

# TQM

## total quality marketing?

Total quality management (TQM), in its various guises, has long been extolled as a successful business improvement model. But does 'total' extend to organisations' marketing functions? **Dr William Murphy** and **Dr Denis Leonard** investigate

The market was abuzz with TQM in the 1980s and 1990s, shifting the strategic lens of many companies toward quality. At the time, a virtual movement was born. The positive impacts of TQM, such as financial gains of strong stock performance, were frequently heralded. But, as is often the case with advocacies, TQM has transitioned from being an extensively discussed and aggressively pursued path to business success, to a less evident, perhaps even anachronistic, perspective.

An alternative viewpoint is that total quality is the norm – albeit in various guises (eg six sigma, business excellence). But has TQM been successfully integrated system-wide, as called for by its advocates?

It is self-evident that TQM embraces the customer, with quality gurus repeatedly espousing the voice of the customer as essential to total quality. TQM has long-standing core values including customer focus, continuous improvement, and the commitment of everyone in a firm.

Marketing, defined by the American Marketing Association as being a function and set processes for creating, communicating, and delivering value to customers and managing customer relationships, clearly has a similar customer-centric nature and

quality advocates have long argued that the two disciplines should be interconnected. These observations have led to quality improvement projects in areas such as salesperson performance and service excellence. Other marketing domains have also seen an increased focus on quality: logistics, a pivotal arena for gaining competitive advantage, has received much attention in terms of seeking process improvements, customer responsiveness, and cost savings, with logistics excellence a default aspiration.

#### TQM – the full story

But what exactly is TQM? Quality has been defined as conformance to requirements, fitness for use and the needs of the consumer. Juran defines TQM as the system of activities directed at achieving delighted customers, empowered employees, higher revenues and lower costs. It has evolved to include tools, techniques, criteria, steps and philosophies to align strategic and operational concerns to attain world-class performance. TQM is also inherently integrative and strategic – it should be at the heart of business decision-making.

TQM is a combination of management tools and techniques that all managers can and should be familiar with, such as communication, cost reduction, process improvement, leadership and teambuilding, to name a few. Information is then gathered across these areas, in order to better understand the customers' needs, and the way in which the organisation reacts to those needs.

Once these thoughts are understood, it is only a small step for company leaders to realise that TQM should be inherent (explicitly or implicitly) in corporate strategy and that it is a vital link to becoming world class. When viewed as a strategic imperative, TQM shifts from being simply quality control or quality assurance. Indeed, by the mid-1990s, quality had become truly strategic in nature, with some referring to it as the main focus for corporate decision-making and a necessity for company survival.

Major award models such as the European quality award (EFQM) and the Malcolm Baldrige national quality award (MBNQA) encompass a wide raft of management activities with criteria including:

- customer focus

- leadership
- continuous improvement
- strategic quality planning
- design quality
- speed and prevention
- people participation and partnership
- fact-based management
- business results

The models have been used extensively and are successful in guiding company improvements. In fact, most companies using self-assessment tools realise higher sales, market share and return on investment.

#### TQM and marketing

The faulty assumption by marketing and service executives that quality control was only an operations issue was exposed a long time ago. Back in 1993, Griffith argued that 'marketing and sales people need to accept that a systematic and disciplined approach is the right way forward' and that marketing and quality must come together for a firm to succeed.

Writing in *Quality Management* in 1994, Hurley noted that despite clear connections between TQM and marketing, there was often a resistance by marketing to implement TQM. Hurley suggested that this may be due to the action-oriented nature of marketing along with the 'soft' processes involved, creating perceptions of measurement difficulties.

For instance, the new product development process, a step-by-step approach for bringing new products to market, in practice often relies heavily on instinct and the gut feelings of marketing executives. Whether conducting marketing research, making advertising decisions, or being responsive in customer service, an ongoing sense of urgency often compels marketing executives to make rapid, decisive decisions. In this environment, firefighting today's problems can easily become the norm. For marketing, this environment can seem incompatible with carefully conducted, well-researched planning to assure total quality.

And yet, a lens shift from 'every minute counts – we don't have time to even consider let alone commit ourselves to TQM' to 'every minute counts – by embracing TQM we may be able to make every minute count more' is a shift that could have substantial benefits for marketing.



**'Given the core shared values and intent, a synergy between marketing and TQM can and should be expected'**

To take customer service as an example, managing quality of service has been a long-standing imperative for the marketing function. To this end, gap analyses might be proposed, with quality service understood to be the result of identifying and closing gaps in factors including accurately understanding customer-expected service, accurately converting expectations into service specifications, consistently delivering services that meet specifications, and gaps in communications, ie at times making overstated promises, thus adversely affecting customer expectations.

The problem for those working in marketing is the lack of precision and depth of understanding as to how to drive these needed quality improvements. Translating intent into quality function deployment and six sigma initiatives would give the marketing function a structure and set of processes for systematically attacking these gap issues – while also encouraging cross-functional engagement with the quality department. Given the core shared values and intent, a synergy between marketing and TQM can and should be expected.

#### The study

To investigate this relationship further, senior executives at 19 companies participated in structured interviews focused on their use of TQM, outcomes gained from a TQM focus, and how TQM has been integrated into the firm. The companies inhabited a wide cross-section of industries including manufacturing, telecommunications, food and agriculture, banking and finance, and transportation. Company sizes ranged from 26 to over 8,000.

The interviews were primarily given to senior executives, with second-tier interviews given to executives 'most responsible for quality' at the firm. Interviewee job titles included business owners, vice presidents, and quality managers, among others.

The interviews were structured so that TQM was not initially primed. However, if TQM did not emerge from 'first stage' questions: 'Would you tell me about your organisation and present an overview of what the organisation is and does?'

followed by 'Would you explain your strategic processes?', then the question, 'What is the role of TQM in the organisation?' was asked. Ensuing questions sought to discover the extent to which TQM was integrated across functions and the effect/impact of TQM on the company.

Specifically, the intent was to ask questions that revealed the extent that TQM has been embraced strategically, operationally, and at tactical levels in the organisation. At no time was marketing expressly mentioned; we were seeking to ascertain whether ties between TQM and marketing have become ingrained in the ways executives think, making marketing a venerable partner to TQM.

Several themes emerged from the survey interviews. Firstly, TQM has been widely embraced and remains a fixture at most companies in the form of six sigma, ISO 9000 or the EFQM excellence model. Executives at larger companies were particularly likely to note TQM's impact at strategic levels and the effect TQM has on improving processes. One interviewee at a transportation company with over 4,000 employees said: 'It is something that has been taken on board as a structured approach to improvement ... virtually all directors are now trained business excellence review assessors. So it's been given a fairly high level of significance or high level profile in the organisation.'

Secondly, companies find TQM's emphasis on processes and continuous improvement extremely useful; with a customer-centric focus a common theme driving TQM.

'What we're trying to do is develop supplier to partner and supplier to customer relationships throughout the organisation, internally and externally ... as this develops it just becomes standard that we are going to have something good for the customer,' said an interviewee from a telecoms company with over 1,100 employees.

The survey results also suggest that TQM has been embraced by functions beyond operations and production at several of the participating companies. One manufacturing company executive said: 'TQM achieved some goals for us in that it helped us with inter-departmental communication and multi-discipline teams which we really did not have before.' Another manufacturer said that TQM works to bring multiple functions, including marketing, together to reinforce new customer-driven initiatives.

Of the 19 interviews only one executive at a small manufacturing firm placed TQM solely in operations: 'I don't think there was anything in TQM telling us how to reengineer finance, marketing etc. Reengineering was basically down to the manufacturing process or the manufacturing factories.' Executives at the remaining 18 companies clearly acknowledged the relevance of TQM beyond operations and manufacturing.

Marketing as a function closely involved in TQM was seldom heard in the interviews. When it was mentioned, it was primarily in the context of marketing's need to express the quality stance of the company. Such as: 'If your name becomes synonymous with quality then that is a major marketing and bargaining tool.' Thus, for these companies, TQM, six sigma, etc remained the domain of operations, with the marketing function involved only in terms of designing communications that exclaim the company as total quality driven.

Given that so few senior executives in our study discuss TQM as being integral to the marketing function, it seems certain that the marketing function is unlikely to have the tools necessary to optimise their value creation potential and that integration between functions (TQM, marketing, etc) is sub-optimal. Too often it seems that TQM remains relegated to production functions; with the marketing function losing out on the positive impact it offers.

#### Are TQM and marketing natural partners?

From the survey results, there definitely remains a lack of integration between TQM and marketing. Indeed, few senior executives spontaneously speak of TQM and marketing in the same discourse – the functions are not obvious partners. This suggests that marketing functions are not receiving the background, training, tools, and mindset offered by TQM.

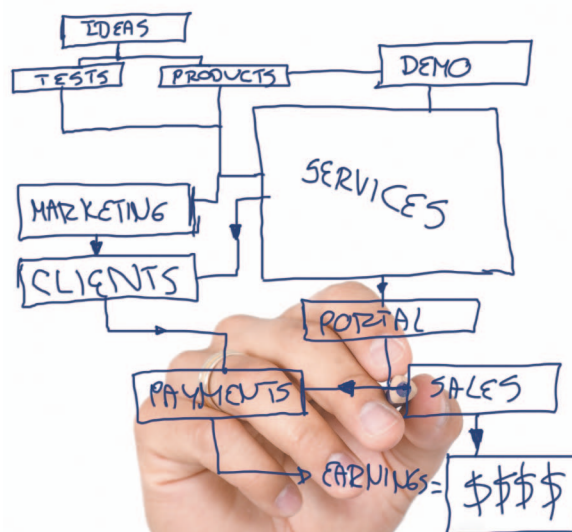
We found that senior executives at many companies view marketing's relationship to TQM more as a communication tool for espousing quality as a brand differentiator than as a function involved in using the frameworks, tools, and skills of TQM to enhance performance. Given over two decades of calls to integrate TQM and marketing, we had expected a richer commentary by senior executives to this end.

An extensive set of references, used in writing this article, is available from the authors. These references provide additional insight as to the basis for many of the comments made in the text.

TQM offers marketing a constantly improving customer and market focus and the ability to become ever more effective by using process improvement tools to make their work more efficient and to improve the strategic role of marketing. For instance, in a production-driven firm, a stronger integration of TQM with marketing can increase the marketing function's role on cross-functional teams and concurrent engineering.

The marketing team needs to be closely involved in new product development from the evaluation of the marketplace and identifying customer needs and trends, to inception of the new idea or service, to design, engineering, prototype, testing and launch. Marketing can also play a critical role in involving customers by various research activities throughout the process. Thus, a shared focus on the customer (between TQM and marketing), engaged cross-functional teams, and initiatives to assure quality processes, ensures that the marketing function will not be left at the last moment developing a marketing plan around a product about to come off the line.

The Baldrige award is a good example for examining critical areas for potential improvements





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including leadership, strategic planning, customer and market focus, measurement, analysis, knowledge management, human resource focus, process management, and results. The path to excellence is transparent through self-assessment and/or by the extensive activities required when applying for quality awards. Evaluation to the criteria in this way provides a journey of excellence beginning with commitment, making progress toward proficiency (where systematic processes are engaged and improvements are realised), and gaining mastery (where well-deployed approaches have become systematic).

TQM offers marketing an opportunity to develop greater consistency in performance-critical areas such as:

- continuous improvement mindset, eg to aid functional improvements internally to improve processing time and reduce errors
- developing systematic approaches for understanding customers, eg including the application of data analysis, segmentation, focus groups etc and using data from analysis and focus groups to inform and direct the corporate strategy and not merely for typical uses such as defining the customer profile for advertising
- shifting attention and resources from reacting to problems (corrective action) to preventative action
- improving transfer of learning from past projects to present challenges, eg tracking and progress reviews should become standard procedure
- developing process improvements across all aspects of strategy and implementation, eg every function needs to know how customer expectations are evolving and marketing should be involved with production, customer service and research and development so the company can ensure that the improvement cycle is closed and the correct issues are addressed to create focused improvements
- fact-based evaluation and learning, eg data on new trends and satisfaction levels should be gathered and then disseminated in clear formats

to all relevant groups, especially at executive level, so that strategic, tactical and operational decisions can be made

As these points show, by engaging with TQM, the marketing function could achieve greater consistency in assuring that efforts to understand and respond to customers and market changes are fact-based. Fundamentally, for TQM to succeed, it is imperative that senior executives see the need for the marketing function to engage and ultimately evolve.

If this study is a reflection of typical practices, most companies continue to assume that TQM can and should be central to production and engineering functions. Meanwhile, some recent publications suggest that other areas such as data processing and finance have implemented aspects of TQM, although they are still lagging behind.

Yet, marketing gains the same advantages as finance in adopting TQM for internal process improvement. More importantly, the customer-centric nature that marketing shares with TQM provides a greater imperative for marketing to embrace TQM.

If the marketing function focuses on TQM, it can help raise its strategic profile in an organisation by becoming the expert and communicator of key market analysis providing fast data on strategic implementation and enabling the company to become more agile in its response to the market. Ultimately this will enable the company to become more proactive and innovative <sup>FW</sup>

Dr William Murphy is a senior lecturer in the marketing department at University of Wisconsin-Madison, US. He is a frequent speaker in Asia and he holds a visiting scholar appointment at the Shanghai-based China Europe International Business School. He can be contacted at e: [wmurphy@bus.wisc.edu](mailto:wmurphy@bus.wisc.edu)

Dr Denis Leonard has a PhD in quality management and is a senior member of the American Society for Quality. He has been an assessor on the Northern Ireland Quality Awards and the Malcolm Baldrige Quality Award. He can be contacted at e: [leonard\\_denis@yahoo.com](mailto:leonard_denis@yahoo.com)