

This is a very well written paper. It focuses on one topic, Quality, within operations management. It could have had an Introduction and a Summary paragraph. Also, I found the figures reversed. The bibliography was something that I did not expect to see, but it was a very proper section to include. Another helpful hint is to include sub-headings, such as Introduction, Quality at ABC, Quality at Dealerships, Quality in Manufacturing, etc. Both spelling and grammar are excellent. You might also notice page numbers.

A COMMITMENT TO QUALITY

OPERATIONS MANAGEMENT
MBA670

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Over forty years ago, ABC, Incorporated became a pioneer in the tire industry by introducing a cold “precured” process of retreading tires. In 1957, Mr. Roy Lund obtained the North American rights to the tire retreading process from Mr. Berhard Zimmer in Germany. The company began with five employees and one manufacturing facility to produce and sell retreading materials to their first franchisee. Today, ABC distributes its products, equipment, and services through an alliance of over 1100 franchises and dealers both nationally and internationally. The success of the company is due in large part to its commitment to quality.

ABC, Inc. embraced quality early in its existence as a company and continued to enhance its products and equipment as it passed through many stages during the last several decades. Possibly one of the most innovative ways that ABC embraced quality was to adopt and integrate the theory of Dr. W. Edwards Deming. He coined the world-recognized *Fourteen Points for Quality Management*. Dr. Deming became a famous expert in quality management through both teaching and writing. He taught in Japan following World War II and became well known there for his contributions to quality. His familiarity in America came later after the Japanese surged ahead in the electronics and automobile industries. Dr. Deming’s philosophy of management was that if organizations adopted quality and continual improvement as a system and not as individual parts, they could increase quality and at the same time reduce costs by having less waste and rework, decreased staffing turnover and less litigation. By doing this, a company could increase its customer loyalty. His belief that “Quality Is a Way of Life” is detailed in the fourteen points:

- Constancy of Purpose
- Adopt New Philosophy
- Cease Dependence on Inspection to Achieve Quality
- Develop Long-Term Relationships
- Improve Constantly
- Institutionalize On-The-Job-Training
- Institute Leadership
- Drive Out Fear From the Organization
- Break Down Barriers
- Eliminate Exhortations and Slogans
- Eliminate Work Standards
- Eliminate Management by Objective
- Enhance Work Attitude
- Abolish Annual or Merit Rating
- Institute the Concept of a Learning Organization
- Responsibility and Accountability

Although ABC has always been committed to quality by its hiring of top quality people and through its production of a quality product, the commitment took another large step several months ago when it introduced the ABC Quality Management System (“QMS”). The QMS program is a quality management system for ABC’s franchisees. The program is registered to ISO 9001:2000 standards.

The QMS program may have been created in part as a response to the Transportation Recall Enhancement Accountability and Documentation (“TREAD”) Act.

The Tread Act is legislation that was passed in November of 2000. The act was a direct consequence of previously held Congressional hearings regarding the safety of Firestone tires and other related matters. The TREAD Act among other things, mandates reporting by vehicle and equipment manufacturers to the National Highway Traffic Safety Administration ("NHTSA") on a periodic basis. The purpose of the reporting is to detect potential tire problems and alert NHTSA to foreign safety recalls or other safety campaigns.

In preparation for potential future regulation in the tire industry, ABC became proactive by designing a quality program for its dealers. The quality program lays out a systematic approach in business operations by giving dealers the ability to maintain consistent processes, keep quality manuals, and document their work procedures and measurements. These factors can be tracked and confirmed through an auditing process, which in total make up ISO 9001-2000.

ISO represents the International Standard Organization, which is responsible for coordinating and publishing ISO 9000-2000, ISO 14001 and other international standards. The standards are revised every five years. ISO 9000:2000 was published in December 2000. It builds on the merits of its predecessor, ISO 9000, which is a generic name given to the original standards developed to outline a plan and document a quality management system. ISO 9000:2000 has more flexibility and is easier for organizations to adopt and use. The major difference between ISO 9000 and ISO 9000:2000 is a change in direction from procedure to process activities. This allows organizations to more directly align business objectives with business effectiveness.

A quality management system is important because it establishes a quality policy with objectives and a means to achieve the objectives. Employees understand what is expected of them and their tasks are performed with consistency regardless of who is performing them. Increased awareness of quality and the reduction of production costs resulting from rework due to poor quality are other aspects of an implemented quality management system.

ABC's QMS program outlines eight principles, which define the operation of a successful retread shop. The principles are as follows:

1. Customer focus
2. Leadership
3. Involvement of people
4. Process approach
5. System approach to management
6. Continual improvement
7. Factual approach to decision making
8. Mutually beneficial supplier relationship

There are many positive reasons why a ABC dealer would want to apply for ISO Registration but the main reasons are to obtain a competitive advantage and meet the demand for quality from customers. Other benefits of the QMS system are better overall performance of the production operation resulting in lower scrap and rework rates, dealer distinction, improved product quality, focus on customer satisfaction and continual improvement, clarification of roles and responsibilities, simplified training

of new employees, cost reduction, improved communication business-wide, and enhanced documentation. Overall, these benefits can lead to increased financial security for both the dealer and its employees.

ABC provides complete guidance throughout the ISO Registration process once a dealer decides to begin the process. As the franchisor, ABC will train the dealer's employees and monitor the QMS program as if it owned the certificate of registration. They will maintain the system files, audit the system for compliance, collect and analyze data, and coordinate the certification process with the ISO registrar.

There are four levels of documentation necessary for registration. They are the quality manual, the procedure manual, work instructions, and QMS records. ABC assists the dealer in all of these phases in both format and content. The company also offers the Dealer a complete implementation and training package. This saves approximately seven to nine months of effort for the dealer if they were to create the package for themselves.

If a dealer decides to proceed with the ISO Registration process, they must sign a participation agreement which requires the dealer to attend implementation training put on by ABC at the dealer's facility. Through the training and certification the Dealer selects a QMS Coordinator and an Internal Auditor. These two people are key to the success of the quality program. They will typically spend ten to twelve hours per month maintaining the system and performing the required duties of the QMS coordinator and the internal auditor positions. The Internal Auditor will conduct a Manufacturing Excellence Program ("MEP") review on a monthly basis. This review compares the dealer's manufactured product to the ABC product specifications.

Sometime between three and four months after the program is implemented, ABC or an ISO Registrar will perform an on-site audit to insure compliance for the certification process. If the auditor finds any nonconformance issues, the dealer is mandated to correct them within thirty days. Assuming all necessary reporting, documentation, and auditing is completed as prescribed, the ISO certification is usually granted seven to nine months after the program is implemented. Once a dealer is granted the quality certification it must continue to make progress in improving the system and pass all the periodic audits conducted by the corporate auditor from ABC as well as the ISO registrar's auditor. If the quality system is not maintained or if nonconformances are not corrected within an allotted time frame the ISO Certificate will be removed from the dealer.

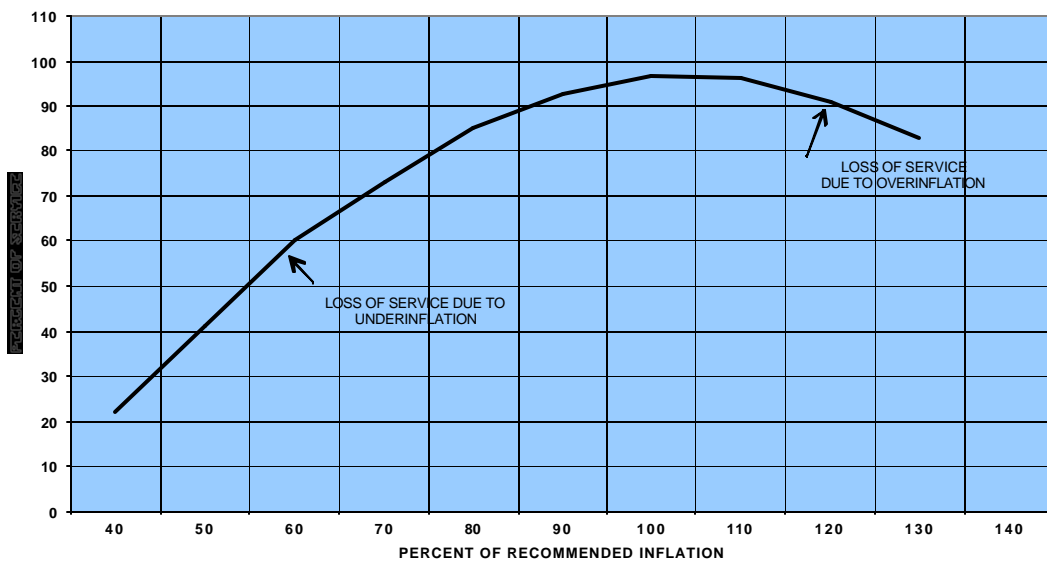
Fees are charged to the dealer for implementation, certification, and annual ongoing maintenance for ISO Certification. The Implementation Fee covers materials and four days of ABC training on-site and set up at the dealer location. The Certification Fee includes one follow-up audit by ABC and a registrar audit which is based on a sampling of new dealer certifications. The Annual Fee is charged to cover the annual registration fee, a random audit by ABC, which is conducted at least once every three years, and a registrar audit based on sampling of ABC certified dealers.

In addition to the QMS program for dealers, ABC has developed a quality program for their manufacturing plants and some departments within the company. Both programs are ISO 9001:2000 compliant but they are different in scope and the quality guidelines vary somewhat.

The QMS for ABC manufacturing plants in North America applies to the mold manufacturing process, tire tread products and other support processes. Currently all ABC international manufacturing locations in Brazil, South Africa, Australia, Europe and Mexico are ISO 9001:2000 certified. ABC plants in Europe and Australia are registered to the ISO 14000 Environmental Management Standard. In South America, ABC is developing a dealer ISO program modeled after the North American dealer program. Recently, a group of ten dealers in Brazil obtained ISO 9001-2000 certification and another sixteen dealers are projected to receive the certification by the end of 2003.

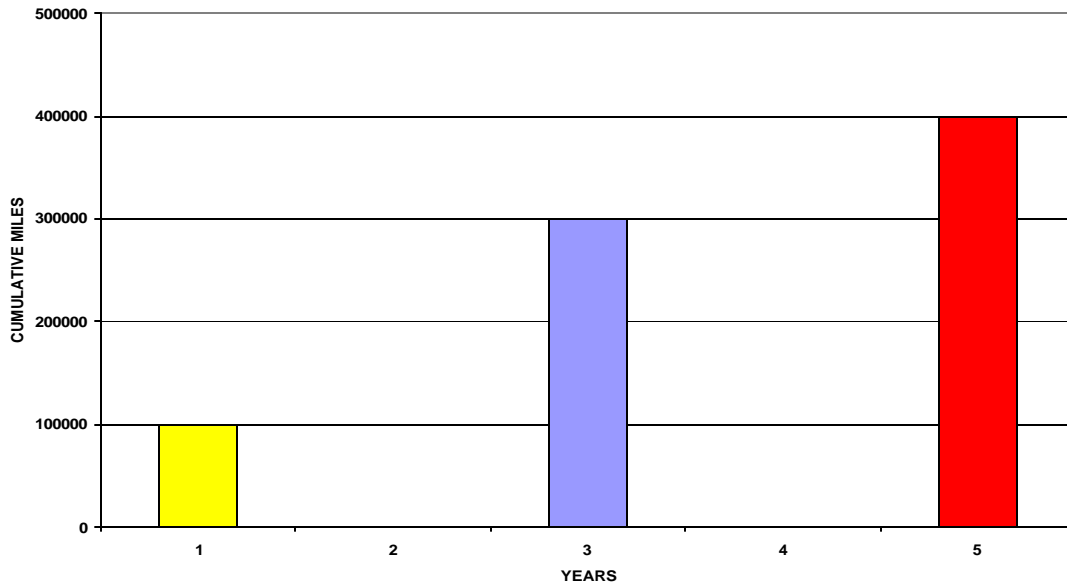
The graph below demonstrates how new tires that are later retreaded and then put into a simple rotation program of changing the wheel positions of the tires periodically, can reduce costs to a truck fleet by gaining more mileages from the tire casings of new tires. When the original tread wears off a new tire, the tire casing remains useable. The casing makes up approximately eighty percent (80%) of the value of a new tire.

EFFECT OF INFLATION ON TIRE SERVICE



The inflation level of tires is directly connected to the performance and life of a tire. Either underinflation or overinflation can negatively affect the life and performance of a tire. The graph shown below depicts the importance of properly inflated tires. All ABC dealers have considerable training and expertise in the proper inflation of tires. By integrating quality in their day-to-day business operations, they can assure the customer that their service is superior to that of the competition.

REDUCTION OF LIFE CYCLE COSTS FOR TIRES IN FLEETS



ABC has taken the initiative of ISO compliance as a company wide quality enhancement because of the added value it brings to its customers through the standardization of its products and services. Ultimately, it will prove to be a major part of ABC's endeavor to succeed in the marketplace.

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