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An evaluation of total quality management: a case study of the HVA foods (Pvt) Ltd

FHA.Shibly

Department of Arabic Language, Faculty of Islamic Studies and Arabic Language, South Eastern University of Sri Lanka.

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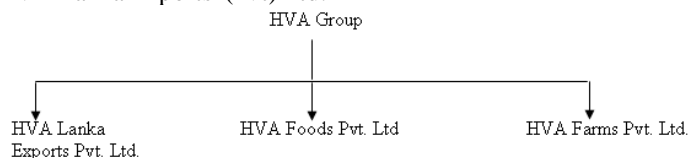
ABSTRACT

HVA foods (Pvt) Ltd, is a company that is committed to enhancing the quality of life of discerning global consumers by providing natural beverages. Its parent Company HVA Lanka Exports (Pvt) Ltd, was established in 1990 as an off shore office of HVA International B V of The Netherlands. After becoming a fully Sri Lankan Enterprise by the mid 90s, HVA Foods has been the proud Winner of Six Gold Awards as the exporter of the year in both traditional and non-traditional exports from Sri Lanka. Their commitment to quality was acknowledged with the ISO 22000 in September 2007 to both HVA Foods (Pvt) Ltd and HVA Lanka Exports (Pvt) Ltd.

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Introduction

HVA foods (Pvt) Ltd, is a company that is committed to enhancing the quality of life of discerning global consumers by providing natural beverages. Its parent Company HVA Lanka Exports (Pvt) Ltd, was established in 1990 as an off shore office of HVA International B V of The Netherlands. After becoming a fully Sri Lankan Enterprise by the mid 90s, HVA Foods has been the proud Winner of Six Gold Awards as the exporter of the year in both traditional and non-traditional exports from Sri Lanka. Their commitment to quality was acknowledged with the ISO 22000 in September 2007 to both HVA Foods (Pvt) Ltd and HVA Lanka Exports (Pvt) Ltd.



HVA Foods (Pvt) Ltd.

They aspire to making their brand the preferred one around the world. Launching the sustaining their brand name-HELADIV was thus inevitable. After much deliberation, research and creative thinking, their own brand name of tea was born. As the name signifies, it carries with it, the unique essence of Sri Lanka to the world's tea drinkers. With a unique design, exotic flavours and niche marketing, they believe heir brand will be a household name in the near future and a tribute to a team with the courage to be different. With the focus on innovation, they developed "Ready to Drink Tea" (RTD) with a range of futuristic products like the Tea tablet and a liquid tea concentrate.

Organizational Structure- HVA Foods (Pvt) Ltd

The main business activity of HVA Foods Lanka (Pvt) Ltd. is to purchase tea from auction and to export them by adding values to the generic product. Their own products are awakening dormant palates worldwide. Observation of the highest ethical standards and their expertise in manufacture combined with

innovation and creativity in their presentation accounts for the success.

Their primary market comprises;

Dubai	Russia
Turkey	West Europe
Syria	UK
Iran	Canada
USA	South America
Singapore	Japan

Product Range

They offer their customers the best of Ceylon teas in all its subtle variations from any tea growing district of the country. Their tea is available in bulk or in value added consumer packs to any specifications.

They include:

- Tea Bags
- Consumer Cartons
- Fruit Tea
- Metal Caddies
- Tea in Wooden Boxes
- Herbal Tea
- Flavored Tea
- Designer Packs
- Vacuum Packs
- Leather Collection
- Own Labels
- Seasonal Selection

They also offer following commodities

Spices, Coconut Products, Organic Foods, Rubber and other Sri Lankan commodities.

Problem Identification

HVA Foods (Pvt.) Ltd. as a company engaged in export oriented consumer product market, make an enormous effort in maintaining the quality of their products. This includes inspection and testing of incoming tea, herbs and flavours and packing material prior to the production process. However lately

there were significant amount of customer complaints due to errors in the packing material quality issues.

HVA Foods has also identified several problems in their production lines which lead up to machine idling, such as Machine change over, Defective packing material, Tea dosing problems, No order conditions etc.

Quality at A Glance

Material arrives at operations just as they are needed. The material delivered must be of perfect quality. In the past, people believe that it was impossible to achieve perfect quality, and that some faults were inevitable. Now this is known to be false and quality management can make sure that an organization's products are always good enough to satisfy customer demand.

Quality gives a vague idea, because it is difficult to give an objective measure of quality. A product or service considered to be of high quality if it does the job for which it was designed. This gives one view of quality, based on a product's ability to meet customer expectations. The quality of almost any product can be judged using similar criteria, perhaps including the following:

- Innate excellence
- Fitness for intended use
- Performance
- Reliability
- Durability
- Specific features, perhaps for safety or convenience
- Technology used
- Conformance to the design specifications
- Uniformity with small variability
- Perception of high quality by customers
- Convenience of use
- Attractive appearance and style
- Ratio of performance to cost
- Customer service before and during sales
- Online deliveries
- After sales service

The traditional way of maintaining the quality of a product is to use quality control. Quality control uses series of inspections and tests to check that planned quality is actually achieved.

Quality control takes sample of units and makes sure that their performance in key areas is within an acceptable limit-for example, that the weight of packet of milk powder is within a specified range, or that the number of packets produced per day is within the specified limits. Quality control generally takes a random sample of units and tests these to see how many meet designed specifications. If predetermined number of units of the sample reaches the designed standard, the product is said to be of acceptable quality; if fewer than the pre-determined number reach the designed standard, the product quality not acceptable and some remedial action must be taken.

Deming's 14 Points

In 1982, Dr. W. Edwards Deming had his book "Out of the Crisis" published by the Massachusetts Institute of Technology (MIT) Centre for Advanced Engineering. Deming offers a theory of management based on his famous 14 Points for Management. Management must be judged not only by the quarterly dividend, but by innovative plans to stay in business, protect investment, ensure future dividends, and provide more jobs through improved product and service.

1. Create constancy of purpose towards product quality
2. Refuse to accept customary levels of mistakes, delays, defects and errors.

3. Stop depending on mass inspection, but build quality into the product in the first place.

4. Stop awarding business on the basis of price only-reduce the no of suppliers and insist on meaningful measures of quality

5. Develop programs for continuous improvements of costs, quality, productivity and service

6. Institute training for every employees

7. Focus supervision on helping employees to do a better job

8. Drive out fear by encouraging two way communication

9. Break down barriers between departments and encourage problem solving through teamwork

10. Eliminate numerical goals, posters and slogans that demand improvements without saying how these should be achieved.

11. Eliminate arbitrary quotas that interfere with quality

12. Remove barriers that stop people having pride in their work

13. Institute vigorous programs of life long education, training and self improvements

14. Put everyone to work on implementing these 14 principles.

Quality Control Inspection

There are basically two types of inspection in statistical quality control:

- Acceptance sampling "tests the quality of material and product

- "Process Control" tests the performance of the process

Both of these types of inspection work with random samples of packing material and products, and they both suffer from the problem that such test can never be completely reliable.

If there is less variation in the final product, most units will be close to the specifications. However, occasionally, even with a realizable process, the performance will go outside acceptable limits and the product thus become defective. When this happens, it is clearly a sign that something has gone wrong. Faults are typically caused by:

- Human Error
- Faults in equipment
- Defect in raw and packing material
- Faults in operation or method
- Changes in the environment

Root Cause Analysis of The Quality Issues At HVA Foods (Pvt) Ltd

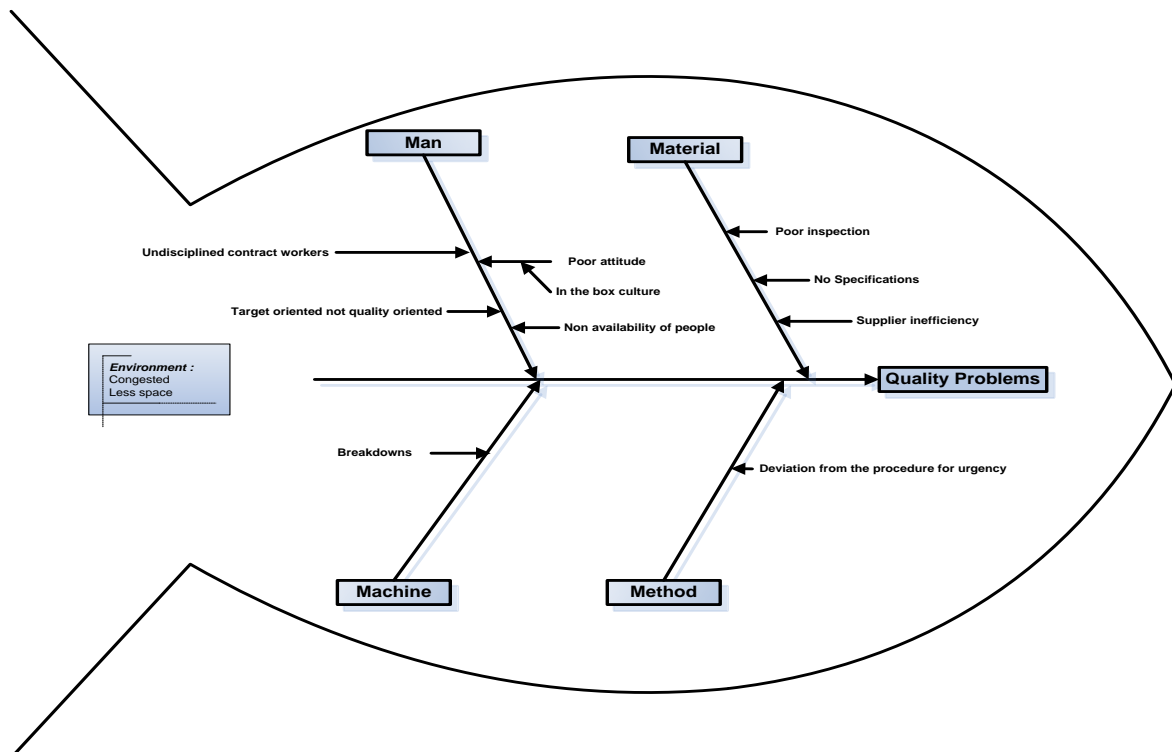
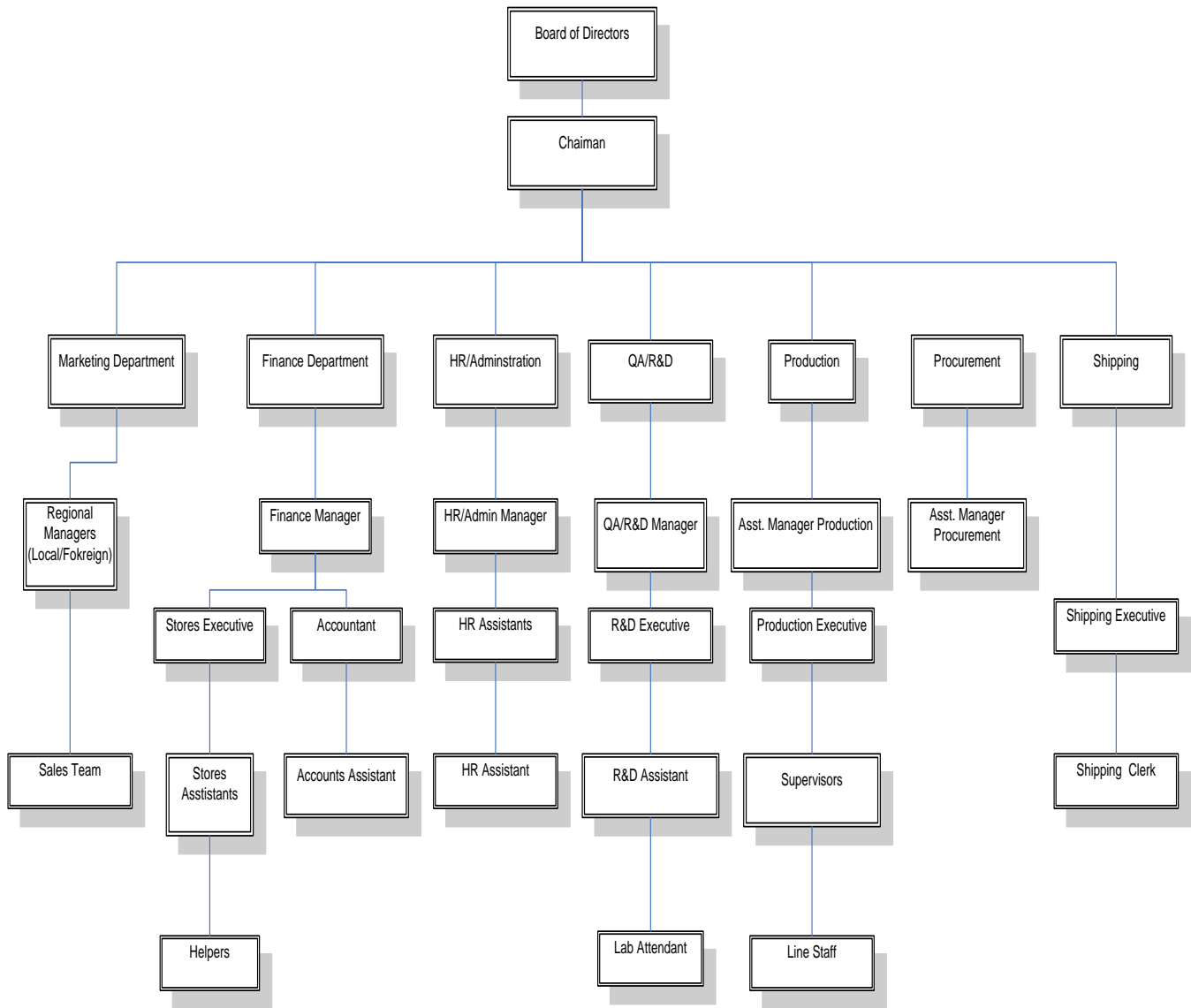
The following diagram shows how above parameters are applied to the quality related issues to the company.

As described above, in any organization there are five main areas to be considered to assure a good product or service. They are,

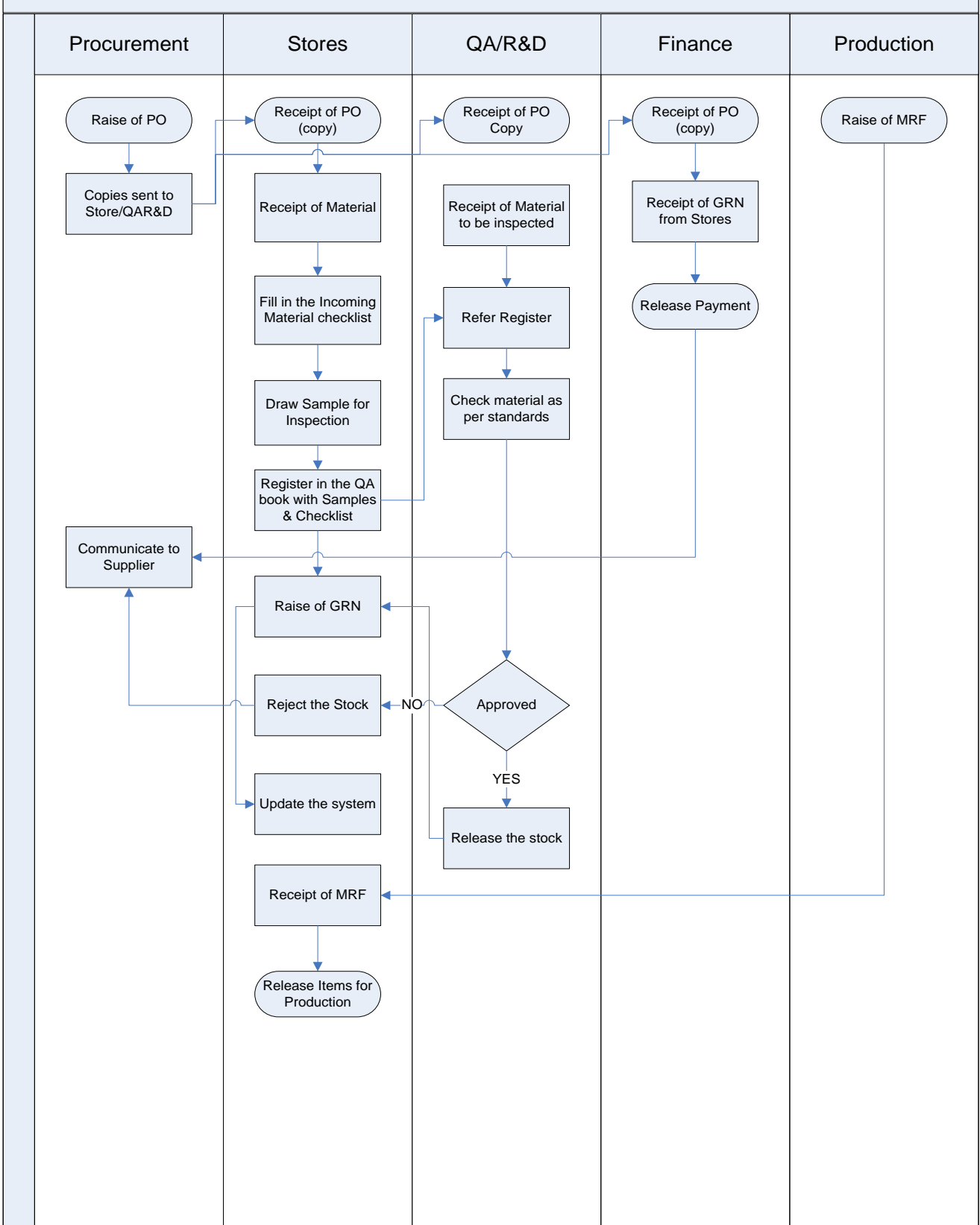
- Machinery
- Material
- Working environment
- Method/Procedures
- Manpower

Present Method of Material Inspection

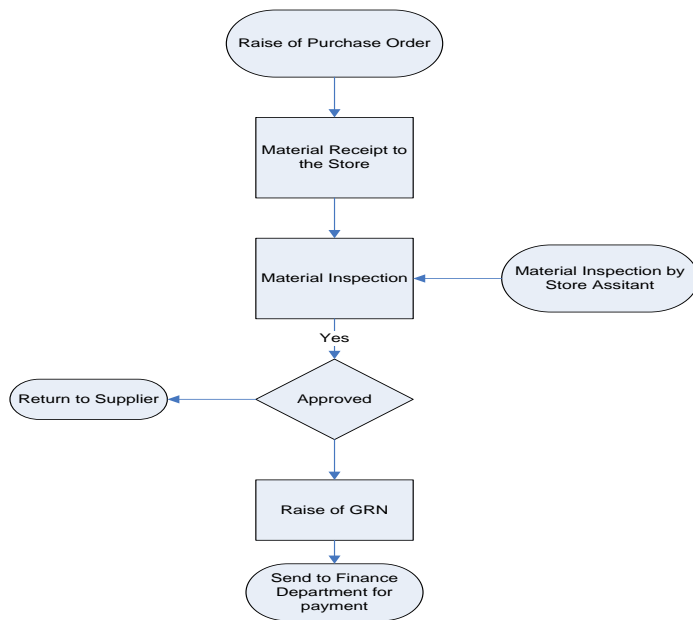
As per the above diagram, the present method of HVA foods for purchasing raw material starts with the raising of Purchase Order (PO) from the purchasing department based on the Material Requisition Note (MRN). When the materials are received to the stores, material inspection is done by the Stores assistant. If particular materials are in good quality, the Goods Received Note (GRN) is raised and finally it is sent to the finance department for the payment.



Incoming Material Inspection -HVA Foods (Pvt) Ltd Diagram 01



At the inspection, if materials are not in proper quality, it is sent back to the suppliers.



Drawbacks of the present system

1. There is no responsible person to draw samples from the lot.
2. There is no designated person to handle material inspection as well as no criteria set for inspection.
3. Material is inspected in unloading point itself by a supervisor
4. Even though standards are set, supervisors are reluctant to refer them.
5. As there are no sampling plans given to supervisors, only few samples are inspected as individual consent. therefore, defective material easily counted as approved
6. There is no documentary proof to certify that the material is approved by whom under what criterion.
7. Due to the fact that the personnel involved in inspection represents production department, there are occasions of favouritism targeting the dead line of production.

Solutions

It is very clear now, the complaints received so far, are mainly due to un-availability of a good incoming material inspection method in the organization. Therefore we propose a full incoming material inspection procedure with relevant specification to over come the above issues. The proposed Process flow diagram below (Diagram 01) explains the new methodology of incoming material inspection.

The quality checking of material should be started at the point where the materials are bought into the stores. In this proposed process when the materials are received at stores a sample is drawn out from the bulk for the inspection purpose.

If material is passed through the QA process that is communicated to the Store through a signed copy of the inspection format with necessary instructions and an "ACCEPTED" label is pasted on each approved lot by the QA department. On receipt of the approved document to the Store, a Goods Received Note (GRN) is raised in duplicate and original is sent to Finance Department for payments and record purposes.

If the material lot is rejected by the QA, a "REJECTED" label is pasted on the particular lot and same document copy is passed to the Store for further action. The rejection of the lot is communicated to the purchasing department for corrective action.

The approved lots enter into the stock and on receipt of Material Requisition note from the production department, relevant material is released for processing.

Conclusion

The proposed solution will be monitored for about six months and relevant data will be analyzed by the Quality Assurance Department. This will be carried out in cycles according to the Deming's Circle to reach the objective of zero customer complaints over a long period of time. The contribution from all concern in the organization is mandatory to make this endeavour a success.