

Review

Integration of quality management and strategic management towards customers: A strategic approach

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Emergence of newer and better technologies, mergers and acquisitions, trade policies, globalize competition has made the ground full of strategic competition among different organization. The endeavor to capture the market has seen a lot change in years and is shifting towards retaining customer. From the years down the line the market has seen a shift from Agricultural revolution to industrial revolution to information revolution which is to be followed by customer revolution. The urgent need is to understand the broad term of customer and aligning the resources towards the upgraded demands of customer. The traditional definition of organization can be viewed in a broader perspective with including those for whom organization is in existence. This includes all the stakeholders such as shareholders, customers and regulatory bodies etc. The organization will excel if it includes the customers at all the levels of the organization. The definition of internal and external customer is known to everyone; more important is to address potential customers, dormant customers and hidden customers. All the efforts of the companies should be aimed at customers. Apart from retaining the existing customers, they should strive to attract potential customers and dormant customers and at the same time alert from the threat posed by hidden customer to avoid any infiltration. The success of organization rests upon how rapidly and efficiently organization sets a rapport with the customer. The paradigm of strategic management is shifting towards customer and quality. The cutting edge competition is to develop quality products and services at the optimized cost. The concept of built in quality products can be a novel solution for creating a value for quality products. The organization should streamline all the operations for developing such built in quality products and also effectively propagating it. The organization need to understand that they got a ready source of ideas in the form of customers, so why to wait time in brainstorming for ideas. More crucial is identifying and measuring ideas through a communication channel with the customers as a continuous process. Organizational excellence of any business enterprise will depend upon its ability to envision the changing habits of above defined categories of customer and structuring the operations in accordance.

Keywords: Strategic Management, Quality Management, Dormant Customers, Hidden Customers, Built-in-quality.

INTRODUCTION

Organization word finds its existence as one reminisce the pages of world history. The monarchy form of governance flourished for a long time only to the credit of organizational form of working methodology. The better the organizational integrity the stronger were the roots of the organization and expanded was its dynasty. The monarchy trailed only to be followed by vibrant,

transparent, efficacious and democratic form of organizational proceedings. The striking difference between the ancient and the present era of organization behaviour lies in view towards customer's voice. Now customers have a say in the matters related to them. Globalization has caused a fierce battle amongst the firms to corner the market share by cultivating trust in



Figure 1. Defining the Categories of Customers

customers. *The organization today is sentient as the business environment is too dynamic for an organization to be omniscient. Certainly it is potentially more sentient than its members because it can combine their intelligence, expertise and information and augment it with computers and management information system.*

Organizations are set up to pursue specific purposes. Business firms are set up to earn profits; hospitals to treat patients; political parties to capture powers and pursue a programme and so forth. The common thread in every domain of work is the customer. But even the organization that shares the same purpose may have different operating goals. Organizations are human collectiveness and the goal they pursue reflects the aspirations of their member, especially the more powerful one. Organizations often omit the very crucial joint of their organizational hierarchy—customer. This extrinsic treatment of customers has often resulted in the outright failure of the organization. However global presence the organization may have, its dexterity to streamline the strategies in accordance with customer defines its success. A classic example is the uphill struggle of Kellogg's, one of the largest manufacturer of the breakfast cereals in the world and routinely rated as one of the most powerful brands. When the company launched the Kellogg's range of cornflakes in India, it offered a cold and sweet breakfast to Indian consumers. It has been a valiant effort by Kellogg's for more than a decade, but is still struggling to rule the breakfast tables in Indian homes. While the success story of Mc Donald's rests on its ability to assimilate the customer behaviour. Very cleverly it penetrated throughout India its range of no beef product and even indianised some of its menus. Customer has a lot to say in the deliberations of the organization. It is important to diagnose the categories of customers and involve them in the process of delivering

a better service to them. Customer has taken a broader horizon with the pace of service development and technological development. This paper tries to analyze the broad categories of customers and discusses on the strategic approach towards them. The customers quench for quality is omnipresent. The basic purpose is integrating strategy and quality in formulating a strategic plan and successfully implementing it.

Theory

Customer is an endless entity; firms can understand customers only for a limited period of time with a particular set of strategy. In other words, strategy applicable to one group of customers may not hold well with other group or to same group after a span of time. The reason being the customer today is very fast updated with the information about the products and services of his interests. *Kenichi ohmae presses the need for companies to have an equidistant perspective towards global customers under the scenario of global competition* [205 Harvard Business Review]. Organization will excel as a unit when there is coordination of efforts between internal and external structure of the organization.

Defining the structure of the organization in terms of customers:

1. Internal customers
 2. External customers
- Existing and potential customers
Dormant customers
Hidden customers
Stakeholders

Organization balance with above categories of customers determines its sustainability in the long run

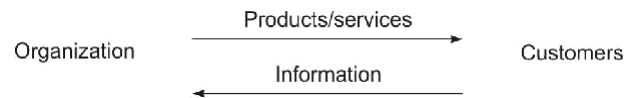


Figure 2.

competition. As per Bruce D. Henderson 'Strategy is deliberate search for a plan of action that will develop a business competitive advantage and compound it' [Harvard business review]. While quality management stresses on the need to meet or exceed customer satisfaction. Quality management is an indispensable tool in the hands of management to testify the credibility of their products and services.

Internal Customers

Internal customer includes all those who are in some way responsible in the making of a product or rendering a service. It is a chain, where every successor is a customer to its predecessor & vice versa. The successor does the work of adding further value to the product or service while the same also acts a source of information to the predecessor. In other words the predecessor has to look towards successor for the quality of information that he gets as a feedback from the successor to continuously improve the quality of work. Often there is a gap between these communication channels which results in an avoidable loss in quality of performance of product or service process. Accountability rests with the strategy makers to make productive use of these communication channels in adding value to product or services. Quality management tools bridge the gap between this communication channels to enhance the performance of internal customers. Juran's trilogy is an effective method of analyzing the scope of this communication channel to continuously improve the process performance. This trilogy goes in three stages:

- Planning**
- Control**
- Improvement**

This approach helps in controlling and improvement of the process. It helps in quantifying the process parameters leading to customer satisfaction and eventually develops useful information for organization. The tools of quality management can exploited to the fullest sense only when there is clear, easy and rapid implementation is achieved.

Service industry can benefit a lot by reaping a flexible work system. Duncan Ingran presses the need of culturing a flexible work system to reap the benefits of low cost connectivity and convergence of Information Technology and Communication (ET). This in long term can contain the effects of rising attrition. Operating costs

can be directly converted in to operating benefits by incorporating flexible work system. It will reduce the effects of most common and thorny situation, such as:
 Division of best working team
 Business fluctuations

External Customers

Organizational definition often excludes these categories of customers in its hierarchy. External customer forms the circumference of organizational structure. They are the source of ideas; provides information related to gap in service; provide a customer perspective. In this era of globalization, most of the industries are operating under breakthrough strategies. To catch an idea before it is grounded is the rule of the game. Customer is a natural source of information and breakthrough ideas, and not like a typical Ideopraxist. To capture and catapult the idea, righteous conversation with the customer is what, makes the difference. A major hurdle of reaching to customer is already taken care by the innovations in the line of communication. The prerequisite is to map the ideas from the customer and successful recording and processing of it, to mould it into a fine casting. These idea generators can be visualized through following categories of organizational circumference.

- Existing and potential customers
- Dormant customers
- Hidden customers
- Stakeholders

The organizational strategies should be aimed towards a two way communication process. Firstly, reaching to the aforementioned categories of customers; secondly, effective transition of information from customer side.

Existing and Potential Customers

They form the major driver of organizational ladder. Their experience with the products and services will define the incremental or decremented effects of company's performance. Most of the strategies of the companies are aimed towards this group. Whether it is breakthrough strategies of west or the kaizen related strategies of Japan, all they want is a base among this group. Every organization working in an industry domain wants its customers trust. Strategies to capture this trust vary from organization to organization. IBM and EBay for say believe in creating a value for their product amongst the potential customers. Anticipation of the basic

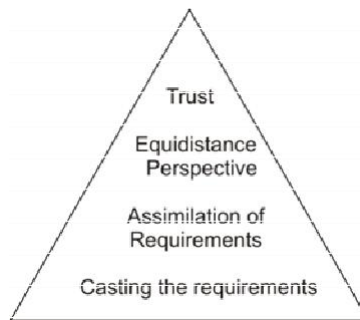


Figure 3. Driving Triangle of Existing

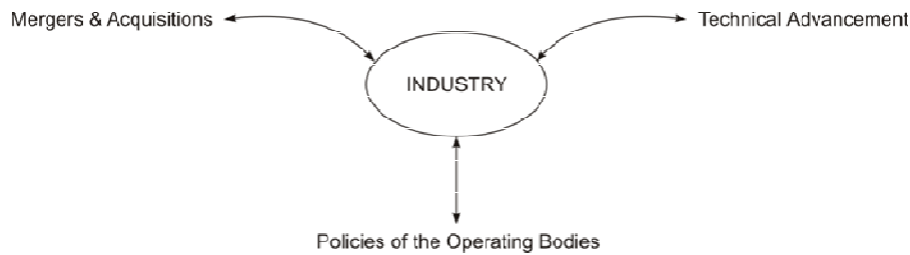


Figure 4.

requirements of customer from the product or service is instrumental preventing customer from dissatisfaction. Airline industry's success lies on fast and comfort journey. The basic point here is to provide fast service. So, in the event of cancellation of flight, company not only loses the customer but also the trust. These events are very vulnerable in a ground full of strategic competition. Thus trust building has to be supported by better strategies, better technologies and an efficient implementation.

There is another dimension to this arena as more and more organizations are going global through mergers and acquisitions, opening of economies etc. Kenichi Ohmae stresses on the need to manage in the borderless world owing to the global citizenship and to show an equidistant perspective towards customer all round the globe [205 Harvard business review]. PepsiCo India Ltd. after facing a major controversy over the issue of pesticide content tactfully followed the concept of an equidistant perspective and penetrated this through the means of aggressive celebrity end commercial add campaign; of course they had to justify the quality of their beverages with the regulating bodies. Understanding the behaviour of customers is very important before implementing a strategy. Organization's ability to assimilate the requirements of its customers defines the ability of its excellence. However big competitors are spreading in the industry domain, it's the ability of individual organization to align their strategies to the requirements of customers that defines success.

Nirma chemical works achievement is astounding after starting from the scratch and competed the biggies like HLL. Nirma's competitive strategy was simple: come out with a low cost but a reasonably good quality product that is priced well below the prices of competitors, take away lower end of rivals customers and create market for the product among the poorer section of the populace. Nirma developed a formidable distribution network across the country to take their product to 400000 retail outlets.

Dormant Customers

Virtually, spark is required for these categories of customers. These are the customers who are outside the domain of industry's operations. Scope to explore these categories is unlimited for starters as there is no competition in the line for starting years. Tata Motors effort to launch a car in the price bracket of Rs. 100000 is to tap the unexplored lower middle class of Indian society. The very concept is to provide Quality, safety and comfort at a lower price. Moreover the market will be free from competition for starting years providing a huge opportunity to capture the market share. The potential is enormous; success lies in the ability of management to grab the opportunity available with this group of customers. Identifying dormant customers and their needs ask for special attention. It involves identifying and reasoning the various factors.

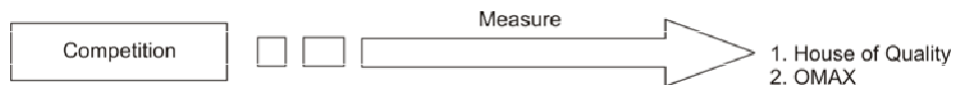


Figure 5.

Identifying the present customer base.
 Interrelating present customer requirement with the present product/service.
 Identifying the out of purview customers with reference to present product/service.
 Identifying the requirements of these dormant groups.
 Translating requirements into technical specifications.
 Feasibility analysis of above technical requirements implementation.
 Chalking out a strategy for implementation.
 Various tools of Quality management can be applied to identify the requirements of dormant customers. The two most promising tools are:
 Questionnaires
 5W&1H
 Who exactly is the dormant customer?
 What does the customer exactly wants?
 Why does he want product or service in this form (Income constraints, habit constraints etc.)?
 Where is he looking as alternative for satisfying these requirements?
 When does he want the above specification (time span, age, carrier point etc.)?
 How these requirements can be translated in to technical specifications?

Hidden Customers

Hidden customers include those who are constantly in search of information in our organization to reap the partial benefits of it. This is the most vulnerable group of customers which may cause a draught in our customer base. A minor leak can cause a major loss. All forms of tricks such as money, power and tricky are explored by them to uncover the crucial information. This group basically reflects the competition. Competition is the major source of improvement, when it is in a cordial environment with space and appetite to grow. Nonetheless intruders are always an integral part of every arena of strategic and political operations. Dynamism is the order of the day in companywide, industry wide, nation wide and the global phenomenon. Sanity on the part of organization rests on it's capability to analyze, assimilate, and chalk out an implementation of strategies to make a frog leap in the vibrant operating environment. Dynamometric representation of facts is essential to settle on a strategy since the myriad of agreements can change the entire gamy of the organization.

These agreements can take any of the following form: All these factors combine to make the competition intense. It is worthwhile to mention resurgence of many organizations owing to the Amalgamations; Development of Information Technology making working easy effective and efficient; and industry boosting policies of regulatory bodies. Parallel effect of these factors on one hand created new avenues, and on the other side fired the competition. Strategic tools of Quality management can provide the organization with useful information. The tools of Quality Function Deployment (House of Quality), Objective matrix chart provides the righteous methodology to measure the competition.

Stakeholders

It includes government bodies, Shareholders, investors, lending bodies etc and all the chief source of capital and policies. They stoke the growth engine of the organization. With the volume of business rising, capital requirements of any organization can be satiated through these medium. Shareholders, Institutional investors bring liquidity into the organization's business. Elasticity in strategic policies will be instrumental in dealing with the dynamic nature market scenario.

Built in Quality Products

Built in Quality products are analogous with creating value for the product/service. Gone are those days, when product was restricted to a single customer. Multi-access to the product is the trend of market. Product rather swings from customer to customer, especially in a developing market. As a matter of fact, performance of the product calls for special attention throughout the life cycle of the product. The live example of these is the structure of human body consisting of a pair of kidneys. Most of the aircraft are designed with two or more engine which goes in support this fact. The idea is how to keep the performance of the product intact even after a considerable elapsed time to create worthiness of the product.

CONCLUSION

The purpose of writing the paper is to orient readers' strategic intuition towards customers. Customer and quality are the two most striking aspects of Globalization that determines the resilience of the organization. Very

often organizations miss this very concept of inclusion of these two important parameters during formulating a strategy and eventually landing on a no man's land. A lot of research has been done in the direction of raising the quality, performance and aesthetics of the product/service. Still a huge space is evident in aligning the strategies in accordance with customer's perception of the product. Dynamic behavior of the customer's is going to be the visible fact from hence. A dormant category of customers is still an uncharted area. A huge room is available in every industry's domain to exploit and explore this group. To this effect, considering the categories of customer and streamlining the resources in accordance will define the success parameters.

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