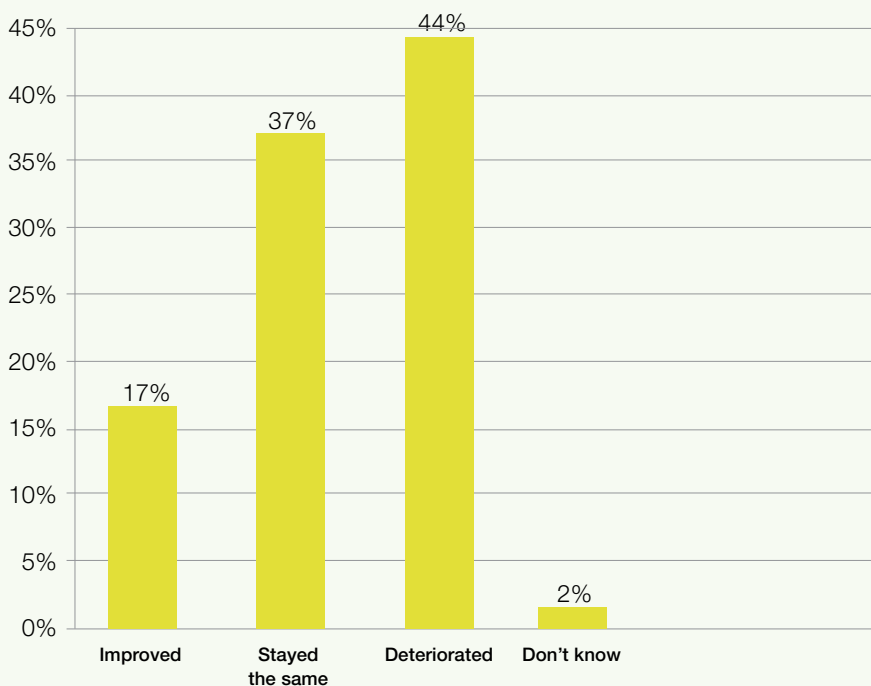


Survey charts continued

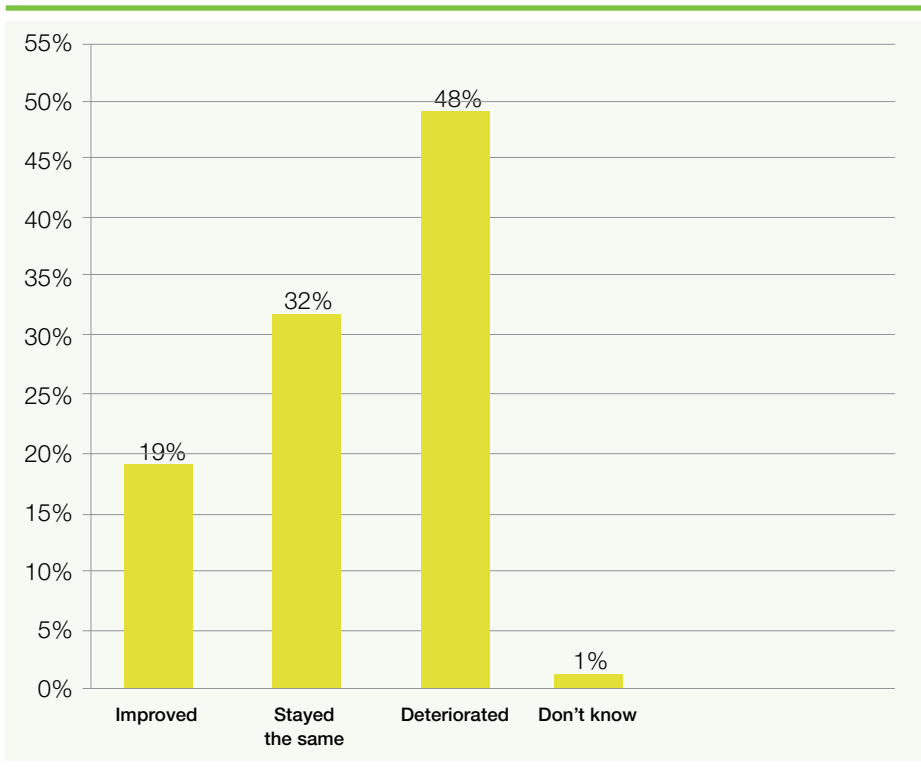
Retail



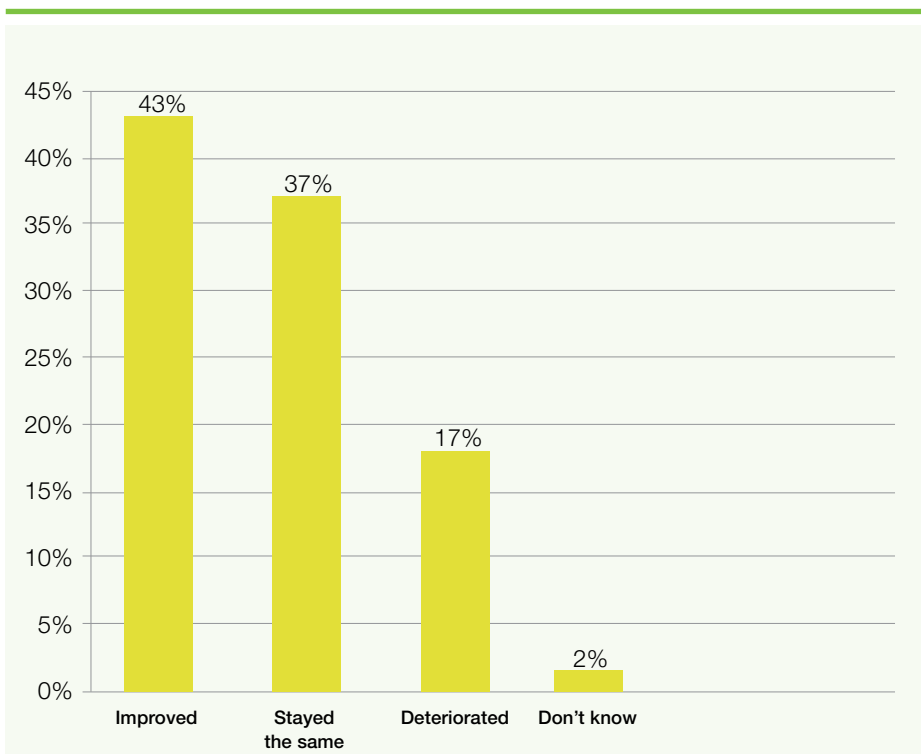
Utilities



Survey charts continued

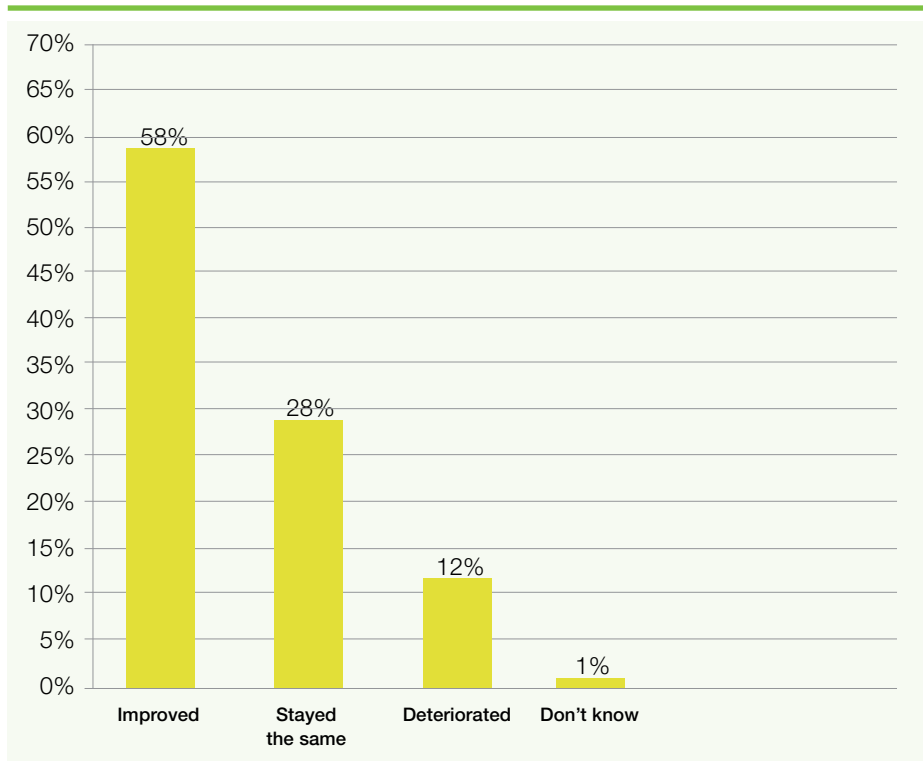


The media

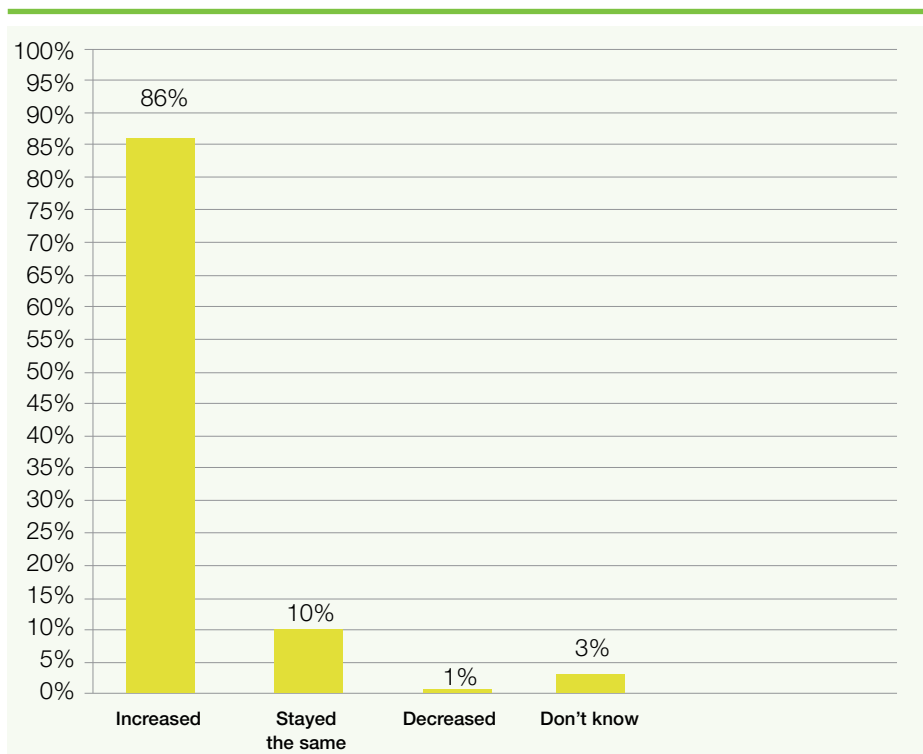


Consumer goods

Survey charts continued



Food and leisure industry (including restaurants, hotels, entertainment)



Over the past few years do you believe that the burden of administration imposed by government on organisations has increased, decreased or stayed the same?

About the Chartered Quality Institute

The Chartered Quality Institute is the chartered body for quality management professionals. Established in 1919 and formerly the Institute of Quality Assurance, it gained a Royal Charter in 2006, and became the CQI shortly afterwards in January 2007.

Incorporated by Royal Charter and a registered charity (no. 259678), the CQI exists to benefit the public by advancing education in, knowledge of and the practice of quality in industry, commerce, the public sector and the voluntary sectors. In short, the CQI exists to help make business better.

We promote the management and improvement of quality to deliver the following benefits for organisations:

- Customers consistently receive the products and services that they want, when they want them and to the quality they expect
- Customer satisfaction and loyalty is improved
- Organisational goals and objectives are achieved
- Organisational risk is identified and effectively managed
- Products, services and the processes that deliver them to customers are continually improved through innovation
- Waste throughout the organisation is identified and eliminated
- Partnerships and the supply chain deliver value to the parties involved.

We recognise that these business outcomes can only be delivered by competent professionals and in support of this the CQI provides the following services:

- The Body of Quality Knowledge
- Education and training
- Recognition of professional competence.

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