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### Scaling Up to Customer Expectations

*Increased awareness levels and heightened competition have forced organizations to adopt quality tools such as QFD to enhance profitability.*

#### **Key Learnings:**

- The importance of Quality Function Deployment (QFD) in organizations is increasing rapidly, thanks to increased focus on optimization of value to the customer
- Optimization of QFD depends on the organization's ability to correctly understand the voice-of-the-customer (VOC)

In the customer-centric marketplace of today, organizations should be sure of what customers need. Since customers tend to become extremely fickle-minded with the plethora of options available, organizations should design customized products and services to meet and exceed customers' desires.

Though the expectation of organizations in the above context is well defined, it is never easy to implement. In fact, it has always been a challenge for business executives to cope with this challenge. An organization's success eventually depends on its ability to listen and aptly respond to the voice of the customer (VOC). Such a process will endow the business with a critical competitive advantage.

Organizations that utilize Six Sigma use the voice of both internal and external customer as a key component of their business strategies. In order to ensure success, Six Sigma project should be implemented only after verifying the genuineness of the VOC data and whether or not it is factual, relevant and aligned with the business objectives.

Organizations also utilize quality function deployment (QFD) to transform both spoken and unspoken customer requirements into critical business deliverables.

#### **Tilt towards the positive**

It is well known that a majority of quality tools concentrate on 'negative quality' – which puts off the customer. Contrary to such common misconstrued logic, QFD concentrates on 'positive quality', which makes a customer happy. It focuses on areas that delight the customer and improves upon them. QFD is ideal for cross-functional teams that need to concur on what is important.

#### **QFD is useful especially when:**

- An organization understands the customers' requirements but does not have the relevant internal metrics for the requirements.
- The internal processes and practices of an organization cannot satisfy the customers' needs.
- Huge funds are required for a new product or service.



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- There are various viewpoints within a business organization on how to proceed in satisfying customer requirements.
- There are equally good but competing alternatives for market segments.

### **QFD in practice for four decades**

Though the practice is getting increasingly popular now, QFD has been in vogue for almost four decades. Japanese professors Yoji Akao and Shigeru Mizuno designed the tool in the late 1960s. The primary objective initially was to devise a tool that would incorporate customer satisfaction into a product prior to being produced. A majority of other quality control techniques of those times resolved manufacturing problems only after the product is manufactured.

QFD made its maiden entry into America and Europe in 1983. American automotive manufacturers, Ford Motor Company and General Motors Corporation were among the first to use the technique. Later on, other American organizations like General Electric, IBM and AT&T adopted the tool for better commercial benefits. As of now, QFD has been successfully adopted in all types of industries and business functions with a high degree of success. To cite an example, QFD has found application in sales organizations to enhance their top line growth.

### **Implementing QFD**

Organizations desirous of implementing QFD should start by making the right choice of the team, both in terms of size and quality. The team could comprise of professionals from different functional areas. It should also include the entire necessary stakeholders imperative for the team's success. The organization should also ensure customer participation in the team. In the process, the company can judge the customer's needs and wants correctly. The QFD process is highly evolutionary and dynamic in nature. Hence, it is advisable for the organization to contemplate a change in team members as the company moves through the four different houses of the QFD process.

### **Implementing the QFD Process**

The QFD process comprises of four steps:

First House of Quality – House 1 represents the customer house. The main objective here is to transform the voice of the customer into unambiguous and clear language. An organization should gauge the metrics the customer utilized to know whether the organization's product/service(s) have fulfilled the necessary requirements. In the next phase, the company should establish its internal metrics to know whether it has satisfied the customer needs. Some of the metrics considered in the first house include:

1. Customers' requirements
2. Quantifiable characteristics of the customers' requirements
3. The association between items 1 and 2 measured in high, medium or low



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4. An intricate knowledge of how the company performs vis-à-vis its competitors (from the customers' perspective)
5. Competitive benchmarking
6. Preliminary measurement targets that will satisfy the customers' needs

Once the company has established the critical metrics outlined above, it generates a correlation between the measurable characteristics of the customers' needs and their relative strengths. On the basis of the relevant output, the company decides on the product/service enhancements that need to be effected to satisfy the customer.

Second House of Quality – House 2 represents the company's house. This house is designed during the Measure and Analyze phases. The second house is used to identify the definite action items that the company should initiate to satisfy the needs of the customer.

Third House of Quality – House 3, which is the process house, is designed in the Analyze phase. The third house is intended to establish the processes (that have data) that can be utilized to satisfy customers' requirements.

Fourth House of Quality – House 4, the process control house is designed during the control phase. The phase plays a crucial role in establishing the control variables that satisfy the customers' requirements.

It may be noted that QFD does not necessitate the construction of all four houses. Instead, heuristics come into play to determine which of the four metrics are chosen to conduct the QFD.

### **Best practices in customer satisfaction**

An organization utilizes QFD to ensure customer satisfaction throughout the business process from product/service development to delivery. It enables organizations to standardize measurement systems and performance specifications that will satisfy customer requirements. Moreover, QFD enhances an organization's competitive advantage by addressing the explicit and implicit needs of the customer.