APPENDIX 6: QFD AND MANAGEMENT TRENDS

It is a truly unfortunate aspect of management, that the ideas that support it come in and out of fashion. Over recent years, I have seen a number of such cycles, the main planks of which have been: Total Quality Management; Business Process Re-engineering; The Balanced Scorecard; Just-in-Time; Single Minute Exchange of Dies; Moments of Truth; Benchmarking; Concurrent Engineering; Knowledge Management; Emotional Intelligence; The Learning Organisation; …

What has been sad, is that they have been fashions. Each one of these approaches contains new, and largely timeless, insights into good management practice that still hold true today. Yet, all too often, they have been initially adopted with such fervour that one might think that they were the only way to manage, and then subsequently neglected as though they had lost their usefulness. Neither of these responses seems appropriate to what are, essentially, good elements of a holistic and systematic approach to the profession.

But perhaps that is part of the problem – perhaps management is not yet a real profession. It is difficult for managers who don't have a professional grasp of the process of management, to place these tools into context, and to adopt and adapt them into their appropriate places within a mature management approach. Within an impoverished management process, the benefits promised by these new tools and concepts can seem overwhelming, but without the complementary disciplines in place the results are often disappointing. And so one management idea is replaced by the next rather than complemented by it.

Sadly, my own profession has been a factor in this – partly inadvertently, but also with a fair degree of opportunism. In order to get new business themselves, many consultancies promoted the latest thinking, but in order to promote it they often polarised the arguments to make them simple. As a result, a lot of the necessary richness in the ideas listed at the top of the page were forgotten. Further to this, in order to sell their work, consultancies tended to understate the real implications for management responsibility, and to compensate for this by putting in more of their own people's time. The end result was a fully functioning system, but with a management that was sadly ill-equipped to drive it and adapt it to their changing needs. As a result, the fashions tended to have a steeper entry and exit, but it didn't really matter because the next fashion was already pulling in. In a previous consulting organisation, I regularly had people telling me that Total Quality was old-hat and that I should focus on Business Process Re-engineering. It did no good to tell them

that, done properly, they were virtually the same thing with different emphases.

I do not want QFD to fall victim as another management fashion. I neither want the hype that draws new converts unthinkingly to apply it, without first considering the full implications and its dependency on other good practice. Nor do I want it to be abandoned, when poor implementations are blamed on its 'fundamental impracticality', rather than its poor implementation or the lack of understanding of those attempting to adapt it.

QFD needs other good management practice to deliver benefits (see Chapter 14) and it also benefits from the best management practice to make those benefits even better. Whatever new ideas come along, they will need good planning and design – and good planning and design will always need other good practice to fulfil its dreams.

The purpose of this appendix is to look at aspects of current management thinking, and to show how QFD can work effectively with them, and through that to stimulate the reader to think through how QFD can guide and harness other management concepts and thinking as they develop over time.

QFD and Agility

The biggest barrier to agility is not the lack of resources to apply to a new project or opportunity – it is not knowing the implications of those resources, or that opportunity, on existing plans and commitments.

To the novice, the existence of a clearly thought through structure like QFD would imply a lack of flexibility to adapt to new opportunities. The converse is true. At one level, for an organisation that wants to be agile from the outset, QFD provides a means to think through how best to structure and manage the organisation such that its goals of 'agility' are best supported. At an entirely different level, for the organisation facing a new and unexpected opportunity, QFD provides a way to quickly think through the consequences of change, and to communicate adjustments succinctly and accurately with the minimum of unwanted side effects.

The supposedly 'agile' organisation that lacks good design, is either massively inefficient in the first place, or is probably destined for a fall.

QFD and the Balanced Scorecard

QFD benefits tremendously from any good measurement system. My own preference has been the Quadrant Chart (see Chapter 24) because of its focus on analysis and action, and because of the ease with which measures can be linked to the objectives on the QFD.

However, because of their existing competence with the Balanced Scorecard, some organisations have used these to drive their QFD, and an example of this can be found on page 449.

The key advantage of the Balanced Scorecard is that it ensures that measures are identified in all areas that are a factor in the ultimate health of an organisation, and it does so by proposing four empirically correct measurement areas. QFD, by virtue of the process by which the objectives are developed, also ensures that measures are identified in all the crucial areas, but it does so in a way that is specific to your organisation. Of course, there is no harm at all in using the Balanced Scorecard as a checklist to ensure that whatever measures you do ultimately identify, cover the four areas of: Finance, Customer, People and Innovation/Process.

QFD and Customer Focus Programmes

QFD also goes by the name: 'The voice of the customer'. In product design the left-hand side of the QFD (the objectives) is explicitly drawn from customer interviews using customer phrases, and the purpose of the QFD diagram is to translate this 'voice of the customer' into a clear performance specification for the product.

In Organisation QFD, the 'customers' reflect a far wider range of stakeholders, and it is important to keep these expectations of the organisation in balance with its long-term vision. But the left-hand side of the QFD provides an excellent opportunity not only to emphasise customers, but also to ensure that this emphasis is translated down into an appropriate response from all the top-level (and lower-level) processes.

Customer focus can also be reflected in the weighting given to the objectives. In the examples we have used of organisational QFDs, the weighting of the objectives has been a single column with a simple 1 to 5 scale. In Product QFDs the weighting scale has evolved into a number of columns reflecting different aspects of importance, such as: customer perception; market leverage; and performance gap, which are then multiplied together to form a compound weighting. For a slightly more detailed explanation, please see page 484.

QFD and Knowledge Management

Knowledge Management is described as 'The leveraging of collective wisdom to increase responsiveness and innovation' (Knowledge Management Yearbook 1999-2000). It covers all aspects of assimilating, accessing, combining and using knowledge; whether human, technical or organisational; whether conscious or intrinsic. For some organisations, knowledge management has been translated into the knowledge repository systems and the cultures that encourage their use, but the original concept is far wider than that.

QFD provides an excellent vehicle for both using and driving knowledge management. The construction of the QFD diagram itself forces the assimilation, sharing and combination of the knowledge of the organisation. And the deployment of objectives into processes, drives their systematic refinement, thereby harnessing the knowledge and creativity of the people into the very fabric of the organisation, its processes and systems. Finally QFD, and its documentation, provide guidance for specific information/people systems to ensure that their design is focused on the organisations objectives, and that their performance is objectively managed.

QFD is Knowledge Management in a very real and living sense. It drives learning, and it drives the relationships that make use of that learning.

QFD and the Learning Organisation

The above section clearly outlines QFD's role in the 'learning by assimilation' aspects of the learning organisation, but there is also another vitally important aspect to the learning organisation, and that is to ensure that 'learning by accommodation' takes place. To illustrate the differences between these two types of learning: assimilation is where new information can be accepted into an existing mental model without distorting it; accommodation is where the learner has to accept that his or her mental models are wrong and need to change. In short, learning by assimilation is not threatening, while learning by accommodation can be a very humbling experience.

In fact, learning by accommodation can be quite painful, and we therefore tend to continue to work with flawed mental models well past the point when we should have accepted that they need to change. And the more we invest in shoring up our mental models and denying that we have a problem, the harder it ultimately tends to be to face up to the fact that we are wrong and need to change.

QFD, when used in conjunction with a good measurement reporting system like quadrant charts, helps this process by forcing the learner to recognise the need for change early. The clarity of the targets and the reality of the measures flag up issues in a way that forces early realisation of the issue, and encourages change at a point well before 'backing-down' really becomes an issue.

QFD and Total Quality Management (TQM)

QFD is ideally suited to support TQM. My own initial adoption of QFD was to address shortcomings in the TQM work I was undertaking. All

too often, I saw massive investments in TQM fail because, although people within the organisation had become well versed in TQ techniques, their senior management failed to recognise the implications of this for their own role.

QFD was a means to get senior management to move their thinking up a level, and to make space for people to grow beneath them. Working through QFD provided an opportunity for management to take a more objective look at the design of their business; and it provided a clear structure and goals in which those people who were equipped with TQ skills could really make use of them.

QFD and Business Process Re-engineering (BPR)

Business Process Re-engineering (BPR) is a set of tools and principles for removing inefficiency from key business processes, and for focusing them on their objectives. In an early incarnation, the proposed approach was somewhat dramatic, but subsequently the approach was developed to make better use of what already existed in the organisation. A common dimension of most BPR implementations is IT systems.

QFD provides a clear context for BPR. Once the key business processes have been identified (Chapter 8), the grid of the QFD, and the cascade approach, ensure that the objectives of each process are made clear, and that the results are managed against what was first agreed. Within the QFD, stretching goals can be set, and the grid discussions provide guidance on where real benefits can be gained from BPR, and where an incremental approach may be more appropriate.

QFD thus provides a framework in which the work on BPR can be integrated and harmonised with the rest of the business.

QFD and Competencies

One of my earliest applications of QFD was on the subject of Competencies. A well-known news organisation was undergoing a major restructuring that placed a whole new set of demands on their people. We used QFD to help them articulate what those demands might be, and then to map out the key competencies that the different roles would need in order to fulfil those demands. QFD was excellent at helping them to think through and design appropriate competency sets.

Within that particular organisation, the QFD on competencies was done as an isolated exercise. However, where organisational QFDs exist, it is significantly easier to accurately identify the expectations of any role, and thereby to develop appropriate competency QFDs. Furthermore, the roof of the QFD provides an opportunity to think through how teamwork

can be used to combine and deploy the competencies effectively and efficiently.

QFD and Emotional Intelligence (EQ)

Emotional Intelligence (often shortened to EQ to reflect a parallel perspective to IQ – Intelligence Quotient) is the ability to monitor and discern emotions, both our own and other people's, and to use that understanding to guide appropriate and effective responses.

In and of itself, QFD has very little to offer EQ directly. However, indirectly, QFD provides an environment in which EQ can be drawn on, developed and nurtured. From the outset, the discussions around developing the QFD provide an excellent opportunity for people to use, monitor, develop and provide feedback on EQ skills.

Further to this, the resulting clarity of objectives and issues, removes a lot of the noise and confusion from interpersonal interactions, and so EQ issues are easier to identify and address.

Finally, the dependency on teambuilding and empowerment within the QFD-driven organisation will help to discern poor management in all regards, including EQ, so that appropriate support can be put in place.

QFD and Complexity

Complexity is the boundary between logic and chaos. Logic is the arena where events can be analysed and predicted with a reasonable degree of accuracy, and so models of operation can be developed and used to guide thought and action. Chaos is the arena where events are discontinuous and defy rational explanation.

Complexity then is the grey area between them, where patterns are beginning to be discernable, but models are not yet capable of accurately predicting outcomes. In complexity, small entities exhibit non-random behaviour as they come together in a state of interdependence.

This 'self-organising' aspect of complexity is what particularly interests business thinkers. It is an area, beyond the reach of our current thinking, where new insights can be gained and new theories formed, and complexity is the means to navigate through it. It is the means to achieve success where conventional planning would be too cumbersome, and prey to the uncertainties involved.

But it is very important to note that complexity is the means to convert what we do not understand into what we do understand, and not vice versa.

QFD provides the means to differentiate between those parts of the business that are to be managed logically, and those parts where complexity is to be explored. It provides the mechanism to objectively evaluate success, and the framework to gradually incorporate the resulting models as they develop. It provides the structure to maintain what we do understand, while we experiment with what we don't.

QFD and Benchmarking

The QFD model lends itself to providing a very clear focus to benchmarking activities and data. The clarity of processes and objectives provides excellent guidance on where benchmarking may be most profitably pursued, and the basic diagram can be enhanced to reflect benchmark data. For a slightly more detailed explanation, please see Appendix 5.

QFD and Non-Linearity

The relationship between QFD and Non-Linearity was covered at the end of Chapter 22.

QFD is simply a tool for thinking through what you are trying to do and how you are trying to do it. As such it has much to offer management and little to condemn it as a management fashion. It is my fervent hope that the examples above have illustrated that the limitations of QFD are far more likely to be found in its blind and narrow application, than intrinsically in the nature of tool itself.