

# QUALITY AND BUSINESS PRACTICES

*Prof. John R PARKER, Australia*

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## INTRODUCTION

A business that is successful in a competitive market over a long period of time, that has repeat customers must be providing a product or service that meets or exceeds customer needs. If it is meeting or exceeding customers needs it has to be providing a quality product or service and doing it using good business practices.

The development of a total quality culture throughout the whole surveying profession should be actively encouraged to provide the principles of best practice and customer service to ensure the future of the surveying industry and the surveying firm. In simple terms we need to ensure we 'get it right first time, every time'.

## WHAT IS QUALITY

Quality can be defined as:

- Degree of excellence
- Conformance to requirements
- Fitness for purpose
- Meeting agreed client requirements and avoiding problems and errors while doing so
- Doing right things right.

Quality is in the eye of the beholder, i.e. the customer, therefore we need to provide a quality service to satisfy our customers needs.

## THE COST OF QUALITY

It is not uncommon in a service industry, like the surveying profession, for the cost of achieving quality to be more than 30% of total revenue of a business. The cost of quality includes the costs of prevention, of inspection and of failure.

The first step to reducing the cost of quality is understanding that quality costs are *not* created equal. Rather they can be divided into three distinct categories:

1. Prevention Costs
2. Inspection/Correction Costs
3. Failure Costs.

### 1. Prevention Costs

Prevention costs can be regarded as an investment because preventing (as opposed to correcting) quality problems makes the organisation much stronger over time.

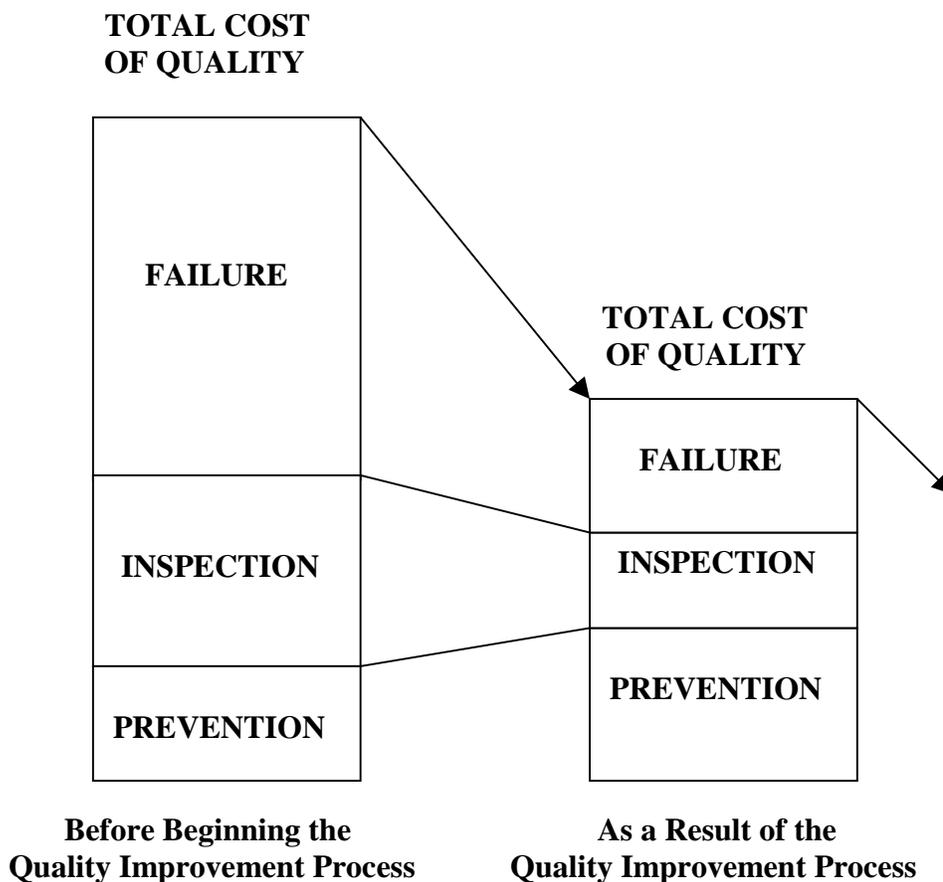
### 2. Inspection and Correction Costs

Inspecting and checking other peoples work is a role which virtually all managers and supervisors must fulfil each day. Yet, in most cases, neither the inspector nor the inspected finds this aspect of his or her job gratifying.

### 3. Failure Costs

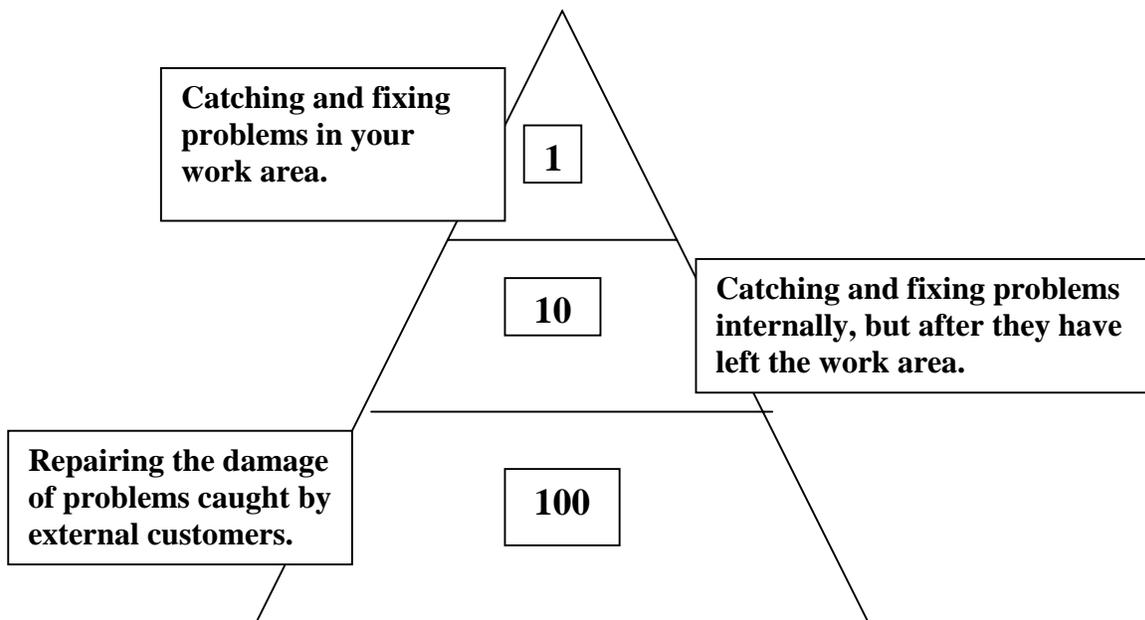
Quality mistakes that turn up outside the organisation, after the service is delivered to the customer are costs that must be avoided. Your organisation is cast in the worst possible light when it fails to meet your customer's valid requirements.

In hard monetary terms, failure is by far the most costly quality problem. The cost of recalling or to 'make good' on a service delivered unsatisfactorily is extraordinarily high.



**Figure 1.** The total 'cost of quality' reduces as the quality improvement process proceeds, prevention costs increase, while inspection and failure costs decrease. (Acknowledgement to ODI)

A good rule of thumb for comparing the relative costs of the three categories in your organisation is the “1-10-100 Rule”. For every dollar or hour your organisation might spend on preventing a quality problem, it will spend 10 to inspect and correct the mistake after it occurs. If the failure goes unchecked or unnoticed until after the customer has received the service, the cost of rectifying the failure will probably be 100 times what you could have paid to *prevent* it from happening at all.



**Figure 2.** 1-10-100 rule. It makes a difference when a problem is fixed. The 1-10-100 rule shows that if a problem is not fixed when it occurs, it will only become more costly to fix later, in terms of both time and money. (Acknowledgement to ODI)

For reducing your Cost of Quality it becomes clear: **Invest in prevention.** Be sure everyone in your firm understands the true cost of quality. And give your people the practical tools they need to make the 1-10-100 work for, not against your organisation.

Ultimately the key goal of the firm and each of its members is to do “*right things right*”.

## **THE CUSTOMER AND QUALITY**

The customer can only determine quality. Quality is about finding out what the customer wants at a cost both the customer and supplier are satisfied with. The quality service that ultimately goes to the external customer is dependent on how well the internal customer/supplier process is managed. It is important for everyone in a firm to identify who their customers are and how to keep them satisfied.

## **CUSTOMER SERVICE CHARTER**

It is important for staff within a firm to make a commitment to customer service. An ideal way is to develop a customer service charter which has a mission statement, has service objectives, has service commitments, followed by service goals and strategies and service standards.

## **FIG CHARTER FOR QUALITY**

FIG has adopted a Charter of Quality in which its members recognise and agree to undertake:

- *“To commit our respective organisations and member associations to quality, service and client/customer satisfaction;*
- *To develop a total quality culture through management commitment and leadership within our organisations;*
- *To develop a continuous improvement approach to all our activities;*
- *To work towards achieving recognition of our respective organisations to international recognised standards for quality systems;*
- *To encourage the suppliers of products and services to surveyors to embrace the principles of the quality movement;*
- *To train surveyors through a total quality approach;*
- *To share and participate in benchmarking and performance measurement.”*

It is important that the Charter for Quality forms part of an organisations business practice.

## **QUALITY ASSURANCE**

A key element of any customer service is how can the customer be assured of the quality of the service supplied. The International Standards Organisation (ISO) has developed a series of standards (ISO 9000 series) which gives the supplier the minimum guidelines to allow the development of an appropriate quality management system which can demonstrate product or service quality assurance to the customer.

The latest ISO 9001:2000 version addresses a number of inadequacies in the way quality assurance has been seen in the past. Properly understood ISO 9001 asks organisations to address a number of basic management issues in a manner that is appropriate to the use and nature of the organisation in question. The issues themselves are virtually indisputable in terms of ensuring good service to clients and ongoing health of the organisation.

The ISO9001:2000 version is very positive from a surveyors point of view, because as a technical profession, surveyors weaknesses have tended to arise in relation to the broader management controls. Successful organisations have a focus on business planning, communication and the image they project to the community.

In a typical surveying practice the 2000 version of ISO 9001 suggests management should:

- Communicate well with clients and record their requirements;
- Actively manage staff and resources to ensure deadlines are met;
- Make sure staff understand their roles and responsibilities within the firm;
- Plan work processes to ensure clients' technical requirements are satisfied;
- Check and authorise all work prior to release;
- Ensure staff are adequately trained;
- Confirm measuring equipment is working within specifications;
- Ensure that subcontractors work to equivalent standards;
- Review procedures to ensure they are being followed by staff (and are cost effective); and
- Have a well-organised and secure records system (including computerised records).

The 2000 version of ISO 9001 provides an ideal framework for considering, implementing and monitoring the important management issues of any business practice, but it does require time and resources to make it happen.

ISO 9001:2000 is a most useful tool to use as a framework for a critical evaluation of a firms organisational processes.

## **IMPLEMENTATION**

The implementation of a quality customer service initiative as part of the road to continuous business practice improvement can be considered in three stages.

Stage 1:        *Creating the Environment for Quality*  
 (creating a controlled and systematic way of doing business with quality aware and committed people).

Stage 2:        *Quality Improvement*  
 (seeking out ways to improve existing processes and reduce the cost of problems).

Stage 3:        *Continuous Business Improvement*  
 (achieving sustainable continuous improvement of all processes, products and services, through the creative involvement of all people).

## **CONCLUSION**

In a competitive market place, it is rarely wise to stand still and give competitors the opportunity to race past you. Hence it is worth remembering that **Quality is a journey not a destination**, and that it is an on-going process that should never end.

Using ISO 9001:2000 and having a Customer Service Charter as part of standard business practice provides an ideal framework to demonstrate to customers that the organisation does value its customers and wants to provide the best service possible.

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## CONTACT

Professor John Parker  
P O Box 110  
Brunswick East  
Victoria 3057  
AUSTRALIA  
Tel. + 61 3 9387 1964  
Fax + 61 3 9381 1378  
E-mail: park106@attglobal.net

## BIOGRAPHICAL NOTE

Professor **John Parker** is an international land administration consultant specialising in quality management, professional practice and management and geographical names. He was Surveyor General of Victoria in Australia for nine years and had spent nineteen years in private practice in a multi disciplinary firm.

Currently he is actively involved in the International Federation of Surveyors and is chair of FIG Commission 1 (Professional Standards and Practice). Membership of professional associations includes the Institution of Surveyors Australia. Papers have been presented and published at a range of events, including international forums, on a wide range of subjects.