

# IB Business Management – Operations Management

## 5.3 Lean Production and Quality Management: Exam Question



IB Business Management: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

### 5.3 LEAN PRODUCTION AND QUALITY MANAGEMENT: EXAM PRACTICE QUESTION

Read the case study information below and answer the questions that follow.

#### QUALITY ASSURANCE AT THE HAIRDRESSERS



The Kuala Lumpur branch of FatBoyTrims had placed last of all the company's branches for satisfaction. The number of complaints received at head office about this branch and the quality of its haircutting and styling services had been much greater than for any other location. Revenue had fallen in recent months and the number of repeat customers had fallen to 15% of total custom. A competing business nearby, that charged at least 30% more, was always full. As a consequence, this branch of FatBoyTrims had spent

more on advertising for new business than any other. The revenue per customer was also low as high-value services – such as colouring and tinting – were avoided by customers. A new manager had just been appointed to the branch and she immediately set about establishing a **quality assurance** approach to improve customer satisfaction. She immediately implemented a total quality management philosophy and processes to achieve certain quality standards. A **quality circle** was introduced and quality targets for each stage of the customer experience based on industry **benchmarking** were established. These included:

- Maximum time for a phone to ring
- Maximum waiting time for appointment time
- Maximum time between hair wash and cutting
- All customers to be offered refreshments

# IB Business Management – Operations Management

## 5.3 Lean Production and Quality Management: Exam Question

- Minimum time spent by stylists with each customer
- Feedback forms to be filled in by 20% of clients and stylists responsible for each client to discuss answers with client.

It is now everyone's responsibility to ensure that these targets are met in an attempt to achieve **continuous improvement** in the hairdressers. A record had to be kept of the branch's success at meeting these targets. At first, branch costs increased as an additional staff member had to be recruited to help meet the quality standards. After two months, the number of repeat clients had reached 36% and the branch reduced its advertising expenditure. After four months, revenue had climbed by 38% and the branch had reached third place in the company league table for customer satisfaction. The competing branch had reduced many prices by 15%.

Source: [www.BusinessManagementIB.com](http://www.BusinessManagementIB.com)

### QUESTIONS: 25 MARKS, 45 MINUTES

1. Define the following terms:
  - i. Quality assurance
  - ii. Quality control

**[4 marks]**
2. Analyse the benefits to this hairdressers of improving the quality of their service.

**[7 marks]**
3. Distinguish between quality circles and benchmarking.

**[4 marks]**
4. Discuss the problems the new manager at FatBoyTrims might have had when trying to implement the total quality management system she has set.

**[10 marks]**