



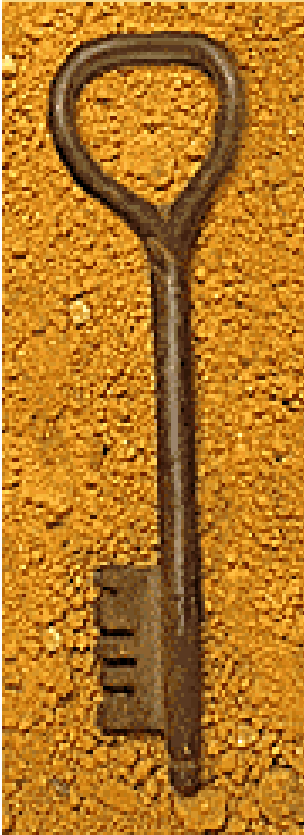
Business Management Systems *for* QUALITY SERVICE CONTRACTORS

The Quality Contractor

Unlocking the Potential



Presented By:
Callahan/Roach & Garofalo

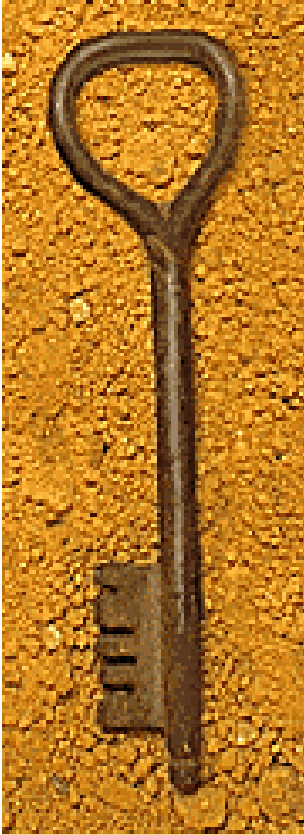


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The Quality Mandate



Why talk about Quality ?



**Because it is fast
DISAPPEARING**

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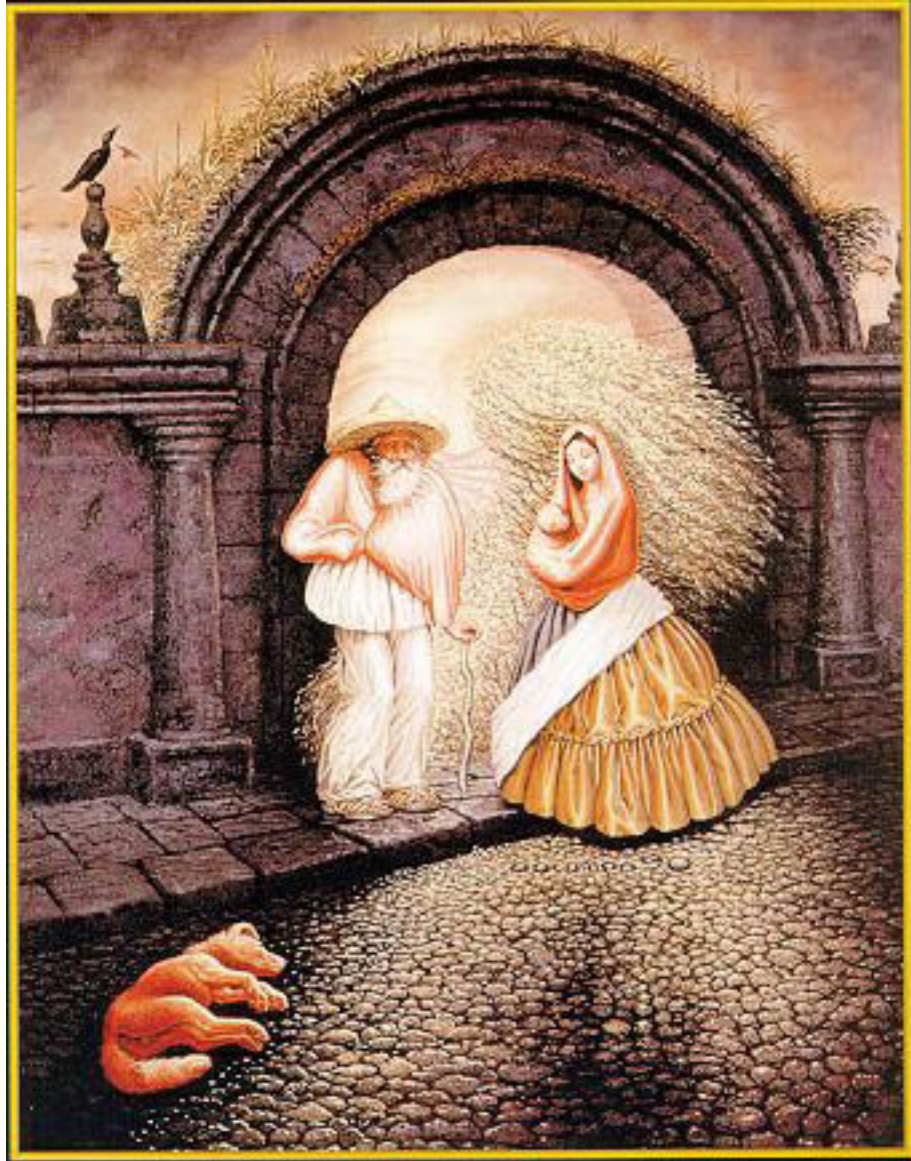
PERSPECTIVE

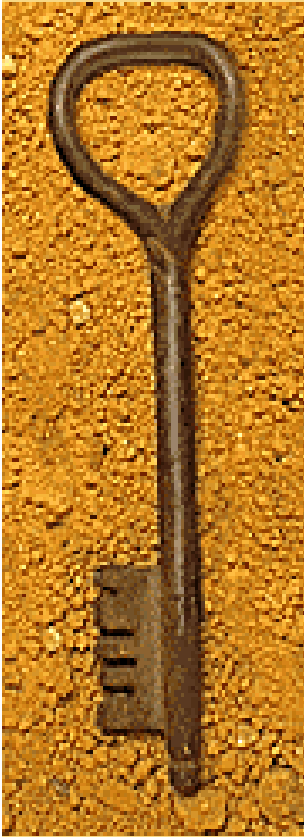
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Describe the environment in which your business now operates.

- ◆ **Customer demands**
- ◆ **Competitive conditions**
- ◆ **Economic factors**
- ◆ **“What is it that separates your company from your competition?”**

What is it that only your company provides?

- ◆ Do your customers say
WOW after doing business
with you?

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L.L. Bean Notice

NOTICE

I do not consider a sale complete until goods are worn out and customer still satisfied.
We will thank anyone to return goods that are not perfectly satisfactory.
Should the person reading this notice know of anyone who is not satisfied with our goods, I will consider it a favor to be notified.
Above all things we wish to avoid having a dissatisfied customer.



Customer Satisfaction: An L.L. Bean Tradition

Back in 1912, when Leon Leonwood Bean first mailed out his circulars, he included a notice that appears above. Satisfying customers has always been an L.L. Bean tradition.

For the past 76 years, L.L. Bean has been supplying quality apparel, footwear and equipment to men and women who enjoy the outdoors. Our customers know us for the practical and functional merchandise we sell and for our "treat others as we would like to be treated" customer service. And they appreciate us because we offer the services that mail order customers value most. We guarantee 100% satisfaction, we pay shipping and handling charges, and we offer TOLL-FREE order and customer service numbers.

We guarantee 100% satisfaction. From the beginning, L.L. guaranteed each product "to give perfect satisfaction in every way". Today our guarantee is as strong and as unconditional as ever. We'll accept returns at any time for any reason. Your purchase will be replaced, or we will refund your money or credit your credit card. We simply do not want you to have anything from L.L. Bean that is not completely satisfactory.

We pay all regular shipping and handling charges. L.L. didn't like to ask his customers to pay extra to do business with him. So, L.L. Bean pays the postage on all regular deliveries within the United States unless otherwise stated in our catalogs. This means substantial savings to mail order customers because unlike other catalogs, the price listed is the only amount you pay. There are no additional charges.

We offer TOLL-FREE Order and Customer Service numbers. When you browse through our catalogs, you'll notice another cost-saving feature: our toll-free phone numbers. Call to place an order, request a catalog, or to check on an existing order. There's never a charge to you and our phone lines are open 24 hours a day, 365 days a year.

Send for our FREE fully illustrated catalogs. They feature a full range of active and casual apparel and footwear. Outdoor sporting equipment, home and camp furnishings, practical and functional gift ideas. Order anytime, night or day, by phone or by mail. Our Customer Service and Telephone Representatives are always here to serve you. We maintain large inventories and ship promptly. And each order is sent postpaid and arrives unconditionally guaranteed.

Please send FREE Catalogs L.L.Bean, Inc., 655 Cedar Street,
Freeport, ME 04033

Name _____

Address _____

City _____ State _____ Zip _____

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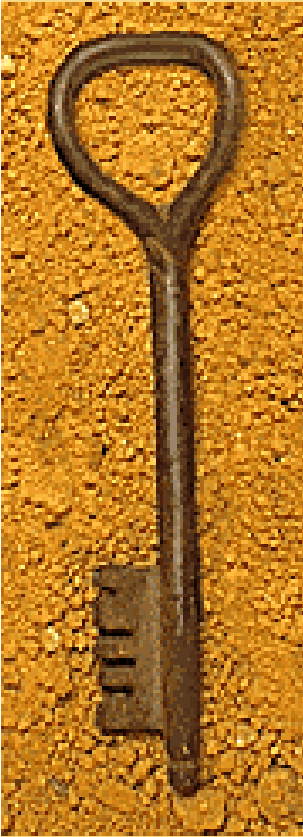


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“I do not consider a sale complete until good are worn out and the customers are still satisfied. We will thank anyone to return goods that are not perfectly satisfactory. Should the person reading this notice know of anyone who is not satisfied with our goods, I will consider it a favor to be notified. Above all things we wish to avoid having a dissatisfied customer.”

Notice written in 1912

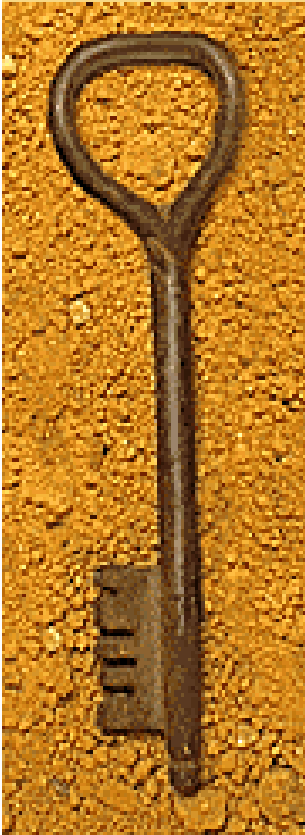


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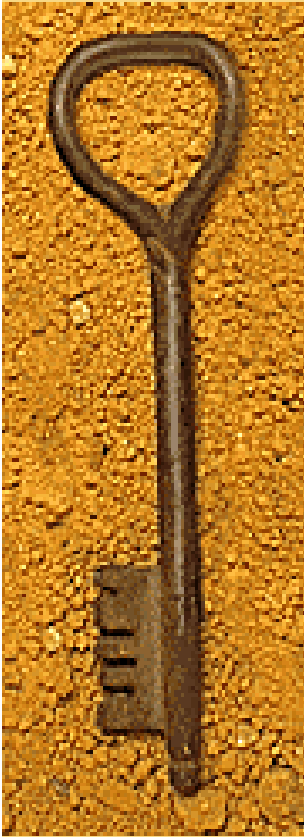
**BUT what is
reasonable?**

26 years



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Overnight ‘regardless



**SO....WHAT
WOULD YOU
DO IN
THIS
SITUATION?**

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How about this

- ◆ **SPEND \$3500 TO SEND AN ENVELOPE THAT GENERATED \$19.95 BY HELICOPTER?**





Your choice



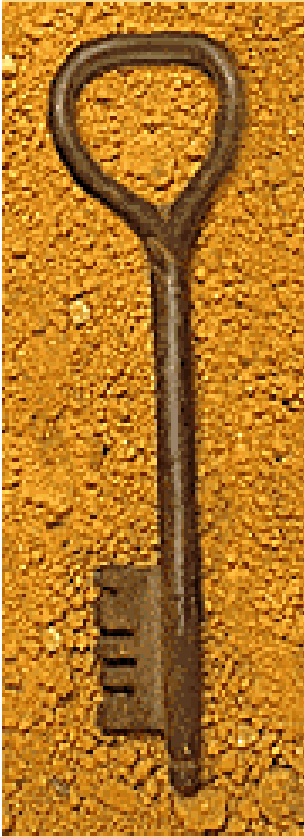
OR



????????????????

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The Quality Mandate

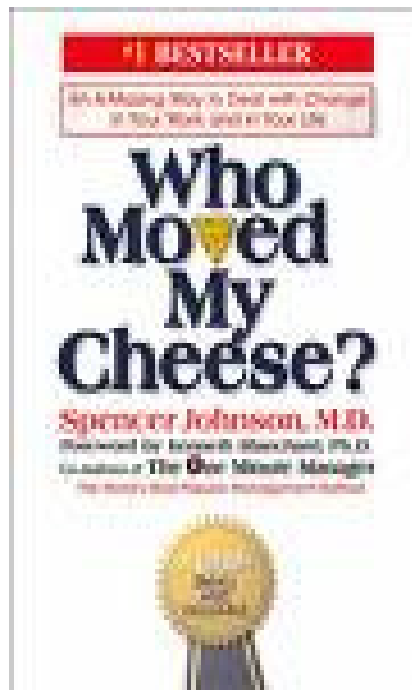
Survival
BY CONSTANT IMPROVEMENT

Success
ONLY COMES IF WE LEARN TO SURVIVE.

Investment
IN THINGS WE DON'T HAVE CURRENTLY

Enjoyment
IS IT THERE FOR YOU?

Change is constant.



A critical question asked in the book is:

WHAT WOULD YOU DO IF YOU WERE NOT

AFRAID?

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**Do you have the guts
to hang this sign in
your office**

**◆ INNOVATION
MEANS
BREAKING
ALL OF
TODAYS
RULES!**

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So who started all this Quality stuff?



**Edward
Demming**

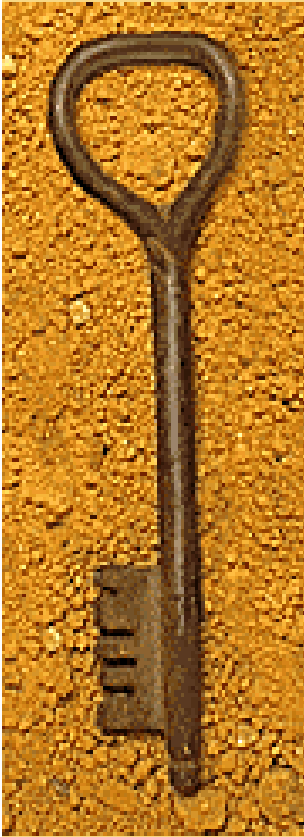
**Phillip
Crosby**



Just a little history lesson.

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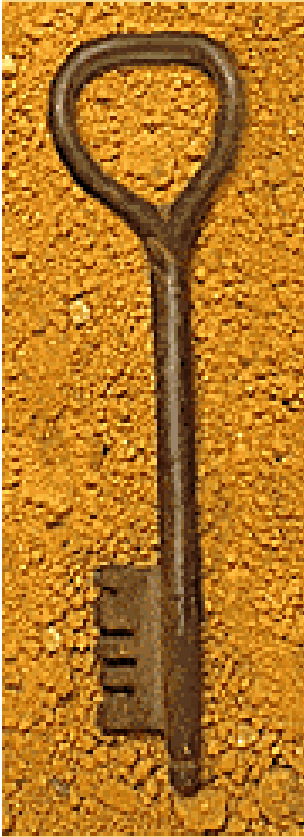
HERE LIES:



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**Do you really think
your company is
immune?**



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The Quality Improvement Process

QUALITY???

- ◆ **As a customer, write down what Quality means to you.**

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- ◆ **Define Quality-**

Philip B. Crosby's 4 Absolutes of Quality Improvement

Quality Logic Ladder

Quality = 100% Conformance
to Customer's Requirements
100% of the time (Goal)

Performance Standards
DIRTFT (Method)

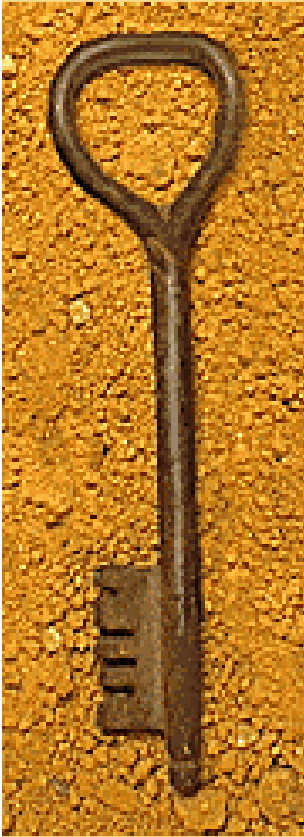


Cost of Quality (Measurement)

Prevention, Not Detection
Improving People's performances (Processes)

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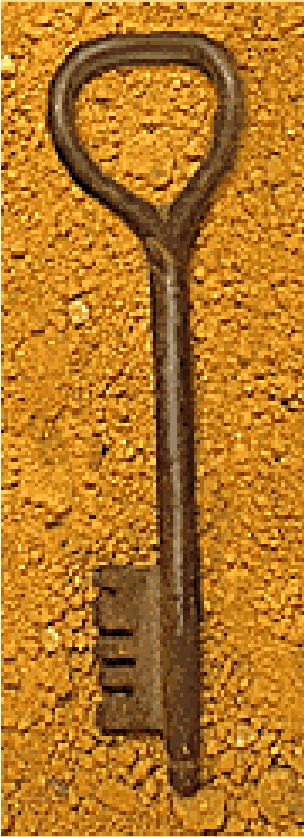


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Conformance to Requirements

Whose Requirements?



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How do we determine those?



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The Five Critical Components of Providing External Customer Value

Reliability

The ability to provide what was promised dependably and accurately.

Cust asks-Can I depend on you to DIRTFT?

Responsiveness

The willingness to help customers and provide prompt service.

Cust asks-Can you help me, promptly?

Assurance

The knowledge and courtesy of employees, and their ability to convey trust and confidence.

Cust asks-Did I make the right choice?

Empathy

The degree of caring and individual attention provided to customers.

Cust asks-Do you understand, and care?

Tangibles

The physical facilities and equipment, and the appearance of personnel.

The Five Critical Components of Providing Internal Customer Value

Reliability

- ★ The ability to provide what was promised dependably and accurately.

Responsiveness

- ★ The willingness to help employees and provide prompt service.

Assurance

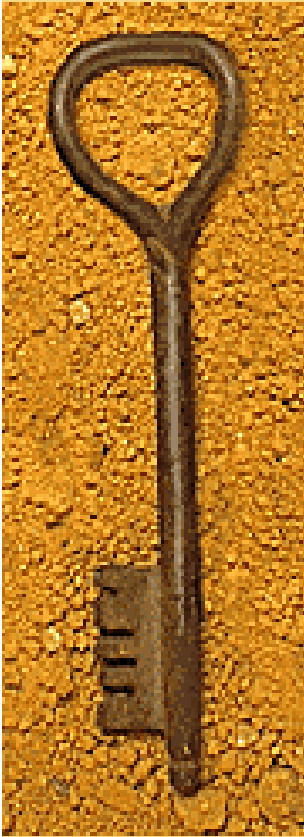
- ★ The knowledge and courtesy of management, and their ability to convey trust and confidence.

Empathy

- ★ The degree of caring and individual attention provided to employees.

Tangibles

- ★ The physical offices and facilities and the appearance of management.



*Customers are
the*



of the matter...



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Performance Standards



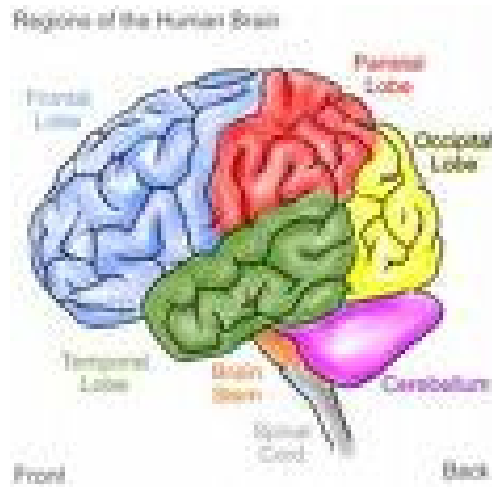
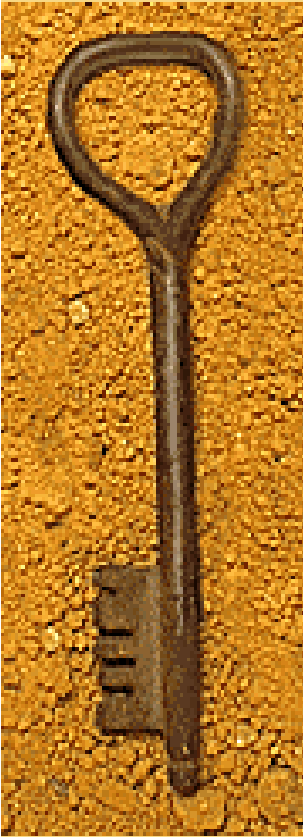
What are performance standards?

- ◆ **Written** down guidelines.
- ◆ Methods of **measuring** minimal acceptable standards.

Write down some of your standards in your co.

Why do we need them?

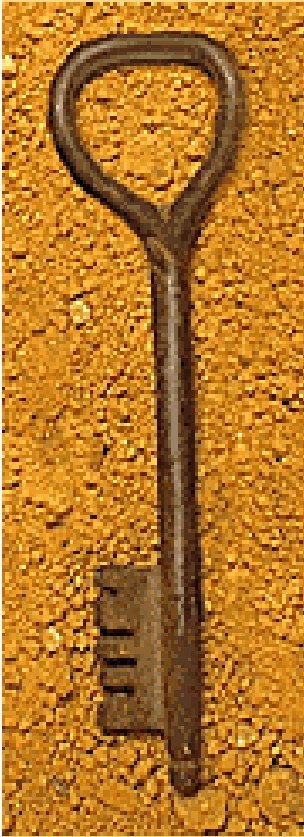
We aspire to our dominant thought.



We need to understand how this organ works. It will help you accomplish ultimate good or evil. IT doesn't care what the goal we put in front of it is.

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**Do you recall the
book you read to
your children
about the train
going up the hill?**



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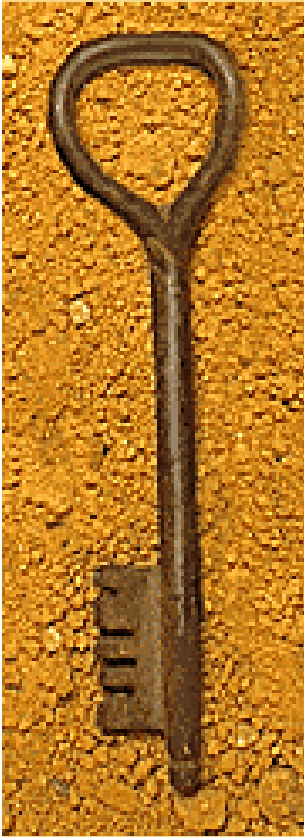


What did it say?

I'll never make it.

**What a waste of
time.**

This is dumb.



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NO!!!!!!

The train said-

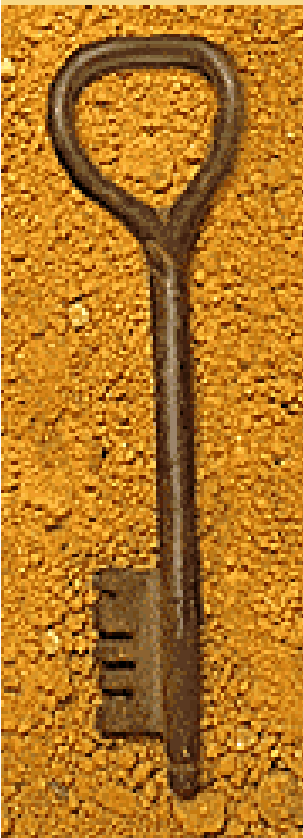
**I think I can, I think
I can, I KNOW I
can.**



**Perceive,
Believe-Achieve**

Roger Bannister

1954



Guess how many
runners broke the 4
minute mile after he
did?

WHY?

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Establishing Performance Standards

1. Determine the **customer's requirements**
2. Determine **where you are now** regarding those requirements
3. Decide **where you want to be** regarding those requirements (The "Performance Standard")
4. Define **the problems** that keep you from being where you want to be
5. **Measure** (in dollars) the size of the problems
6. **Determine solutions** to the problems
7. Set a reasonable time period for **meeting the standard**
8. **Train, train, train**
9. Make the standard **visible**
10. **Measure** progress
11. **Recognize and reward**

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Cost of Quality

Cost of Quality

The Cost of Quality =

Cost
of
Conformance
MEASURABLE

Training, Tools,
New hires,
Safety, Trucks,
Planning

+

Cost
of
Non-Conformance
MEASURABLE

Property damage,
wasted scrap, re-
designs, re-hires

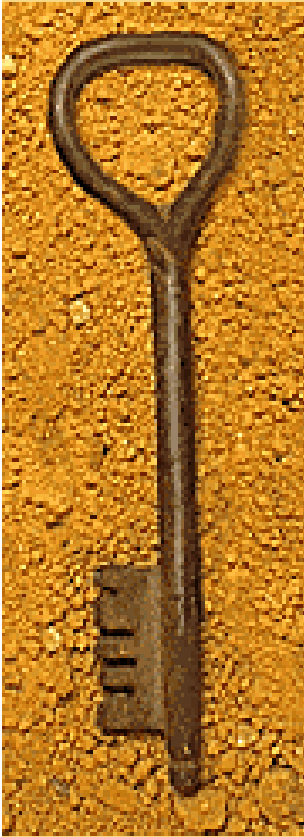
+

Cost
of
Lost Opportunities
NOT MEASURABLE

?

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Crosby states

- ◆ For every \$1 we spend in **Cost of Conformance (good)**
We save \$10 in **Cost of Non-Conformance (bad)**
And \$100 in **Cost of Lost Opportunity (ugly)**





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Prevention, Not Detection



1980

In 1980 they
embraced QUALITY.

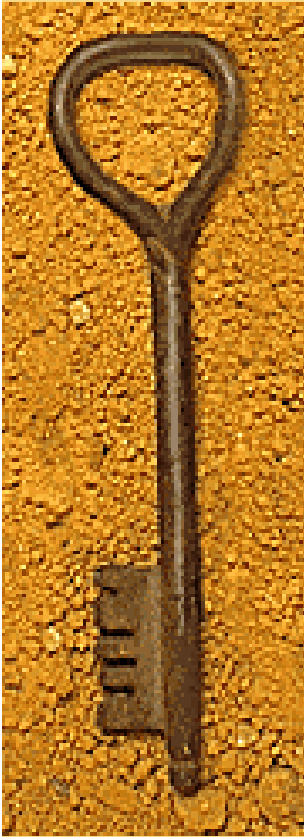
WHY?

They had more cars
recalled than they
manufactured!

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The Process of Continuous Improvement



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Training

?

Empowerment

Who

Support

How