

Quality Performance As Business Strategy in Licensing

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1990s sees an era of revolution with Quality as driving force; understanding and implementing business strategy success

The 1990s will go down in business history as an era of revolution, not evolution. The driving revolutionary force is none other than Quality. Those who believe, understand, and utilize this force will not only survive but prosper.

We're all agents of change; agents of change created by the service we provide. Some of you provide a service within your own organization while others provide a service to other organizations but we all provide that service, i.e. technology transfer to customers or, as you in LES call them, licensees. It is the quality of the service provided to the customer-licensee that ultimately drives our business success.

You ask, what must we consider in order to determine what quality of lines does this relate to the service we provide our customers? We must place the service we provide in product form. This product must be a "real" product, either conceptualized in the customer's mind's eye or actually physically held in the customer's hand. Either way, the customer must be allowed to react to our product. We then judge the reaction that gives us a clue for the Quality of our licensing service.

Another characteristic of this customer relationship that we must understand is that customers are unique. They must be differentiated as to their differences.

Certain customers have power to influence and we must be willing to fulfill their needs first and foremost. If we accomplish this, our opportunity for business success is enhanced tenfold.

All customers have a potential

list of expectations with respect to our product. We must be capable of assisting the customer in verbalizing their expectations. These expectations become the performance criteria that dictate the true attributes our product must contain. These attributes may relate to style, convenience or features that may be sold by a benefit for our customer. We are now in position to have a product available with "real value added" to our customer. This value added product consists of Quality through and through.

■ Measure Satisfaction ■

Thus we must always, always, always measure how well we are satisfying our customers' needs. These needs should not be measured by our traditional measures of profit, productivity standards and schedules. These measures, if delivered by the customer, become measures such as: (a) ease of use or functionality of the product, (b) timeliness, "a product being its time is not a product," (c) the exchange or price relative to the marketplace and the value in which it will fit and, (d) the market itself. I.e. our competitors and their product features.

Our product (service) as it relates to technology transfer will ultimately impact an end user. This end user should be measured through retention rates (continued use), market share, and perceived value as determined by the user.

Remember, there is only one true axiom of truth after death and taxes, "the only true constant is change." Our customers' needs constantly change so measurement of customer satisfaction must be continuously monitored.

Measurement of our customers' expectations and the degree to which these expectations are met is

the window to the world of quality. It is the indication of success as well as a look into the future and where the customer will take us. It allows us some method to manage the customer's experience by proactively asking for feedback and then promptly acting. If we don't act promptly, our competitor will take the opportunity to lead our customers to greater pastures.

So you can see that by understanding our customer's wants and needs, defining our service as a product attribute and setting up a monitoring system (measurement of satisfaction) we are well on our way to establishing the quality of our service that will drive our business success.

You ask, "Isn't that all we have to do?" It is the first and most important step, followed closely by overall strategy definition. We then go on the board of directors, supporting the board of directors by being in an organization or interfacing with a company's board of directors, a customer-oriented strategy plan is a must. This strategy should come from the very top of the organization. It should guide the direction of every person within the organization. This implies that the CEO and direct reports:

1. Understand the meaning of customer success and incorporate this into the corporate strategy.
2. The entire organization is made aware of the strategy.
3. All planning at functional levels are driven by the corporate strategy of customer success.
4. Teams within functions and cross-functionalities orient themselves to

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the corporate strategy of customer success.

3. Individual goals support customer success.

The cascade effect from the very top of the organization to definitions of individual goals is a basic feature of flexible planning in a total quality management system. It is very easy to say but difficult to implement. A company must not usually be changed for this to be successful. It isn't within the scope of this discussion to delve deeper into the implications and ramifications of the implementation. In dealing with it outside your organization, it should be apparent that an organization that understands customer success strategic planning will allow you to perform the service of technology transfer more effectively than driving business success.

■ Successful Thinking ■

How must we think to create an effective product? There are two patterns of thought that we must deal with if we are to be successful. One that installed convergent thinking and deals with continuous improvement. We may be able to make direct improvements on existing products. We may indirectly improve the existing product by offering a wider choice of products. Let by reworking the original product or broadening the product offering. If we have done this we will have provided added value and again customer success is realized.

The other pattern of thought is divergent thinking that can be the most fruitful yet most difficult to harness. It is here that if we are cognizant we may note trends that lead in a specific direction. Usually this divergent thinking takes our organizations and, from time to time, members out of our comfort zone because the rules are changed. Jeff Barker does a fine job of explaining this concept in his book, *Discovering the Future*. He discusses the concept of a paradigm. He states that a paradigm is a set of rules that establish a boundary and tells us what to do to be successful. It follows that a paradigm shift is a change in the rules and therefore a

whole new game! You can't win the game if you're playing by a different set of rules than your opponent — unless you control the rule change.

Our customers will tell us if they'll pay to see the new game provided we pay attention. The caveat here is you must talk to the right customers and explain the rules well enough. If you fall down in either place your signals will be incorrect. In the field of technology transfer this is the exciting area. This is the area where dreams and reality meet. For a few the rewards are significant.

■ Quality Issues ■

But whether you're using a convergent or divergent approach you can see that it is the quality of service provided to the customer that drives our business success.

So you ask, "How does all of this fit into the real world with which I have to deal?" Well, take a little walk with me from the past to the present and maybe into the future. We'll find the rule of seven applies. It states that knowledge doubles every 7 years.

The customer wants to send a message to the moon and ultimately analyze the return signal. Let's talk about the electronics industry. The year is 1957 and the technology is the electronics industry in vacuum tubes. We have huge pieces of equipment, slow, inefficient, hot and sometimes cranky. Now, what does the customer want? Are there corporate strategies coming into play? Are there any opportunities for convergent thinking? How about divergent thinking? Who wins?

In 1965 — transistors, same end result but smaller, faster, much more real value. The customers using these have the opportunity to become more successful than those using the tube equipment. Are there corporations who will no longer be in business in 1991 because they missed the rule change? Are there new corporate strategies — thinking?

In 1990 and integrated circuits — again smaller, less cost for same results, faster. If we're here and in business we asked those customers what they needed to be

successful. We used convergent and divergent thinking to restyle, change the speed within the equipment and allow our customers to succeed.

Let's move to 1977. We now have microcomputers — again smaller, somewhat faster, packaged much differently.

Let's move quickly now because in 1984 with microcomputers, and suddenly, so we it seems, it's 1991 with nanotechnology. Nanotechnology is really the beginning of a service all its-own. Will it ever be used to send our message to the moon and in turn receive a return message?

We've seen much customer success from 1957 to 1991 through understanding the customer's needs, monitoring those needs, adapting our corporate strategy to meet them (if you didn't you died). Continually improving by use of convergent thinking and divergent thinking all of which lead to quality of service provided to the customer, which drove those who succeeded in business during those years.

Our last question is 1998 what type of product should we create to send our message to the moon and analyze the return information. Maybe our customers could tell us. What if they told us that they wanted a product that could decide not only if "it" wanted to send the message but could tell us why and ultimately how to analyze the data. Where do we get that type of product? Who has a customer success strategy that includes ways of improving current technology with cryogenics for very high-speed or maybe nanotechnology at the molecular level, where single atoms are used as electronic gates?

Let's diverge a little. How about laser technology creating very speedy, newly designed circuitry. Can let's diverge a lot — maybe something closer to the human brain, a bio-synthesis technology that creates its own bio-chemical circuitry.

As the song my 7-year-old daughter, Victoria, forced me to listen to says, "Things that make you go 'Hmmm...'" One thing of which we can all be certain, "It is the quality of the service provided to the customer that ultimately drives our business."

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