

## What is Quality?: Definitions

### Description

It is not easy to agree on what is meant by “quality” because quality can have different meanings to different people. You will find a dozen definitions in a dictionary. However, there are only two of those that are important to managers, and they relate to the effect of quality on the economics of the organization.

One definition of quality relates to “product features.” The Rolls Royce is a classic example of providing many (and sumptuous) product features, e.g., matching burl walnut veneers; footrests; cigar *and* cigarette lighters; fold-down tea tables; and a tradition of service that treats the owners like royalty. Product features can have a major effect on revenue because higher quality can result in the ability to charge premium pricing.

The second definition of quality means “freedom from deficiencies,” i.e., fewer things go wrong. The basic import car is a good example of this definition of quality, e.g., few, if any, repairs; a finish that does not rust; hassle-free service visits; little need for car maintenance, etc. Freedom from deficiencies has a major impact on reducing our costs because higher quality in this case means no scrap or rework, fewer warranty claims, and fewer customer complaints.

### Learning Points

Quality has two definitions: product features and freedom from deficiencies. Both definitions are valid, yet they are quite different from each other; together, they are essential in delighting customers.

Dissatisfaction arises among customers when there are deficiencies in the goods and services they obtain. Satisfaction and dissatisfaction are not simply opposite directions along a single continuum. Adding more product features will not erase the dissatisfaction with the deficiencies. Preventing product failures is as important as building in desired features, but when failures occur, handling customer complaints effectively is critical to reducing customer dissatisfaction.

Quality in product features improves an organization’s revenue because higher quality improves our ability to charge a premium price for our product. Reduced deficiencies lower an organization’s costs by reducing the number of repairs, warranty claims, rework, etc. Together, improved revenue and lower costs can have a positive impact on the organization’s financial performance. Studies have shown that product quality is the single most important determinant of both market share and profitability.

Delighted customers are satisfied with the features provided, attracted by the innovative approaches to their needs, and not dissatisfied with deficiencies.

### Discussion Questions

**Question:** What is the effect of customer dissatisfaction on salability?

**Answer:** Responses will include:

- potential decrease of sales
- negative affect on customer loyalty (repeat business)
- stunted growth (dissatisfied customers tell other customers or potential customers)

**Question:** What product examples do you know of in your own work where the product is loaded with features, such as in our Rolls Royce example?

**Answer:** Responses will vary. Probe: How desirable do customers find these products?

**Question:** What product examples do you know of in your own work where the product is defect-free, but may lack product features?

**Answer:** Responses will vary. Probe: How desirable do customers find these products?

**Question:** Do you have products in your organization or work that are both feature-rich *and* defect-free?

**Answer:** Responses will vary. Probe: How desirable do customers find these products?

**Question:** Too often, organizations will try to compensate for product deficiencies by adding extra features. What examples do you have from your own work where efforts to satisfy customer needs were made by adding more features backfired (since the product had deficiencies that had not been eliminated)?

**Answer:** Responses will vary but will include such themes as 1) no amount of added product features will compensate for the customer dissatisfaction caused by a product that is not defect-free, and 2) the added features were expensive for the organization but charging a premium price was not possible due to customers' dissatisfaction with product defects.

**Question:** How does your organization handle cases of customer dissatisfaction?

**Answer:** Responses to customer dissatisfaction can be very expensive:

- replacement of the product with a new product
- service repairs
- offering another, yet different, product or service to compensate
- Money-back guarantee honored
- free (dinner, plane ticket, training program, etc.)