

# Ryanair and ge total quality management (tqm)

[Environment](#), [Air](#)



## **Quality Management : History and Purpose**

All businesses are concerned with quality, usually because they have come to understand that high quality can give a significant competitive advantage.

[2] Good quality products and services reduce the costs of rework, waste, complaints and returns and, most importantly, generate satisfied customers.

[1] It is noticed that quality is considered as one of the most important factor as a competitive tool.

Total Quality Management (TQM) that became popular with all types of business in the late 1970s and 1980s has its roots in earlier work by several management thinkers. Feigenbaum popularized the term ' total quality management' in 1957. After that it was developed through the work of several ' quality gurus' including Deming, Juran, Ishikawa, Taguchi and Crosby. TQM can be viewed as a logical extension of the way in which quality-related practice has progressed. [2]

Originally quality was achieved by inspection - screening out defects before customers noticed them. Then the ' quality control' (QC) concept developed a more systematic approach to not only detecting but also solving quality problems. ' Quality assurance' (QA) widened the responsibility for quality to include functions other than direct operations, such as Human Resources, Accounting and Marketing[2]. Quality management has also made increasing use of advanced statistical quality techniques since 1980's through Six Sigma process input-output improvement to deliver quality. Some organisations such as Ryanair, Toyota etc. suggests and favour TQM as an outstanding turn around strategy where as some organisations such as GE,

GM, Honeywell etc. has attained success through laying down Six Sigma in all its functional chains and processes and they firmly believe and live Six Sigma.

## **Executive Summary**

This report follows my conclusions and understanding from readings and abstract from various reliable sources mentioned in the headers, footers and the dedicated referencing part of the report. The report introduces us to the quality approaches followed by Ryanair and GE who are from different industry having different orientations. The report also suggests why Ryanair has tag on TQM and how innovations, changes in business environment and competitiveness are affected and later it is critically discussed that improvement is necessary in Ryanair's quality management to compete. Since the fashionable peak of TQM and Six Sigma, in general there has been some decline in its status, yet, many of its ideas included in this report, have become accepted quality practice. [2]

## **Reflection in the Report:**

My perception before I started my studies and research into this subject matter, the Quality, was that " the quality is found only in the expensive and branded products and that the Quality Control is the out put focused single method of quality management." My tutor, Mr. Sotunde, the guide to Operations and Process Management by Slack N. and co authors, various readings from Quality and Business magazines have clarified me the concept of quality and how it can be managed effectively.

Firstly, I learnt that the quality is a value in product and/or service and it can be established by the customers' expectations that are to be matched with the actual product and/or service. Secondly, quality cannot be measured with price alone as price is the major factor of companies' strategy to exploit or to compete in the market and it is the financial factor to affect the profitability. But, quality can be found in low price products or services as well such as in Value for Money goods and services or it is found as a value that a company can deliver in its product or services for a justifiable price.

I learnt that the quality function is not limited to the out put but it can be practised through out the organisation in to all its processes to produce or provide goods and services of the consistent quality as per the expectations of the customers. As it has to be practised universally it is the responsibility of all and the value of the quality should be understood and communicated within and outside the organisation for example to the suppliers and distributors.

Additionally, there are varieties of approaches to the Quality that are practised by different organisations. Though having similar functions, organisations in the same industry or in direct competition, it is seen that two different organisations follow different quality management approach and both are successful in terms of the quality goods and services it produce or provide.

Establishing quality standards and following/meeting them sincerely is not enough for the organisations to stay longer on the edge because they could be copied or imitated by our competitors or new entrants or customers'

quality expectation might change. So, it is very much essential for organisations that they make every effort to improve their quality aspect. I have also learnt that the quality approach developed within the organisation such as TQM by Toyota and formalised Six Sigma by Motorola are difficult to be copied exactly overnight and if concepts adopted completely than too one can't beat them in their own game because they are constantly improving their functions and process to excel the customers perceptions, keeping them always a step ahead. It is also seen that quality standards are formalised by organisations such as ISO and ISI and organisations help each other by affiliations such as EFQM to improve the quality aspects in production or provision of goods and services.

### **RYANAIR:[3]**

Ryanair, currently, Europe's original and still largest low-fare, no frills airline with workforce of over 5, 000 employees, around fleet of 250 aircrafts including new Boeing 737-800 aircrafts provide services to around 12m passengers every year to over 1, 100 low-fare routes across 26 European countries.

According to the CEO, Michael O' Leary, ' Our customer service is about the most well defined in the world. We guarantee to give you the lowest air fare. You get a safe flight. You get a normally on-time flight. That's the package. We don't, and won't, give you anything more. Are we going to say sorry for our lack of customer service? Absolutely not. If a plane is cancelled, will we put you up in a hotel overnight? Absolutely not. If a plane is delayed, will we give you a voucher for a restaurant? Absolutely not.'

[The other key information about Ryanair Ltd., please refer to Appendix 1]

## **GE: [9]**

GE is a diversified infrastructure, finance and media company taking on the world's toughest challenges. From aircraft engines and power generation to financial services, medical imaging, and television programming, GE operates in more than 100 countries and employs more than 300, 000 people worldwide. Their businesses fuel the global economy and improve people's lives. Their global research team with more than 2, 500 researchers working towards the next breakthrough, GE is positioned to continually innovate, invent and reinvent.

General Electric (GE) says that its commitment to quality is based on the ideas of globalization and instant access to information, and products and services that continue to change the way its customers conduct business.

Their quality mission statement reads, in part, " Today's competitive environment leaves no room for error. We must meet our customers' needs and relentlessly look for new ways to exceed their expectations."

## **Ryanair v/s GE**

### **Quality Philosophy and approach:**

For both Ryanair and GE, quality means the consistent conformance to customers' expectations by laying down the concepts of service quality, process management, quality assertion and quality perfection, but, their approach to quality management is quite different.

## **Ryanair and TQM:**

Ryanair offers value for money, point-to-point air travel and aims nothing close to luxurious service. Quality provision at Ryanair is intended from their point of view giving adequate consideration to the expectations and perceptions of their targeted segment for the fare it is offering and it is seen that Ryanair is delivering these expectations by its on time journeys, passenger and baggage safety, good appearance and attitude of crews, the way it meets the industry challenges and resolves the service failures. Since 1997, it has adopted and living the total quality management to deliver its quality objectives through its Lowest Fares and Passenger Service Charter. [6] The up to date highlights (non-exhaustive, for complete list please follow Appendix 1) from this charter stating their significant commitments are:

- To offer the lowest fares at all time on all routes.
- To notify passengers of known delays, cancellations and diversions.
- To allow reservation changes.
- To respond quickly to passenger complaints and provide prompt refunds.
- To take measures to speed up check-in.

The success and growth that Ryanair is currently enjoying is due to providing the best value for money service as right first time in all its functions from booking the ticket to the baggage handling. It is universally understood within the organisation that little extra effort will bring big results and these efforts do not require a huge investment in training. The Ryanair control its functions and processes through its industry benchmarking and setting its own internal quality standards. It uses Servicemail and other performance <https://assignbuster.com/ryanair-and-ge-total-quality-management-tqm/>

statistics to evaluate their position in their highly competitive aviation industry.

### **GE and Six Sigma:**

Most of the GE business segments are involved in large scale manufacturing activities at a greater extent. In 1988 with a program called Work-Out, GE started focusing on quality issues that has helped them to open its corporate culture to established ideas from any quarter regarding quality management that later created an environment that eventually led to Six Sigma. Work-Out was used to identify and eliminate unneeded processes and tasks by development teams from multiple departments to find a solution to a problem. Now, Six Sigma is embedding quality thinking into every level of operation around the globe. These uses statistical tools and systems to monitor and control processes and functions to have outputs close to zero defects.

The three key elements that GE focuses to their quality initiatives are customers, processes and employees. Everything the company does in its quest for world-class quality focuses on these three essential elements. Customers are at the centre of GE universe and they define quality by their expectations of performance, reliability and other factors. To attain the level of quality that their customers require, GE conducts what it calls “ Outside-In Thinking”.

Outside-In Thinking calls on GE to look at its business from its customers’ perspective. “ By understanding the transaction lifecycle from the customer’s needs and processes, we can discover what they are seeing and



feeling. With this knowledge, we can identify areas where we can add significant value or improvement from their perspective," GE's quality statement reads.

The employees are a key to the quality approach and at GE, quality is embedded as the responsibility of every employee. Keeping this in mind, all GE employees are provided training in the strategy, statistical tools and techniques of Six Sigma Quality. Variety of training courses are offered at different levels including basic awareness to Six Sigma; basic tool introduction to equip employees to participate on Six Sigma teams; Master Black Belt, Black Belt and Green Belt Training for leader managers; and Design for Six Sigma training.

### **Summing-up:**

Both, Ryanair and GE are trying to deliver exceeding quality products and services to both their internal and external customers, clearly understanding that quality is a consistent versatile activity having both quantitative and non-quantitative attributes such as re-visiting customer? Yes/No. They have emphasised and communicated throughout the organisation that quality is the responsibility of every individual and through these responsibility they ensures that all processes, inputs and outputs, maintain and produce consistent confirmative level of quality products and services.

### **Is TQM really good for Ryanair?**

Ryanair's business strategy is based upon the product orientation for its air travel and quality strategy as the customer orientation. Ryanair is constantly trying to keep its costs as low as possible to transfer benefits of cost savings

to it's passenger in the form of low fares. The common misconception is that the quality comes for price. Critically, it can be argued that quality can be delivered for the low price service as well, rather again to say simply, "Quality in Price".

In these past 25 years, Ryanair has well balanced the expectations and perceptions by introducing revolutionary and innovative ways of providing low fare air travel. Keeping its target market in centre, they have defined and communicated the quality of their services in their own terms. Ryanair's customers know what they will get and their job is to deliver these expectations at its best by managing each and every, direct and indirect processes that are related to the passengers which are later judged by passenger's experience. Ryanair's approach to its quality management as different from other successful organisations such as GE has serious implications on its innovations, changing business environment and competition.

### **Innovations in Ryanair:**

Putting an innovative thought into quick action is the core competence of Ryanair. Most of the Ryanair innovative ideas have brought the revolution in the way people perceived travelling by air. For many successful companies such as GE, innovations has cost them fortune and these costs were recovered from customers in the higher prices, but, for Ryanair innovations were implementing a simple ideas bringing additional revenues that in turn benefiting customers in lowest price tickets.

Firstly, with its turn around strategy of mid 1990s, Ryanair, apart from no frills has introduced no class, single model air crafts. These fleets of hundreds of aircrafts were ordered often and bought at a heavy discount. The overhead cost of training and cleaning were brought down to nominal because of these standardised aircrafts. The focus and resources were diverted to introduce new routes, increasing customer base and harnessing quality factors in its provision of services.

From 2000 and onwards it started using the e-commerce tools and websites for online booking, check-in and informing customers about the special offers on its tickets. Ryanair was first to advertise third parties advertisement on its boarding pass and flights. The customer service were improved by introduction of web application, Bing, that updates air fares directly to its customer's computer and by implementing a Servicemail, a point of contact and response for customers. Servicemail is then extended to collect data regarding customer choices, preferences, trend analysis and measuring KPIs.

### **In future:**

The fare charged by Ryanair reflects the price of travelling from point A to B. It offers other ancillary services such as in flight meals, drinks, baggage costs etc. at a charge for those who want it. The lasting visionary CEO, O'Leary has a vision that in coming years travel by Ryanair will be free and all its revenue will be streamed by providing ancillary services, third party advertisements, holidays, insurance, hotels and connections bookings sold through Ryanair website.

**Change:**

TQM approach adopted by Ryanair is a flexible approach to a change in external circumstances as it has to just focus 'do new thing at its best but at lower cost'.

**Customers:**

Ryanair is a focused cost leader and open to customer fatigue so it has to understand that in the long run it has to move along with the taste of the customer that might be affected by pressure groups, regulators, EU and other regional governments. Currently, Ryanair is managed by an aggressive approach to capture market and in future it might require strategic rethinking, but, its approach to quality can stay the same to entice and satisfy passengers.

[Please refer to Number 1 Customer Services Statistics in the Appendix 4][8]

**Suppliers:**

The advantage to Ryanair is that within UK and Europe, each major region of the countries has more than one airport, which can accommodate Ryanair at competitive rates on landing and handling fees, leaving Ryanair with the upper hand. The traffic at these secondary airports is low increasing the quality level of airport handling services and on-time departures enjoyed by the passengers. The other suppliers are caterers, maintenance and repair contractors. It is natural that Ryanair must be managing its suppliers' relationship through service level agreements with a backed hefty compensation for the breach of service term(s).

## **EU and Local Governments:**

The growth of the Ryanair rooted due to EU's deregulation of the aviation industry. EU court decision can negatively impact upon the way Ryanair is functioning. For instance, Ryanair was forced to refund against its non-refund policy for flight cancellations due to Icelandic volcanic eruptions and was charged 3m Euros by Italian Government for not helping passengers after its flight cancellations. To stay in business and avoid fines Ryanair has to comply with such unavoidable regulations but it could not impair its quality approach as others too have to comply.

## **Quality and Competitiveness:**

Of course, quality products and services are the competitive advantage and Ryanair keenly has laid down this aspect into it air flights and routes. The key to success of Ryanair is implementing different marketing strategies over a period of time to survive the cut throat competition in the aviation industry. Ryanair is recognised as the most punctual flight from Dublin to London and Ryanair is top rated against its close competitors such as EasyJet, Virgin and British Airways.

" People made it possible" statement is true for Ryanair because the success of Ryanair is behind its crew members as they are in the direct contact with the passengers. Ryanair has not spent much on the training but is paying modestly to its crew and this has encouraged them to behave as pleasantly as possible on the flights.

There are concerns raised from some unsatisfied customers and dissident that the ancillary services provided by Ryanair are priced high and are of

poor quality. Ryanair should deal with this issue as early as possible as the success of total quality management lies upon delivering quality in all aspects of its activities. Despite all cutting corners to save on ticket prices, more and more people are flying

Ryanair, which, in the end, might be the ultimate validation of O'Leary's assessment of what travellers really want and how Ryanair is delivering it.

[Please refer to the Appendix 3: The Customer Feedbacks][7]

However, TQM is not the end in itself. Ryanair should continuously strive upon improving its quality standards that can help them to further reduce costs, increase revenues, reduce risks and improve the way it helps handle complaints and dissatisfied passengers.

## **Improving Quality in Ryanair**

The ultimate aim of operations and process management is the performance improvement and Ryanair should consider this as an ultimate objective to improve its quality objectives of on time flights, speed, ancillary services and dependability. Despite of all efforts to manage its quality, Ryanair is seen and blamed that it sacrifices the quality in pursuit of minimising costs and that it fails to align the interests of its passenger's well. These issues could be addressed by setting the minimum performance standards and outperforming them, as well said, ' promise little and deliver above expectations'. One way Ryanair could win its goal to become world's biggest and cheapest airliner is by aligning all its functions within the organisations to commit to quality levels and agreeing the quality deliverables with its

contractors. 'Kaizen' aka Continuous Improvement if adopted could blend well with the current TQM approach followed by Ryanair, however, this could affect the innovations, change and current competitive position in a favourable manner. Kaizen involves focus on small but never ending improvements that will become part of normal culture for all operations.

### **Innovations:**

We are aware that since 1997 Ryanair's passenger base is growing at a tremendous 20% average every year and it still has an appetite for growth and market to expand. It has become increasingly important that Ryanair addresses the improvement issue in its quality management to satisfy this increased demand, number of new routes, destinations and growth prospects with Kaizen. Ryanair could extend or assign the responsibility towards quality improvement to the regional processes owners affecting passengers' quality perception. These processes owners would identify the performance gaps and recommend actions to fulfil them by innovative actions or contribute ideas for further analysis. A close contact is required with the crew members who will bring them the stories or experience they had with customers and how they overcame the demands or problems of different customers.

We have Servicemail as a point of customer contacts and correspondences, but, we may need a system for internal communications that could be called a Central Information System (CIS). Through CIS every crew teams, employees and contractors as a lean system, directly submit key ideas, stories, experience to their respective process owner, who in turn filter the

messages and re-post it that shall be compulsorily viewed, shared, commented and recommended upon by all regional process owners for further analysis that may involve the PDCA cycle or DMAIC cycle approach.

This simple CIS should not cost much as it could be readily available or produced upon demand by the tendering process. Assuming that majority of them are computer literate and CIS very user friendly will require bare minimum costs for informing or training. The most contributing team or processes should be measured with process excellence index aka EPI and rewarded on quarterly basis.

The other direct and simple approach for improvement is to circulate a postcard size blank form on flight with two columns to list down by passenger's - good about and dissatisfied about travelling with Ryanair. The employees should be encouraged to identify and forward negative feedbacks only using CIS with a confidence and surety that they will not be judged in any case against negative feedbacks and that the forms will be used for general improvement of quality standards as a whole.

### **Change and Competitiveness:**

The improved quality means increased revenue and profits due to increased turnover. The Kaizen approach in low cost EU and UK Airline service segment will identify, distinguish and advantage Ryanair from its competitors.

If, Ryanair act now and fully implement Kaizen by December 2011 then they could become a cost-cum-service leader, a fully innovative airliner, with the cheapest fares simply covering quality cost of travel and chargeable ancillary



quality efficient services with a minimum premium for those who want them. This development will help Ryanair to become a world's popular brand and will advantage Ryanair in 2012 when the number of international passengers will increase more than double due to London Olympics.

In many instances Ryanair was criticised by the regulators and competitors for not giving any or enough quality in passengers' safety and ancillary services. Now, with Kaizen all will be reversed and Ryanair will be considered as the industry leader setting the industry landmarks for benchmarking.

Ryanair has publicly announced that by 2014 it will enter the long haul destinations market and this will require them for a parallel strategic thinking as this segment will bring new challenges in terms of quality management. These routes are proposed to be separately managed, perhaps with most traditional form of flights and some compulsory on board services which will require Ryanair to establish new service standards. There is a scope of success in this segment if it can effectively extend and use of then well functioning Servicemail, CIS and other critical success factors such as brand, price and well established quality standards using Kaizen.

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