AN INSIDER’S GUIDE TO SELECTING A QUALITY MANAGEMENT SYSTEM

Comparing cost savings against cost reductions

INTEGRATED, REAL-TIME QUALITY CONTROL FOR ANY INDUSTRY
Introduction

It’s safe to assume no organization that intends to stay in business sets out to manufacture or provide a low-quality product. This is particularly true in a highly regulated industry like corrosion. And yet, switching from a manual quality management system (QMS) to an electronic one remains low on most companies’ list of priorities, even if it’s been proven to improve product quality and ensure regulatory compliance.

If your organization is considering developing a QMS or revamping your existing one, you’ve probably asked yourself this question: How much does a QMS cost? However, based on our experience working with highly regulated companies, the more appropriate question is: What’s the cost of not having an electronic QMS? In other words, can you afford the risk of a low-quality products and services due to an inefficient or unsustainable QMS?

Here we’ll discuss companies’ most common “quality pains” and offer some strategies for choosing and executing an electronic QMS. But first, let’s define some terms and take a look at some of the questions your team should address when evaluating the true cost of not having an automated QMS.
Cost Savings vs. Cost Reduction

Many companies are looking at cloud computing as a way to generate cost savings and to reduce expenditures. Let’s define cost saving vis-à-vis cost reduction. In the former, a company looks for ways to fulfill a need at a lower cost. For example, it might decide to try a new supplier for an active anti-fouling ingredient because of a guaranteed 30 percent discount for a period of three years. If the supplier is reliable and its product is high quality, then the company will immediately begin saving money by making the switch.

Cost reduction, on the other hand, refers to management action that is meant to cut unnecessary expenditures, typically by increasing efficiencies. Most companies periodically engage in cost-reduction activities to make their operations leaner. A common, albeit unpopular, cost-reduction strategy for tough times is a personnel layoff.

However, with the advancement of cloud computing, companies have the ability to significantly increase efficiency through the quality management processes in their businesses.

It should be said that any cost-saving or cost-reduction goal does not exist in a vacuum. It must be viewed within the context of a company’s ability to produce a quality good or service.
Asking the Hard Questions
By asking the hard questions, you will be able to crystallize what quality means to your organization and the cost of not maintaining quality in your operations. Your answers will help you identify ways to generate cost savings or reduce expenditures or both.

Cost Savings
With the help of the following questions, you should be able to estimate how much your company would save if you switch from a paper-based or hybrid QMS to an electronic system.

• How many people manage your paper-based or hybrid document control process? How many people manage your training process? How about your change control or corrective and preventative action (CAPA) process? Ask these questions for all of your critical quality processes.

• How many man-hours do those employees collectively spend on routine tasks such as routing documents, tracking them, and chasing people for their approval and signatures? Ask these questions for every quality process that requires routing, follow up, review and approval.

• How long is your document-approval cycle? Do you think you could generate cost savings in terms of manpower if you were able to shorten this cycle significantly?
Cost Reductions
These questions will help you estimate how much you can cut in expenditures if all your quality events are monitored and recorded properly for real-time analysis and investigation, and if your QMS can help you avoid or mitigate quality issues.

- What are the cumulative costs of quality issues (e.g. scrap, rework, customer returns, and failed audits/inspection) for your company?

- What are the cumulative costs of your response to quality issues, such as implementing corrective actions or containment of a quality issue, retraining of employees after a corrective action, and implementation of other process changes due to quality problems?

- How many quality issues (quarterly or annually, etc.) can be attributed to failures and/or mistakes related to the design and process of documentation?

- How many quality issues can be attributed to insufficient or improper training and evaluation of employees?
Addressing the Top 3 Pains

We’ve seen many companies that suffer from the pains outlined below. They’ve found out the hard way that quality does not occur by accident. Quality requires good planning, design and execution.

If your organization has a similar experience, then switching from a manual or hybrid QMS to a fully automated system is a fundamentally sound strategy for increasing efficiency, reducing waste, boosting productivity and ensuring quality and compliance.

“Emerging technologies such as cloud based computing, mobile devices, and big data are driving the new era of construction. Firms that leverage these innovations in a strategic manner – where they deliver the biggest benefit in time and cost savings – will be poised to sprint ahead of the competition.”

– Sage 2014 industry report
1. Administrative Burden
Often, when a company turns to TruQC for help, it’s already gotten into trouble with a regulatory agency or a customer. Many times, it’s because the organization doesn’t have the staffing to manage its quality system properly. If the system is paper-based or hybrid, quality issues sometimes go undetected until it’s too late. It’s simply impossible to catch those issues if information is buried deep in stacks of papers and piles of binders.

One of the key problems is that the employees managing the day-to-day documentation and tracking of data are hesitant to “cry uncle” when the burden becomes too great.

2. Strategy
You can greatly reduce your administrative burden—including routing, follow up, tracking, escalation, and approval—by automating routine tasks. TruQC allows you to monitor and manage multiple job sites at once to take advantage of scalability; this is a key part of your quality strategy. Your manual system may be compliant, but the cost of maintaining it as your organization grows is going to be significant.

As the services you offer and regulations you must comply with increase, documentation and tracking responsibilities increase as well. There are more quality events to track, monitor and trend, making spreadsheets increasingly hard to manage.

Industry Trends

- 60% of construction firms have no mobile security policy in place
- 71% spend more than 2 to 3 hours writing reports every day
- 74% admitted to losing reports at some stage
- 86% believe the current system needs improvement
- 56% would prefer an iPad based system and 14% are already using one
- 95% see the biggest barrier to uptake being management approval and or education
- 63% believe an iPad system would incorporate well into their daily work
We all know of organizations that have literally filled warehouses with documents and records out of resistance to automation.

3. Training Burden
Managing employee training and the related records is one of the best examples of an area heavy in administrative overhead. Let’s say your company has 100 employees and each of those employees is required to be trained in 20 activities and work instructions. This means that 2,000 tasks must be tracked to ensure the training is completed and 2,000 records must be captured with a signature and stored in an easily accessible repository. Without mentioning actually carrying out the training event and testing employees to prove competence, the administrative burden is already huge.

What if the work instructions are revised regularly? You can quickly see how an administrative “monster” is created. Hopefully, management knows if employees are not being trained properly. Often though, management becomes aware only when significant mistakes are made or a regulatory body finds the training records lacking.

Industry Trends
4% of a country’s GDP is spent annually on corrosion and 85% of this is coatings related

Types of information contractors plan to access and share using mobile technology
49% customer information – site instructions, work orders
48% drawings, photos and job-associated documents
36% daily field reports
28% timesheets and expense reports
Managing Quality Events
When products or processes do not meet designated specifications, it can cost your business. Events must be logged and evaluated, and appropriate actions taken. In a manual QMS, this means that for every nonconformance, process deviation or safety complaint, a record must be created and routed to the appropriate people for data entry and review.

Based on the review, actions must be identified and carried out to correct the problem. Data from these records are often entered into homegrown databases or spreadsheets in the hope of identifying trends that management can review. But the burden of managing the records, workflow and the resulting data often makes it difficult for management to conduct critical reviews. Most of all, it's nearly impossible to see the true state of the QMS without regular reports tracking and displaying trends.

The TruQC Strategy
An effective corrective and preventative action (CAPA) process is critical in addressing and mitigating the impact of quality events (customer complaints, variations, non-conformances, etc.) and making sure that they don't persist.

At TruQC, we believe that CAPA can be more successfully implemented with the help of robust software and an effective closed-loop process. The software solution standardizes data gathering and simplifies CAPA implementation by providing an electronic process that will guide the user, from first investigation through execution of corrective and/or preventative actions. TruQC automates administrative tasks such as data collection and management and tracking of information, which is important for conducting effective root-cause investigation.

While the software solution provides the platform for the CAPA process, it's not enough. TruQC’s quality and compliance reports and dashboard help companies to stay on top of all aspects of the reporting process with ease.
Conclusion
So if you ask: What is the true cost of not having a cloud-based QMS? It’s immeasurable.

An ineffective paper-based or hybrid QMS often results in poor quality, upset clients and frustrated users that will jeopardize your compliance efforts and reduce your competitiveness in the market. Early adopters of fully integrated, cloud-based paperless job-site documentation systems place themselves ahead of their competition through differentiation.

If you are responsible for improving quality processes and ensuring compliance in your company, contact TruQC to sign up for your live demo today.
About TruQC

TruQC is the cloud-based app built for the iPad that’s taking job-site documentation paperless. Originally built for a top industrial painting contractor, TruQC was designed to be easy-to-use, compact, objective, and to conform to common industry standards and certification requirements.

Learn more about TruQC

Interested in finding out more about our software? Check out our case studies to see how we are providing real savings of both time and money for our customers, or keep up with our blog for the latest news in quality control, tech and more.