

# Improving the Quality Function: Driving Organizational Impact & Efficiency

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## STUDY BACKGROUND

Quality organizations are constantly pressed to deliver low costs and high performance in the face of increasing regulations. To achieve their goals, quality executives are therefore continuously seeking ways to improve their organizational structure and processes.

This research highlights how leading companies manage the challenge of successfully configuring their Quality. Based on in-depth interviews and surveys of executives at 38 companies, the research examines organizational models, management structures, risk management and measurement methods, value communication tactics and performance measurement tools.

### Benchmarking Report at-a-Glance

#### Sample Featured Organizations

- 3M
- Bank of America
- DuPont
- General Mills
- H.J. Heinz Company
- Kohler Co.
- Kraft Foods, Inc.
- Medtronic
- Sun Microsystems, Inc.
- The Coca-Cola Company

#### Industry Analysis

This exchange was designed to conduct a cross-industry benchmarking of how leading companies organize and manage their Quality function for optimal performance and use it as a fundamental driver of business success.

#### Information Types

- 96 Metrics
- 46 Data Graphics
- 12 Information Graphics

#### Report Length

- 87 pages

## STUDY SUMMARY

### **Improving the Quality Function: Driving Organizational Impact & Efficiency (POP-219)**

highlights how leading organizations manage their Quality function to deliver optimal performance, impact and efficiency by examining areas such as: organizational structure, spend & staffing, risk measurement & management, organizational impact, value & performance.

In addition to examining effective tactics in key areas such as risk management & measurement, research highlights key decision-making metrics such as:

- Level of outsourcing by organizational model
- Effectiveness of organizational models
- Quality investment mix
- Quality FTEs per 1000 company FTEs
- Spend by number of products/manufacturing sites
- Corporate & Non-corporate Quality span of control
- Risk management & Site audit responsibility allocation
- Vendor and site audit frequency
- Quality cost savings
- Benchmark class usage of quality tools and methods such as Six Sigma

## KEY FINDINGS

The following are select key high-level findings from the executive presentation. The full presentation contains more detailed findings.

1. Overall, hybrid models received the highest effectiveness rating by survey respondents. Due to their multi-layered nature, decentralized and mixed models are less effective for rapid decision-making and cross-divisional resource sharing. Mixed models are also less effective in optimizing span of control. However, Hybrid and Mixed models are most effective in decreasing overall consumer risk and avoiding regulatory fines/citations.
2. Companies in the top quartile for staffing level performance have fewer than 14 Quality FTEs per 1000 company FTEs.
3. Increasingly, Critical to Quality measures are becoming an important link in driving the quality and risk management guidelines. The best companies implement a proactive – rather than reactive – approach to risk management.

4. On average, benchmarked companies use at least 3 tools/methods. Those companies that use >3 tools average 100% organizational model effectiveness for decreasing overall consumer risk and 93% effectiveness in avoiding regulatory fines/citations.

## REPORT STRUCTURE AND ORGANIZATION

This executive presentation is organized into the following sections:

**Introduction** – This section provides study objective and key topic areas.

**Key Findings** —This section summarizes the key insights that emerged from this study.

**Benchmark Class Profile**—This section provides detailed information on benchmark class industries, company profiles, product responsibility and general organization.

**Organization Structure, Spend & Staffing** – This data profiles metrics specific to companies' quality programs, including staffing allocation, and organizational effectiveness of models used.

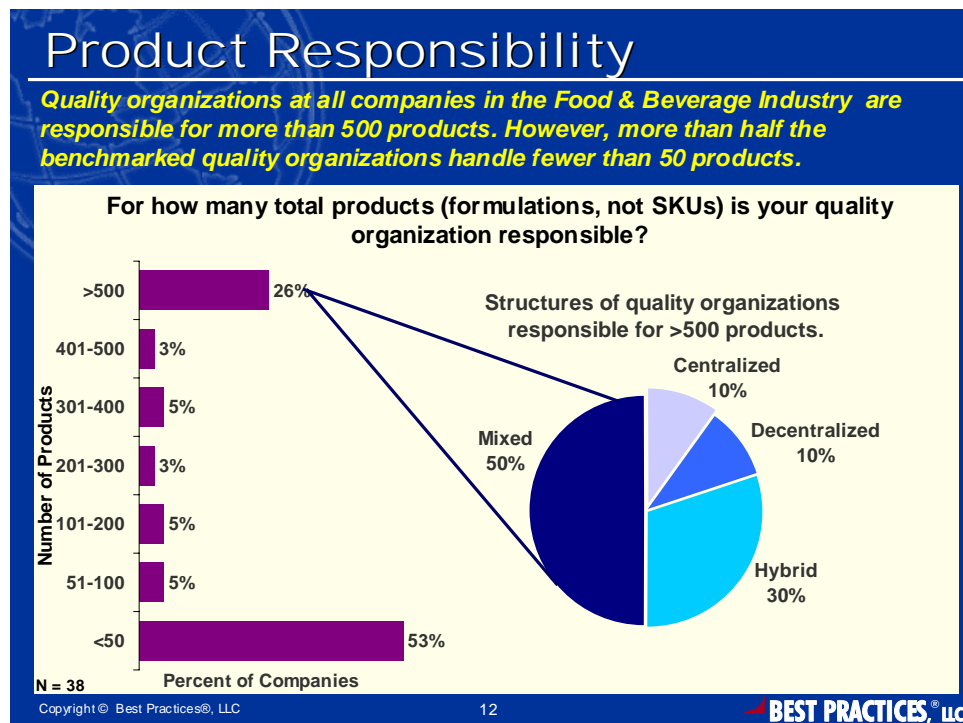
**Risk Management and Measurement** –This section focuses on the responsibility for risk management, amount of product recalls and failures the benchmark class has witnessed, and the processes involved in successful site audits.

**Organizational Impact, Value and Performance** – In this section, tools and methods used in quality programs are uncovered, as well as ROI and Performance Measurement techniques used by the benchmark class.

**Lessons Learned** – In this section, executives share their top lessons learned and pitfalls encountered in quality function management.

## SAMPLE SLIDES

1. Quantitative Data: The following slide provides an example of quantitative data in the study and is reflective of the type of segmentation visible throughout the full presentation. Specifically, this slide profiles benchmark class by total products managed, with a spotlight on the types of structures most popular among organizations responsible for >500 products. The slide reflects the overall structure trend: hybrid and mixed models are most popular among the benchmark class.



2. Qualitative Data: The following slide is an example of qualitative data present in this study. This slide presents an example of how those companies that do not formal quality initiatives in place drive process improvement. The full study also details ROI and impact of quality tools such as Six Sigma.

## Process Improvement Case Study

*When applied correctly, root cause analysis can be a powerful tool to identify areas of process improvement. However, as in the case of most successful quality initiatives, this tool is at its most effective when the involved parties are well-trained.*


### Case Study

**Market Problems:** Identifying opportunities for risk management process excellence and improvement.

**Solution:** Employment of Quality tools and tactics such as Root Cause Analysis.

**Example:** One company has a cross-functional team to assess underlying process issues. During a forum, the team discovered that the cost of remediation was dependent on a product component. This led to the discovery that the qualification of suppliers was not as robust as it needed to be. Factors examined included: % of remediation attributed to unspecified qualifications, difference in review of supplier and data, review of supplier capability to consistently maintain the standard.

**Lesson Learned:** After further investigation, the team found this problem to be a recurring phenomenon and is consequently working to tighten its supplier certification requirements. Through effective root cause analysis, the team was able to identify and leverage a significant process improvement opportunity.

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Best Practices, LLC  
6350 Quadrangle Drive  
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