

Beverage World

TQM: Not just a better product

BY LAWRENCE R. LEVIN

Management gurus have been pointing to the concept of Total Quality Management (TQM) as the beacon for profitable, successful businesses in the '90s. Other industries believe TQM is the answer to bringing their recession-weary firms out of the doldrums. Yet beverage companies have been slow to even explore the concept.

TQM is a way of thinking designed to motivate businesses to achieve superior performance in the marketplace and—in thus differentiating themselves—achieve profitability and future opportunity. TQM places a new emphasis on quality rather than quantity in which a business organization views the pursuit of quality as a key business strategy, a critical means for achieving competitive advantage.

For the beverage industry, this way of thinking is far more than asking if the product tastes good or is healthy. It is a management method that takes into account how suppliers relate to the company's total goals and needs; how the company determines and implements its strategic and operating goals; and how it serves its customers.

A bottling company is not just selling a drink for resale. Rather, it must know its customers' sales goals and plans, their methods for distributing the product and their internal mode of processing information. Indeed, the bottler also is "selling" a service to its customers that includes marketing, order processing, billing assistance and the like.

Inspiring the customer

An essential element of TQM is to redefine the concept of quality in terms of customer needs. Two criteria must be met: The beverage company's product and service should not only meet the customer's needs but also should ensure customer satisfaction; that is, be free from problems that will create dissatisfaction.

You may sell the best-tasting product in the world, but if your method of invoicing or in-store service fails to satisfy the supermarket, the dissatisfaction created will lead to many missed opportunities. You want the customer to feel "positive"—not just "neutral"—about your product and your company. Just satisfying your customer is not enough. Instead, truly quality products and services should inspire your customer to push your products.

The store manager and personnel who go out of their way to see that your shelves are restocked, neatly displayed and that adequate inventory is kept to meet consumer demand are the edge that brings success. These little features all add up to increased sales and profits and only come when a beverage company recognizes that positive relations are essential at every level and point of interface in the customer relationship.

It is not just the physical product; it is the state of mind



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of each person who deals with that product in any way at the customer level that counts. For a beverage company, TQM is the realization that it must redefine the meaning of "quality product"—and have a system by which to do this and implement the results.

TQM is not a static concept. Because customers' needs and expectations change constantly, the drive for quality never ends. Beverage companies that have adopted this approach make wide use of continuing customer surveys—a key step in anticipating their customers' needs. Internally, they have initiated substantial projects to train and acquire information to assist people within the organization to be sensitive to the needs of those who depend upon them—in other words, their "internal customers" and those who they depend upon—their "internal suppliers."

Commitment from the top

To successfully implement TQM, the process must start at the top. The corporation's heart and resources must be committed to the ongoing improvement of products and services. Innovation must be encouraged and rewarded. Top management must create a corporate climate that values excellence, leadership, teamwork and—through these disciplines—customer satisfaction.

Accurate information on internal performance and customer needs is critical to setting the basic mission of the program. Effective team members should be recruited from all levels of the organization to participate in determining goals and objectives, targeting particular projects that need attention.

All managers and employees should understand both the reasons for the TQM process and the methods necessary to implement it. Eventually, the company will want to have unit lead teams, each with its own mission statement and a clear list of responsibilities. It should be an ongoing, evolving process that empowers the individual to make a difference as part of a team effort.

Thomas H. Berry, a leading expert on TQM, has estimated that most companies waste 20 percent to 25 percent of sales revenues on problems related to poor quality. Others have estimated the loss as high as 40 percent. The belief that TQM can produce substantial savings is why this concept warrants increased attention in the beverage industry. Once beverage companies realize that their product is not just the fluid the ultimate purchaser consumes—but the manufacturing, packaging, marketing, distribution and every aspect of the final product—they can address the real issue of the '90s: quality.

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