

# **Award Recipient**

## **Rank Xerox (Hong Kong) Ltd**

### **REPORT SUMMARY**

#### **The Company**

Established in Hong Kong in 1964, Rank Xerox (Hong Kong) Ltd is the operating company in Hong Kong, Macau and PRO for Rank Xerox Ltd in the United Kingdom and Xerox Corporation in the USA.

Xerox is the world's largest provider of copiers, duplicators, electronic printers, electronic typewriters, facsimile equipment, work stations, publishing software and hardware, network terminals and software.

Rank Xerox (Hong Kong) Ltd started, in 1986, the "Leadership Through Quality" campaign, a comprehensive business strategy initiated by the Xerox top management. The company has an independent Quality and Customer Satisfaction Department reporting directly to the General Manager. Customer Satisfaction has been the company's Number One business priority since 1988.

In short, Leadership Through Quality is the strategy to achieve Total Quality and Customer Satisfaction for the company.

#### **Strategic Quality Planning**

Rank Xerox (Hong Kong) Ltd (RXHK) takes a systematic approach in quality planning to establish and achieve its quality goals. A Senior Management Team, comprising the General Manager, senior managers of each department and the Quality and Customer Satisfaction Manager, meet six months prior to the start of a fiscal year to review the long and medium term strategies and to establish targets and action plans for the coming year.

The Quality Intensification Plan is built on three major foundation stones: Xerox Business Priorities, External Environment and RXHK Strategic Imperatives. A detailed self analysis is conducted for the development of the Quality Plan with specific milestones for achievement of the goal. Based on the results, the team will conduct self assessment on each of the 40 "Elements for Quality Intensification" which are grouped under the categories of (1) Management Leadership; (2) Human Resource Management (3) Process Management; (4) Customer Focus; (5) Quality Support & Tools; and (6) Business Priorities.

The "Vital Few" that need improvement will then be selected and action plans and targets will be drawn up for each of those identified. The 'Vital Few' for the year 1992 are

- People Empowerment
- Business Process Management
- Information Utilisation
- Customer Data Base
- Customer Communication

Throughout the planning process, a “Management by Fact” approach is adopted. Actions and decisions are based on facts and data and not on opinions. It helps to develop more reliable and robust plans as the approach emphasises productive reviews to diagnose or conduct root cause analysis for process and result improvement.

The Quality Direction can only be achieved with personal commitment and active participation from every employee. The Quality Plan is cascaded down to staff at all levels through the “Blue Book”. The Book starts with a clear, consistent and credible statement of directions, which has been developed by the Senior Management, for the coming year. This statement reflects the vision for the business in customer terms, key strategies, priorities and major objectives.

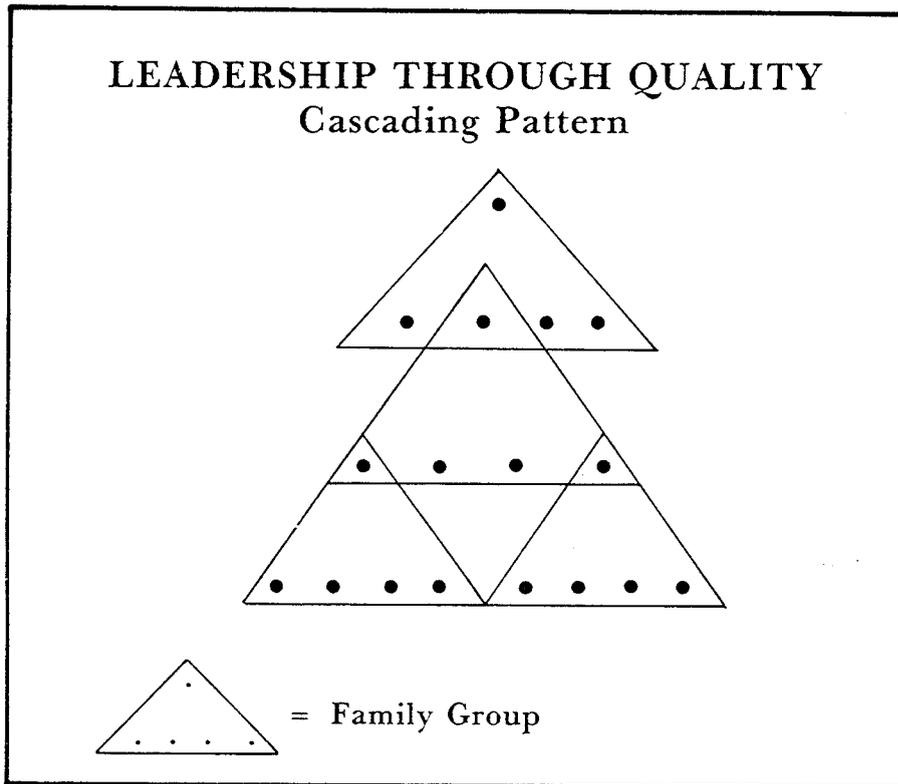
A consistent purpose and direction is built throughout all levels and units to assure the implementation of the direction. Each level will then end up with a set of objectives and a set of means and control points that are linked to the overall statement of direction for the company.

The “Blue Book” is reviewed and updated by all parties concerned every year and the revised Blue Book is distributed to all staff to serve as a consistent reference throughout the year and as a measurement tool when conducting the interim and annual review of the Quality Intensification effort.

Quality improvement is a continuous process. After quality plans are finalised, deployed and implemented, regular reviews fall into the cycle to complete the process.

Review on implementation of quality plans take the form of monthly Customer Satisfaction Steering Committee meetings which are attended by the General Manager, all senior department managers and the Quality and Customer Satisfaction Manager. Quality reviews are conducted at months 3, 6 and 9. The General Manager holds sessions with the Quality and Customer Satisfaction Manager to review year-to-date performance of quality/customer satisfaction plans and targets and to establish the rest of year implementation outlook.

The Leadership Through Quality initiative is another important means to ensure the Xerox quality concept is cascaded throughout the Hong Kong operation. The Leadership Through Quality Training started in early 1987 in family groups. Family groups are natural groupings of employees and managers as defined by the requirements of the job. The process spreads Leadership Through Quality throughout the company top down. Each manager and supervisor goes through training twice, firstly as a participant with his peers and manager, and then as leader in his own family group with the help of a facilitator.



Family group training was completed by the end of 1988. Currently all new employees participate in a four-day “Orientation and Leadership Through Quality Workshop” within six weeks of their joining the company.

### **Quality Assurance of Products and Services**

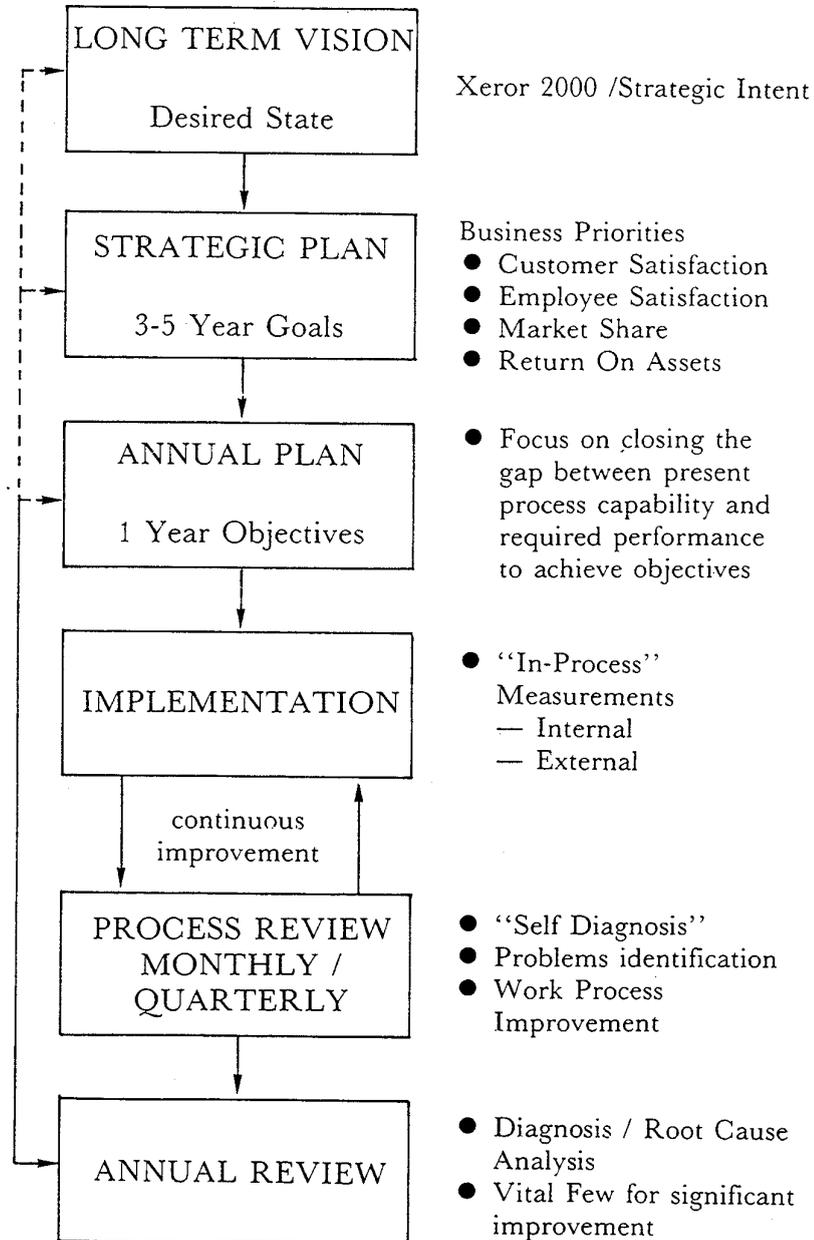
Xerox believes that quality leadership is achieved by planning and then delivering world-benchmark products and services that meet customers requirements.

Over the past five-years, Leadership Through Quality, has stimulated an evolution in the company, from an orientation towards financial performance only to one focused on satisfying customer requirements.

Even though RXHK is not directly involved in the design and manufacture of products, there is a channel and process to feedback local customer requirements for future product design and improvements.

To ensure that processes are controlled within limits set in the process design, the company incorporates measurable, realistic and achievable milestones as controls.

## THE QUALITY PLANNING / IMPLEMENTATION / REVIEW CYCLE



Internal targets based on customer requirements received through customer contacts are set after a product is installed. A number of areas are measured, such as performance against pre-established quality metrics for product installation, maintenance services, delivery services, billing and customer support, etc.

The company uses feedback from various external and internal surveys to determine the needs and opportunities for improvement in processes. Quality improvement within the customer service operation is assessed primarily through inspections and reviews. Rewards and recognition programmes add incentives to staff who exceed performance standards.

With these inputs, quality improvement teams are formed to tackle problem areas so that the highest standard of reliability of products can be maintained. Since 1988, there has been more than 40 quality improvement teams involving more than 200 employees.

The Systems Performance Assurance Division of the international headquarters visits RXHK annually to review both financial compliance and operating processes of the company.

Quality of the company's systems, processes, practices, products and services are also assessed by external customers through various kinds of surveys. The effectiveness of these improvements are verified through the findings and feedbacks from subsequent surveys regularly.

Every major process throughout the company is covered by a documentation system managed by the Financial Controller. The Systems Performance Assurance Division reviews processes to ensure integrity, timely update, and standardisation and implementation of the documentation and operating processes. The review documentation is also retained and used for corrective actions and improvements.

### **Customer Satisfaction**

Concentrated and intense attention is paid to identify customers and their needs. As far back as 1989, RXHK has commissioned independent studies to find out the user purchasing trends. The objectives are to:

- 1) assess how copier acquisitions are being made
- 2) assess Xerox's current position in the market place.

Data is collected by different market segments defined by various criteria such as industry sector, employee size, geographic location and volume. Research methods include survey by telephone and questionnaires.

At Rank Xerox (Hong Kong) Ltd, there are over 2,000 contacts with customers —“Moments of Truth” —each day. Customers' requirements are identified for specific customers and handled by various sales districts personnel.

In addition, the company obtains direct customers' input through the Executive Communication Programme, that is, accompanying customers to various Xerox international shows in Europe and the USA to preview products in the pipeline and to solicit opinions and comments from the attendees.

The integration of customer service with overall management is accomplished through the “Customer Obsession” strategy. The purpose is to better focus the management on customer satisfaction and to bring together all functions under one theme.

To ensure that all functions are committed to the ultimate objective of customer, obsession they are given common measures and targets on the four corporate objectives: Customer satisfaction; Employee Motivation and Satisfaction; Return on Assets; Market Share.

RXHK initiated a comprehensive Customer Satisfaction Measurement System which has earned a reputation as a standard in the industry. The primary feedback instrument is a survey which asks the respondents to rate Xerox on overall equipment, sales, service and customer administration performance. The survey also requests customers to rate their willingness to do additional business with Xerox and their willingness to recommend Xerox to others.

The company has an extensive process to translate customer satisfaction data into quality improvement. Consistent with the strategy of “problems to be resolved at the point closest to the customer,” short-service customer-related issues identified are resolved immediately at the district level.

The General Manager and members of the Customer Satisfaction Steering Committee jointly review the data with specific focus on customer dissatisfaction counter-measures. Recommendations are aimed at continuous improvement in customer support and they extend all the way to the daily work habits of all employees.

A further commitment to customer satisfaction is the offer of “Total Satisfaction Guarantee” which provides the guarantee of allowing the customers the exclusive right to request RXHK to replace its Xerox equipment with an identical model within three years of purchase.

### **Information and Analysis**

The company uses a centralised IBM mainframe which is located in Australia. All the terminals and printers in the Hong Kong and Macau Offices are linked to the mainframe for information processing and retrieval both on screen and for printing.

Although the number of application systems are numerous, they are all highly integrated to serve any specific requirement of a customer in all areas.

To provide speed and flexibility to end-user-computing, PC-Local Area Networks are installed for specific local applications which work on the main database. This adds up to a rich array of data that is compiled and disseminated in many applications to plan quality improvements, evaluate results and manage a continuous quality improvement process aimed at Increasing customer satisfaction and keeping business healthy.

Leadership Through Quality builds on “benchmarking”, which is the process of measuring products, service and practices against the toughest competitors —“competitive benchmarking” and against other Xerox organisations, “internal benchmarking.”

Problems and opportunities are identified and prioritised for action via continuous analysis and review of key operational data, comparison with plans and benchmark data and cost of quality estimates. Customer satisfaction needs are given number one priority.

## **Quality Results**

The true measure of the product and service quality is the total value the company provides to its customers —the degree to which the company enables them to make their officers more productive.

After a new machine is installed, quality results for product acceptance are monitored via customer reports. The results are obtained from external surveys, such as post installation survey, periodic survey and competitive benchmark survey.

Business process re-engineering and ten fold improvement efforts are important measures of the quality and effectiveness of business processes, operations and support services. Ten fold improvement means that the company reduces the process error or non-conforming output rate to one-tenth of its existing rate, an aggressive target set to reflect the requirements for substantial improvement rather than its literal sense.

Ten fold improvement was started in late 1989. Processes and items identified each year for improvement resulted in quantifiable and encouraging results. Some examples are:

1. Telephone assistance to avoid service call
2. Reduction in credit note generated error
3. Customer queries and complaints resolve time, and
4. Reduction in number of complaints on staff attitude and manner.

A total of eight processes have been identified for ten fold improvement in 1992.