
Module 4: Steps towards sustainable quality

Understanding quality

We often use the word "Quality" in our daily lives when we refer to different value creating offerings (products and services). Generally, we wish to experience good quality, and we do not like to be victims of poor quality. But what do we mean by good quality and poor quality? What is quality? Is quality about goodness? About excellence? About luxury? About reliability? About craftsmanship? Or is quality about the relationship between the cost or price and value?

Some definitions of quality tend to be quite production-oriented, such as "Quality is when a product is in line with specifications". Other definitions are more customer-oriented, such as "Quality is how it is defined by customers". Definitions of quality are often based on a customer-oriented view (external focus), but often they also stress the importance of arranging and performing business activities in a holistic, well-integrated and efficient way.

The **definition of quality** used in this handbook is as follows: "Quality is how your enterprise's offerings are defined by customers, employees, partners, networks and stakeholders. The concept of quality also reflects the notion that all your enterprise's business-related decisions and activities should be undertaken in economically, ecologically and socially sustainable ways for this generation, and for future generations."

The view of what is good and bad quality varies from individual to individual, and also from situation to situation. This sets a lot of demands on you as an entrepreneur when it comes to planning, managing and monitoring to repeatedly deliver offerings of good quality. A basic idea of quality is that you can have the most fantastic intentions to design value-creating offerings of high quality, but your customers are the ones with the mandate to decide whether you have succeeded or not. An illustrative example is the following: For a Friday dinner, some customers decide to select a three-star Michelin restaurant. Some others choose a great wood-oven baked pizza from a cozy nearby Italian Pizzeria, together with a locally brewed beer, as an exact Friday dinner fit. For others, a bring-home Sushi from the popular sushi restaurant close to work is considered a perfect Friday meal. And the rest choose to prepare the Friday dinner at home with organic products from their favourite local farm shop, where they are regular customers. What joins all these customers and potential customers is that they will probably select the enterprise that they expect will meet their expectations of delivering good quality, maybe based on previous experiences.

To secure that your green customers bring with them positive experiences and expectations related to your enterprise, they should be able to rely on your enterprise to deliver constantly sustainable offerings of good quality. In order to live up to such expectations, you need to run your business in a sustainable, quality- and customer-oriented way, which is also resource efficient. To do this, it could be of value for you to make sure you have created an organizational culture (values, work methods, tools) that nurture sustainable business decisions and activities of high quality, repeatedly and over time.

In this chapter, you will be introduced a little further to a few aspects of managing quality in such ways.

Designing sustainable quality

For all of your offerings you should decide what quality dimensions and quality standards to design, offer, deliver and monitor. This work must reflect a good understanding of the customers' needs, values, experiences and expectations. This work must also consider what your competitors offer (assignment in module 3), and the value of your brand in the view of your customers (module 3). Using the Customer Path tool (module 7) could be one method to get a good understanding of the customers throughout their process of coming into contact with you and of using the offerings. In addition, the methods introduced related to designing green products and services in module 5 could be used here.

It is a difficult mission to live up to every customer's individual expectations constantly and over time. A dentist may, for example, offer excellent access and availability upon booking, have a professional, emphatic and trustworthy attitude, and give seemingly reliable advice. But nevertheless, the quality of the treatments may still, in a short term or a longer-term perspective, risk to be considered as being very poor by the patient, and maybe also by other "second-opinion" dentists. Therefore, monitoring and evaluating "Customer-experienced quality" should be performed at different intervals during the service delivery process and during the customer's usage process. You should perform this from both *What and How* aspects for every quality dimension. As the model shows, **customer-perceived quality** is filtered through the customer's image of your enterprise, and it is also based on the customer's experience of the two aspects:

- **What** the customer experiences that he/she receives (Technical quality)
- **How** the customer experiences the offering to be delivered, and how it is experienced to function during the usage process (Functional quality).

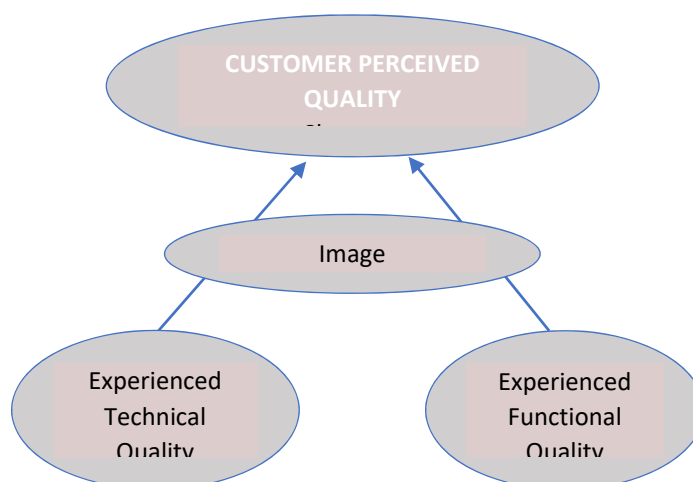


Figure1. What and How - two critical quality aspects

Another model that could be used when designing sustainable offerings of high quality, is to design relevant quality dimensions. Here below is one example of quality dimensions that could be designed by the fictive enterprise SUN, Café & Creperie. The enterprise creates sustainable value by selling and serving organic food and beverages. The process of building quality into the offerings could be to:

- Design and “package” what offerings to offer
- Define and design quality dimensions of the offerings (most of the dimensions in the example below have been identified in research as being critical in service-intensive offerings)
- Describe and set standards for every quality dimension, including WHAT and HOW aspects for each dimension
- Monitor, evaluate and improve the processes with a short- and long-term perspective.

Besides designing quality dimensions, it is important that you design value creating processes. From a process perspective, close collaboration between individuals and departments is needed in order to create continuous value and quality for customers. All business activities are performed in processes. Service is also delivered and performed in processes: Core processes (e.g. product and service design and development, production, and service delivery and performance); Support processes (e.g. purchasing, partnering, quality recovery handling and HR); Management processes (e.g. visions, strategies, culture building and daily management). All the activities and processes must be coordinated and managed as “flows”.

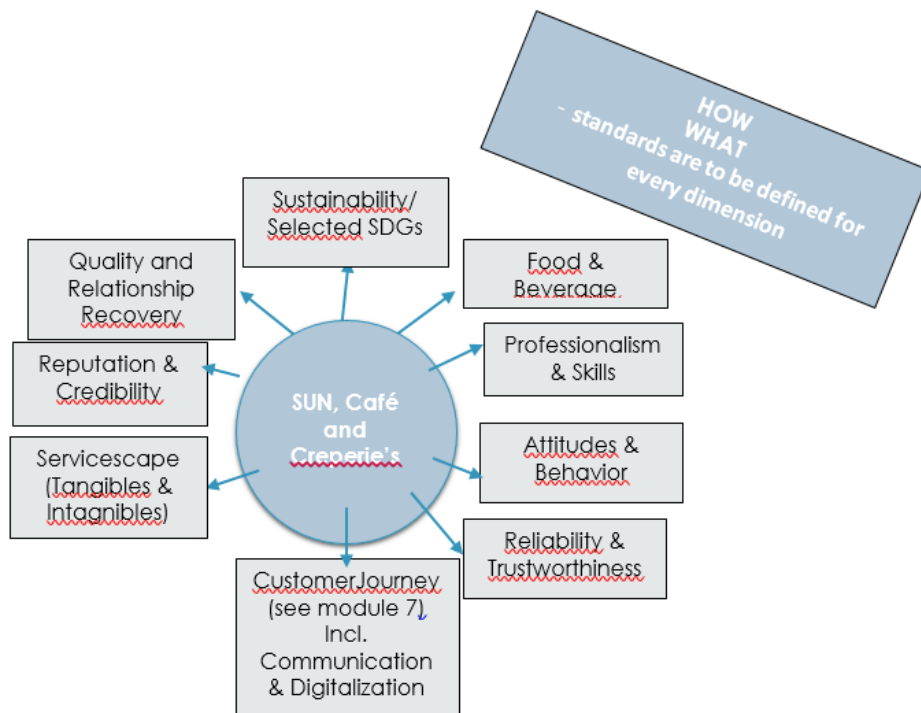


Figure 2. An example of possible quality dimension “Sun Café and Creperie”

With regard to the concept of customers, which is very important also in the context of quality, broad and sustainability-oriented definitions seem to become more common. One such a broad and inclusive way to define your enterprise's customers is: "All those for whom we want to create value, and all those who are effected by the processes, activities, products, services and offerings created by our enterprise today, and for future generations". Such a broad view of customers include people inside and outside your organization. Sometimes the concept of internal and external stakeholders is used for some of these groups or individuals, such as employees, suppliers, partners, neighbours, interest groups or students. In this module, such a broad and inclusive definition of the concept of customers is used, but the concept of stakeholders is also used.

Quality management

To help you to manage quality in your business, there are several **quality management systems** to choose from. The idea with all such management systems is to manage quality as a holistic and integrated concept, where the enterprise's culture (values, work methods and tools) is viewed holistically and integrated to attain good quality, sustainability and high value for customers, employees, partners, networks and stakeholders. The aspects that are meant to build strong quality are expressed somewhat differently in different quality management systems, but the basic idea is very similar between the models. Namely, that sustainable and value-creating quality is built on a strong focus on enterprise culture (values, work methods and tools), sustainability (e.g. with the help of the SDGs), leadership, customers, processes, employees, partners, networks, stakeholders, continuous improvement, learning and innovation, and decisions based on facts.

An example of a quality management system is the ISO 9000-series (the internationally most widely used management system for managing quality) . At national and local levels, there may be similar systems. One example is the integrated Swedish management system FR2000, which is aimed at smaller enterprises. There are also several so-called excellence systems, such as the European EFQM Excellence Model. In many countries there are similar national and local excellence models, like in Sweden, where there is the SIQ Management model. All these systems can be used as purely internal methods and tools for improving quality. If desired, they can also be combined with a third-party assessment, and/or external certification. Some of these systems arrange also annual quality award processes and ceremonies. Examples are The EFQM Excellence Award, and USK, The Swedish National Quality Award.

Different quality management systems have their advantages and disadvantages. No system is for everyone. It could be a good piece of advice to investigate what is used in your industry and among your competitors, and preferably to learn from others' experiences. Enterprises which have attained quality certifications and awards often communicate such achievements very actively in their communication and marketing as proofs of quality, excellence.

It can be noted that achieved certifications and labels related to organic, eco and environmental-friendly products and services are treated in the same way as quality management system awards and certifications. Examples of organic, eco and environmental-friendly certifications and labels are: The Nordic eco-label (the Swan), which is the Nordic countries' official eco-label for goods and services. The Swan mark is subject

to both environment and climate requirements, and the organization works on behalf of the Swedish Government for sustainable production and consumption. The EU Eco-label is Europe's counterpart to the Nordic Swan Eco-label, which is one of the world's top eco-labels. The Green Key is an international eco-label for the hospitality facilities. KRAV is a key certification player in the Swedish organic food market. It regulates food production and related services, as to the sustainability aspects of economy, ecology and social needs. KRAV also concerns organic food imported to Sweden.

Steps towards sustainable quality in micro-enterprises

Research and experiences recommend micro-enterprises to create and implement a quality management system. However, the availability of quality management systems, which are adopted for the needs of micro-enterprises, is poor. In Sweden the model Språngbrädan (The Springboard) has been developed with small enterprises in mind. The model is based on the more established Hörnstensmodellen (The Cornerstone Model) (Bergman & Klevsjö). The Cornerstone Model is modified and used for the assignment of this handbook module (figure 3).

As stated above, the idea of a quality management system is to manage quality as a holistic and integrated concept, where the enterprise's culture (values, work methods and tools) are integrated and combined to attain high, sustainable quality and value creation for customers, employees, partners, networks and other stakeholders. The cornerstone components, central for the efforts of managing your micro-enterprise from a quality management perspective, are: Culture (Values, Work Methods, Tools); Processes, Offerings and Sustainability; Stakeholders, Partners and Networks; Improving, Learning, Innovating and Fact-Based Decisions; Employees; Leadership for Sustainable Quality and Value Creation (figure 3).

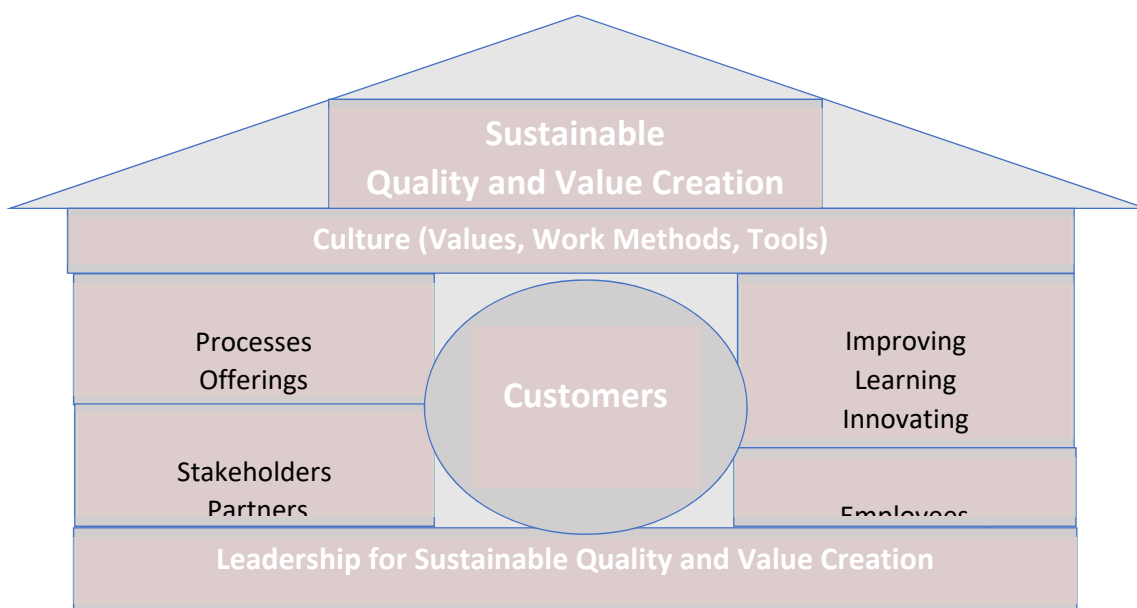


Figure 3. Modified Cornerstone Model for Sustainable Quality Management in green micro-enterprises

From a quality perspective, you need to work in a systematic way to improve continuously the quality of your business activities. Further, from a quality perspective, it is only when you become aware of how you do something that you can improve what is being done. Here below is presented a self-evaluation process for working with the quality system management model and its quality cornerstones (figure 3) in your enterprise.

1. **Plan** how to arrange the quality self-evaluation (Why? What and How? - including Priorities. Who should participate? When? Where?)
2. **Describe** the present situation of the different cornerstones:
 - a. What values, working methods and tools, and how do you use them regarding...?
 - b. To what extent are the chosen values, working methods and tools applied? (E.g. Fully systematically/Fully integrated; Partly systematically/Partly integrated; Not systematically at all/ Not integrated at all)
 - c. What results are achieved regarding.....?
 - d. How do you evaluate, monitor, learn from and improve what you do regarding.....?
3. **Analyze** the present situation. (Identify strengths, weaknesses and improvement possibilities.)
4. **Make a strategy and action plan** with clear priorities, based on the analysis above. (Why? What and How? - including Priorities. Who should participate? When? Where?)
5. **Integrate** the strategy and action plan in the overall business planning and activities. (Here in the NB Canvas, and/or as an enclosure to the NB Canvas, see module 1) .

One commonly used method to work with quality improvement as a substitute, and often alongside with third party certifications, is "self-evaluation". One definition of self-evaluation is that it is a systematic evaluation of an organization's activities and results based on a selected quality management model, for example, The NatureBizz Green Micro-Business Model for Sustainable Quality. Self-evaluation of one's quality work and results can be performed in the following quality self-evaluation process, here related with the above figure 3.

Assignment



The assignment consists of making a self-evaluation, an analysis and planning of your business activities from a sustainable quality management perspective. The main framework for the assignment is figure 3, Modified Cornerstone Model for Sustainable Quality Management in green micro-sized enterprises.

1. Plan

How could you plan a self-evaluation of your present ways of managing quality in your business? Make realistic and smart priorities and consider the following issues when planning:

- Why? or Why Not? make a self-evaluation
- What could be done?
- Who would be involved - and how?
- When should it be done?
- Where should it be done?

2. Describe the present situation when it comes to cornerstone components of the sustainable quality management system of your enterprise as follows:

Industry norms and usage when it comes to management systems and certifications (quality and/or environment)

What quality management systems and certifications are used by your enterprise?

What quality management systems and certifications are used in your industry and by your competitors?

Mission, Vision, Purpose

What are the mission, vision, purpose and value creation of your enterprise?

(Retrieve from modules 1 and 3)

What are the mission, vision, purpose and value creation of your competitors?

(Retrieve from module 3)

Culture (values, working methods, tools)

What characterizes your enterprise when it comes to culture?

(values, working methods, tools)

Offerings (products & services) and Processes creating Value

Map the offerings (products & services) offered and delivered by your enterprise.

Map the main value creating processes (core, management, support) of your enterprise.

Leadership

Map the leadership structure of your enterprise. (Retrieve from modules 1, 2 and 3)

What characterizes the leadership?

How are leaders involved in quality management (improvement, learning, innovation)?

Employees

Map the employee structure of your enterprise.

What characterizes the employees?

How are the employees involved in quality management (improvement, learning, innovation)?

Customers

Map the customers (external, internal, today, in the future) of your enterprise. (Retrieve from modules 1, 2 and 3)

What characterizes the customers?

How are customers involved in quality management (improvement, learning, innovation)?

Partners, networks, stakeholders

Map the partners, networks and stakeholders of your enterprise.

(Retrieve from modules 1, 2 and 3)

What characterizes the partners, networks and stakeholders?

How are partners, networks and stakeholders involved in quality management (improvement, learning, innovation)?

Innovation, learning, continuous improvement

How does your enterprise work when it comes to innovation, learning and continuous improvement?

Basing decisions on facts

How does your enterprise work when it comes to basing decisions on facts?

Contributing to sustainability, in line with the SDGs

How does your enterprise work when it comes to contributing to sustainability in line with the Agenda 2030 Model and the Triple Bottom Line Model (ecological, economic and social sustainability)?

Results

How does your enterprise work when it comes to gathering information, monitoring and learning, improving and innovating, or when it comes to undertaking measures to improve the results regarding: Customers, Employees, Partners, Networks, Stakeholders, Innovation, Improvements, Learning and Sustainability (Finances & Economy, Ecology, Social Sustainability, SDGs)?

3. Analyze responses of description of present situation

Identify the strengths, weaknesses and improvement possibilities related to the described quality cornerstone components above.

4. Prepare strategy and action plan with clear priorities based on analysis here above

Create the strategy and action plan based on the information and responses you have completed so far in this assignment. Make realistic and smart priorities and consider the following issues when selecting activities and measures:

- Why? or Why Not?
- What? How?
- Who? When?
- Where?

Finally, revise your business model!