



TenStep Supplemental Paper

10 May 2010

The Quality Paradox

When quality hurts...

Quality hurting profits? Ironically, research suggests that process management programs that delve into the quality aspect of business hamper the flow of creativity. TQM, ISO900 and Six Sigma are the three capstones of quality that have demonstrated their contribution to process management initiatives. Though nearly two decades old, their impact on innovation and corporate creativity initiatives is a matter of concern.

Process management initiatives like Six Sigma and TQM are essential for efficiency. However, the options for growth by exploring new knowledge are rather limited.

Organizations practicing process-oriented initiatives like TQM must balance the need to improve operations through high-efficiency techniques with better and newer avenues of profit making.

The drag

The drag effect of quality management on innovation is well understood in cases where product innovation gets cornered only because of a lack of appropriate measures. Even the best and most convincing innovations prove futile since most quality and process management issues stress validated and reliable systems of measurement. This concern is greater in companies where success relies heavily on product development.

A study of photography and paint industries revealed that with every process improvement certification, companies lost out on the patents. This was because the flow of new knowledge was largely restricted owing to the plethora of stringent quality mandates. For instance, in the photography industry the patents that largely relied on previously acquired knowledge got commissioned while those that relied on new and fresh knowledge got washed out.

Slowly but surely capped innovations are eroding the edge that process improvement initiatives provide. Companies with an array of process improvement initiatives tend to hit the limit of perfection in process management and begin to stagnate. Further, process improvement initiatives are easily duplicated. Hence, competitors are fast to catch up with any improvement initiative before others could capitalize on it. Thus, companies have to look at better imperatives to gain a competitive advantage.

Little wonder that innovation is the most viable and profitable imperative for corporate growth. This is especially true for large companies. For instance, one large organization is championing exploratory innovation despite its romance with Six Sigma and other quality management initiatives. As companies are getting increasingly aware of innovation and its impact on the bottom-line, their priority is fast shifting to aligning process management initiatives to drive innovation.

The photography industry is a striking example of hampered growth driven by process management initiatives. Process management initiatives in the photography industry



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played the dampener, making it slow to respond to the revolution of digital photography. The forerunners in the industry were slow to respond to the dramatic change that digital photography brought to the photography landscape.

The problem with the process management initiatives is that it focuses only on the imperatives and eliminates the other superfluous steps in a bid to improve work efficiency. However, companies need to focus more on things that may not be imperative but are definitely different from what the competitor does. Exploring and venturing into new areas of knowledge is critical to corporate success.

Innovation is thus gradually replacing process management without hurting quality. One process management champion, for instance, has initiated a program called *imagination breakthroughs* to encourage quality innovations. The program suitably rewards innovations that are workable and qualitatively feasible. The success of the program reiterates that quality and innovation can co-exist, it is not always an either-or situation.

The balancing act

Striking the right balance between quality and innovation is indeed a challenge. The task gets tougher for corporate giants who relied heavily on process management initiatives. Further, innovation is an abstract entity, rather difficult to measure - hence the reluctance to move away from a strategy like process management that is easily measured to something as abstract as innovation. In addition, the lack of an effective yardstick makes it difficult to reward innovation.

Despite the disconnect between quality processes and innovation, organizations have to establish a link that helps innovation thrive in a quality-driven environment. This does not imply that innovative people and companies do not follow process management initiatives. It only indicates that an organization with overwhelming process management initiatives stunts creativity. Creative people are rather uncomfortable in an environment with constraints on standards, procedures and processes. Similarly, people who prefer standardized norms are generally less creative.

The imbalance between innovation and process management does not suggest elimination of process management initiatives, but it definitely presents the challenge of balancing variance reduction with variance creation. Thus, process management initiatives have to be selectively applied to businesses and functions that warrant its implementation. Adopting an ambidextrous approach to managing process management and innovation is thus the best course.