

Alex Douglas

World-wide there are approximately 137.000 new businesses launched every day. Unfortunately this is offset by some 120.000 business terminations each day. In the European Union (EU), for any given year the start-up and termination rates of enterprises tend to be around 10% of the number of active enterprises. The one year survival rate for enterprises created in 2011 was 83% whilst the five year survival rate for enterprises started in 2007 and still active in 2012 was 45% (European Commission Statistics, 2014). Survival and sustainability are major issues.

Small to medium sized enterprises (SMEs) play a dominant role in many EU countries. In 2012, almost 99,8% of companies across the EU were designated as SMEs. These companies provide jobs for between 52% (UK) and 80% (Italy) of all employees and many countries depend on them for economic growth. Therefore boosting the survival rates and increasing the sustainability of these and other enterprises would have a positive impact on productivity and employment. However, healthy, quality oriented companies create innovation in their service and products and this is detrimental to those companies that fail to innovate and hence lose their competitiveness and are eventually forced out of business. So how can firms avoid losing their competitiveness and achieve sustainability?

A sustainable business, organisation or enterprise is one that is maintainable over time - a long-term success story. In order for this to happen an organisation must first achieve, and then maintain, superior competitive performance. This does not happen by accident. An organisation must seek to continually improve over the long haul. To stagnate is to perish. Today's world class performance is tomorrow's third rate performance. This is where Total Quality Management (TQM) can help. TQM is not about certification or compliance to standards. These are about doing things right - efficiency. TQM is about doing the right things right - efficiency and effectiveness. Sustainability cannot be achieved by doing the wrong things right.

TQM can contribute to improvements in customer satisfaction and business performance because it is based on a constant drive for continuous improvement. But how does this happen? The relationship can best be described as a "cause and effect" one. The effect or outcome is sustained business performance and customer satisfaction and the process by which this is achieved or "cause" is TQM. It is much like the EFQM Excellence Model criteria where organisational performance (the results) are caused by *inter alia*, having the right leadership, strategy, people, products and processes (the enablers).

In order to attain organisational performance that will lead to sustainability both the "hard" or technical dimension of TQM and the "soft" or cultural dimension of TQM must be equally addressed. Both contribute to this continuous improvement ethos.

Unfortunately western managers find it easier to manage and implement the “hard” dimension of TQM and so tend to focus on measures, targets and techniques with only “lip service” being paid to the “soft” dimension. This had led to sub-optimisation of both TQM and organisation performance that endangers organisational sustainability. The “soft” dimension of TQM encourages teamwork and a participative management style that empowers all employees.

Without this organisations will be unable to harness the skills, knowledge and brainpower of their employees and it is this that will ultimately make an organisation as competitive as possible with its overarching goal to be the best in the business. Without this competitive advantage there can be no sustainability.

People matter because quality goods and services are delivered by people, for people to people. There is a body of research that has proven that satisfied employees deliver satisfied customers. Well trained employees are more able to do the job right first time than untrained employees. Motivated employees give superior performance to unmotivated employees. A TQM culture must be created that empowers staff so they will continually look for ways of doing the job better – it is the person or people doing the job that are best placed to know when processes are going wrong as well as suggesting ways to improve those processes, and in some cases the product, to the benefit of both the organisation and its customers. All of this requires the total commitment of senior management.

Today Japanese companies such as Bridgestone and Komatso talk about Dantotsu. It is the latest development in TQM’s evolution. It has no equivalent English translation but roughly means “better than the best” or “number one thinking”.

This thinking is driving Japanese companies to try and be the number one, not just as a company in their industry sector, but for every single product they make. Dantotsu when describing products means “unrivalled” products, in other words superior to the products of competitors. It is this superiority of products that will maintain their competitive advantage. Komatsu, the Japanese manufacturer of construction and mining equipment started its dantotsu strategy in 2003 and of the, approximately, 150 products it makes it claims that 87% are ranked either number one or number two globally.

They are delivering innovative products that customers want today but they are also trying to anticipate their customers’ future needs as well. It is such innovative thinking regarding customers’ future product needs that will sustain the company’s competitive position over the long term.

In summary, sustainability is a big issue for many companies and impacts many economies world-wide.

Sustainability of businesses is a win-win-win situation. The company wins, the employees win and the country (economy) wins. It is businesses that create the wealth of nations. This sustainability can only be achieved by continually improving and maintaining competitiveness.

TQM can drive continuous improvement but only if the “hard” and “soft” dimensions are equally addressed. It is the “soft” dimension that

will allow organisations to utilise their people to the full extent and harness their expertise and creativity. Creating innovative goods and services that customers want is a sure way to sustainability.

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TQM and Sustainability

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