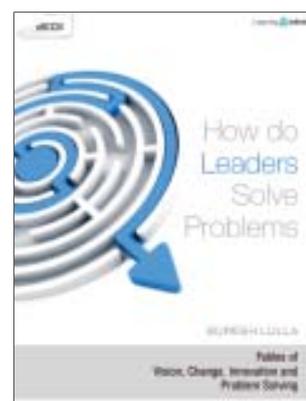


BOOK EXCERPT

Title : How do Leaders Solve Problems: Fables of Vision, Change, Innovation and Problem Solving
Authors : Suresh Lulla
Publisher : Athena Education Initiatives Pvt. Ltd., (2013)
Pages : 23



"Return on Investment in Quality Improvement is among the highest available to leaders." - Dr. J. M. Juran

FEATURES AND FAILURES

Multinational Banks are known to invest in excellent infrastructure and executives. The lowest designation for a new campus recruit two decades ago, in India, was nothing less than Vice President. Salaries matched the designation. The self esteem of these freshly recruited students was always at a zenith. They were the prize catch for the most popular campus recruiters - multinational banks.

I was invited by a multinational bank in South Mumbai, the financial capital of India, to experience excellence. An autopsy of sorts. Yes, this branch of the bank had marble flooring, piped music, art that only a successful bank could afford personal computers at every desk, and more. **Perfect!**

The head of the branch took me around to meet with several of his executives. I will focus on one 200 square feet section that was partitioned with a three feet high wall. This section seated four executives, in the four corners, facing the partition wall. All four in pin striped suits. Each of the four was very busy working on his dedicated personal computer.

Conversation: The Qualitist and the Banker

Qualitist: What is the activity of this section?

Banker: They print the monthly statements of the account holders.

Qualitist: Oh, they manufacture monthly statements.

Banker:???

Qualitist: What is the failure rate of the monthly statements?

Banker: Can't you see, it's all computerised?

Qualitist: Oh. I see. Do any customers come back for reconciliation?"

Banker: Hardly any

Qualitist: How many?

Banker: Perhaps 1 in 200!

Qualitist: Ah, ha! That's a 0.5% failure rate! So what's the cost of the failure?

Banker: Minimal!

Qualitist: Let's find out.

The branch head and I invested a half-day finding out what work the four executives actually did. As it turned out, one needed the equivalent of two persons to do 99.5% of the work right the first time and the equivalent of another two to correct 0.5% failures!

So what is the Cost Of Poor Quality (COPQ) of this section? It's 50% of the budget for that department plus the equivalent of marble flooring, piped music, and art.

The bank heard the alarm. They commenced their pilot projects by working on COPQ for the auto loan process in South India.

LESSONS

" COPQ is alive and well in every service process.

" A low failure rate can disguise a high COPQ.

" COPQ is an opportunity.

" Problems for pilot projects should have high visibility.

" Quality has two arms: product / service features and freedom from deficiencies.

(Suresh Lulla founded India's first dedicated Quality Management consulting firm, Qimpro Consultants, in 1987. Since its inception Qimpro, has helped save Rs. 175 billion (or Rs. 17,500 crores) for organisations across industries.)

Note: This ebook is free for download and personal use only. All illustrations, images, etc. belong to and are a copyright of Athena Education Initiatives Pvt. Ltd.