Summary of Key Points and Terminology - Module 2

- Quality management had its roots in manufacturing during the 1980s; soon after, service providers, health care, education, nonprofit, and government organizations began to study and implement quality management approaches.

- A **system** is a set of functions or activities within an organization that work together for the aim of the organization. **Systems thinking** is critical in applying quality principles because the organizational linkages among various functions of an organization must be in alignment to meet the needs of customers and other stakeholders.

- Quality in manufacturing has traditionally focused on such technical issues as reliability, inspection, defect measurement, and process control. Quality plays an important role in each component of a manufacturing firm's production and business-support systems. All are linked together as a system of processes that support the organization's objectives.

- **Service** – which is "any primary or complementary activity that does not directly product a physical product – that is, the non-goods part of the transaction between buyer (customer) and seller (provider)"represents the dominant sector of the U.S. economy today. The differences between services and manufacturing require different approaches in designing and implementing quality assurance programs. The two key components of service quality are employees and information technology.

- The health care industry has faced considerable pressure from both the government and consumers to improve quality. Many organizations are involved in quality-related oversight and promotion of quality principles. While many efforts are underway, considerable work remains for the industry as a whole. Many professional organizations, such as JCAHO, NCQA and IHI, are dedicated to improving the quality of health care.

- Educational institutions are increasingly adopting quality management approaches. Significant results have been achieved by many K-12 school districts and institutions of higher education. Efforts by professional organizations, such

as the American Society for Quality and its Koalaty Kid program can help foster interest, but success rests on active involvement of the entire community, committed leadership, a system for continuous improvement, and an environment that celebrates success.

- The **Academic Quality Improvement Project (AQIP)** is focused on encouraging colleges and universities to engage in quality practices and provides and alternative to traditional accreditation. It focuses on application of TQ principles to educational institutions to better understand their key processes, track performance, and understand students and other stakeholders; involves faculty more directly in the improvement process; and provides concrete feedback to enable institutions to raise performance levels.

- Small businesses and nonprofits have been slow to adopt quality initiatives. This is due in part to a lack of understanding of what needs to be done and how to do it, as well as a lack of resources. Nevertheless, many successful small businesses and nonprofits have shown that quality initiatives can be successfully accomplished.

- The federal government, as well as state and local agencies, have also been active promoting and improving quality in their operations. The President's Quality Award and state programs help promote quality among government agencies.