ASQ Research: More Organizations View Quality as Strategic Asset, Competitive Differentiator

Measuring the financial impact of quality still a challenge for organizations, says Global State of Quality

Milwaukee, Wis. (PRWEB) July 15, 2016 -- While more organizations in 2016 view quality as a strategic asset and competitive differentiator when compared with 2013, the majority of organizations don’t know or don’t measure the financial impact of quality, according to a new report by ASQ — the leading global authority on quality in all fields, organizations and industries.

According to the Global State of Quality 2 Research: Discoveries 2016 report, 36 percent of survey respondents said their organization views quality as a strategic asset and competitive differentiator, up from 22 percent in the inaugural Global State of Quality Research of 2013.

The increase in organizations viewing quality as a competitive differentiator and strategic asset is a positive shift from organizations that simply view quality as a compliance, or check-the-box activity. In 2016, 14 percent of survey participants said their organizations view quality as simply a compliance activity, compared with 22 percent in 2013.

The ASQ Global State of Quality 2 Research examines the state of quality and continuous improvement worldwide, providing organizations with insights into gaps and opportunities. The latest research expands upon the 2013 research, which provided the first-ever view of quality and continuous improvement on a global scale.

New to the 2016 research is the addition of a world-class profile that allows organizations to benchmark their quality and continuous improvement programs against other high-performing quality organizations. ASQ and its research partner, APQC, analyzed responses from nearly 1,700 participants worldwide, identifying world-class organizations that possessed the strongest end-to-end quality practices. The research also offers 10 steps organizations can take to advance toward world-class quality.

According to the research:
• One hundred percent of world-class organizations increased investment in quality over the last three years, compared with 54 percent of nonworld-class organizations.
• Ninety-three percent of world-class organizations’ most visible metrics center on performance against customer needs, compared with 34 percent of nonworld-class organizations.
• World-class organizations have half the rate of quality setbacks, like recalls, product defects etc., than nonworld-class organizations.
• Ninety-six percent see quality as a strategic asset and competitive differentiator — triple the nonworld-class rate.

As more organizations transition their quality function from a compliance activity to a strategic asset and competitive differentiator, more companies rely on quality departments to drive profitability through innovation, new product development and a focus on customer experience.

According to the research, 39 percent of nonworld-class organizations use quality to drive innovation, compared with 75 percent of world-class companies. Furthermore, 43 percent of nonworld-class organizations
use quality to drive new product development, and 63 percent of nonworld-class companies use quality to drive customers focus.

But while organizations use quality to drive innovation, new product development, customer experience and more, few measure the financial impact of quality. According to the report, 60 percent of all respondents say they don’t know or don’t measure the financial impact of quality.

Beth Cudney, associate professor at Missouri University of Science and Technology, said the intangible aspects — like lost market share or company reputation due to poor quality — are difficult to measure.

“Capturing (the cost of those intangibles) and truly putting a financial number to that is still so difficult, and no one’s doing that well,” Cudney said. “There needs to be more work in that area to find a better way to capture that number so companies have a good estimate.”

The report suggests the lack of measuring the financial impact of quality could be a result of a common method. It also suggests an organization’s culture may discourage tracking remediation costs because it might call unwanted attention to recalls, product defects and more.

For more information about the Global State of Quality 2 Research or to download Discoveries 2016 or the accompanying Spotlight Reports on big data, KPIs and supply chain and innovation, visit

globalstateofquality.org.

About ASQ
ASQ is a global community of people dedicated to quality who share the ideas and tools that make our world work better. With millions of individual and organizational members of the community in 150 countries, ASQ has the reputation and reach to bring together the diverse quality champions who are transforming the world’s corporations, organizations and communities to meet tomorrow’s critical challenges. Celebrating 70 years in 2016, ASQ, with its world headquarters in Milwaukee, Wis., USA, operates regional centers in the U.S. and Canada, North Asia, South Asia, Latin America and Middle East and Africa. Learn more about ASQ’s members, mission, technologies and training at

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