

Miele

The Quest for Quality

**How do British
manufacturers
approach quality
and what does this
mean for customers?**

The quest for quality

Executive summary

UK manufacturing is currently enjoying strong growth. According to the Office for National Statistics (ONS)*¹ this growth is down to better quality, a more skilled workforce, improvements in automation and technology, and an increase in investment in R&D. Manufacturing also plays a critical role in economic growth. As an industry it currently employs 2.6 million people and contributes 11% of GVA*².

It's clear to us that quality sits at the heart of manufacturing success: we put it at the heart of our brand too. We wanted to investigate the role that quality plays amongst manufacturing companies and how British manufacturers are employing quality as a strategic tool for growth. After interviewing 200 manufacturers we discovered that quality does play a key role in delivering growth. **In fact 77% agree that delivering high quality products has a direct impact on the growth of the sector.**

But employing quality through out the business does come with its own challenges. Our research, which we undertook in conjunction with independent market research agency Sapio, revealed that companies are encountering issues with developing quality skills, accessing raw materials and delivering quality across the value chain.

It's not all doom and gloom however. British manufacturers are using quality to achieve a competitive edge both at home and abroad. And when they have processes in place to measure quality performance it's paying off.

This report looks at the key trends and findings from the research and offers insights into how quality in British manufacturing can help the industry to continue to grow.

We'd be interested to hear about your experience of the role that quality plays so get in touch with us **@MieleProf**

British manufacturers are using quality to achieve a competitive edge both at home and abroad.

Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

Sources

The quest for quality

Introduction

The quality of a product can often define the standard of service delivered to customers or the operational performance of a team. As a manufacturer whose operations have centred on quality since the start, **Miele is well aware of the impact of quality on the workplace**. Keen to see how others in the manufacturing sector view the role quality plays and how they are responding to quality challenges, we recently spoke to over 200 UK manufacturers.*³

Our survey revealed a number of common themes alongside some interesting discrepancies as to what quality actually means within the various businesses.

The quality of a product can often define the standard of service delivered to customers or the operational performance of a team.

Executive
summary

Introduction

Quality and
business success

Key quality issues
for today's
manufacturers

Britain's place
in the global
quality marketplace

Looking to
the future

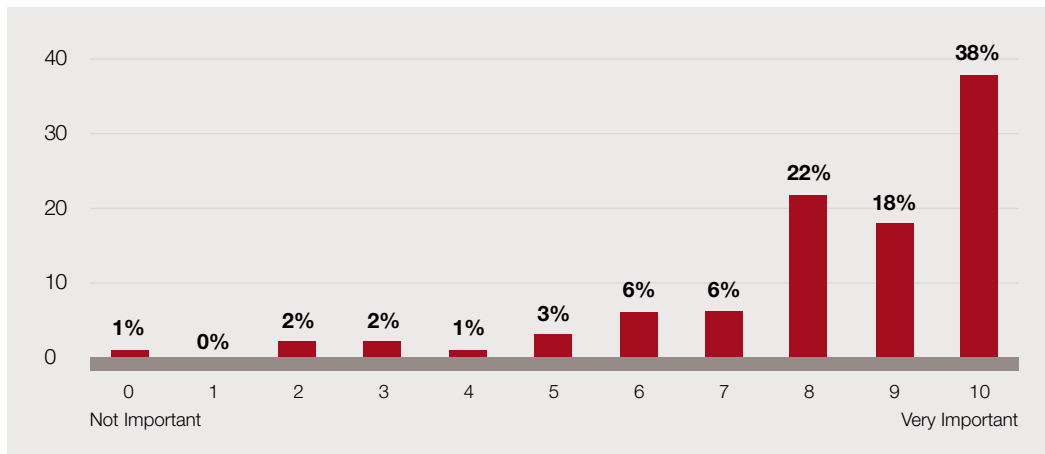
Sources

The quest for quality

Quality and business success

Most encouragingly for customers, the vast majority of manufacturers surveyed believe quality is critical for business growth. Over four-fifths rated it as essential or very important for increasing sales/revenue, winning repeat business, and driving competitive advantage. **78% said that quality is important as a unique selling point.**

Figure 1: On a scale of 1-10 how important do you consider quality to be as a unique selling point?



What counts as quality...

It's no surprise that the two most common top three quality programme objectives came out as product reliability (46%) and customer satisfaction (44%). What is perhaps surprising is that the numbers aren't higher: you might expect most businesses to put product reliability and customer satisfaction as top priorities. So what other goals are manufacturers prioritising?

The next two most important objectives given were product durability (29%) and being defect free (28%). Both of these are in themselves

important elements in delivering customer satisfaction (product defects are second biggest source of complaints at 29%), so a focus on these is certainly good news for customers.

A significant (if small) number of respondents put corporate social responsibility (9%) and alignment with their environmental policy (7%) as top three quality objectives – goals which align well with the increasing number of customers wanting to improve their own CSR and environmental performances.

Most encouragingly for customers, the vast majority of manufacturers surveyed believe quality is critical for business growth.

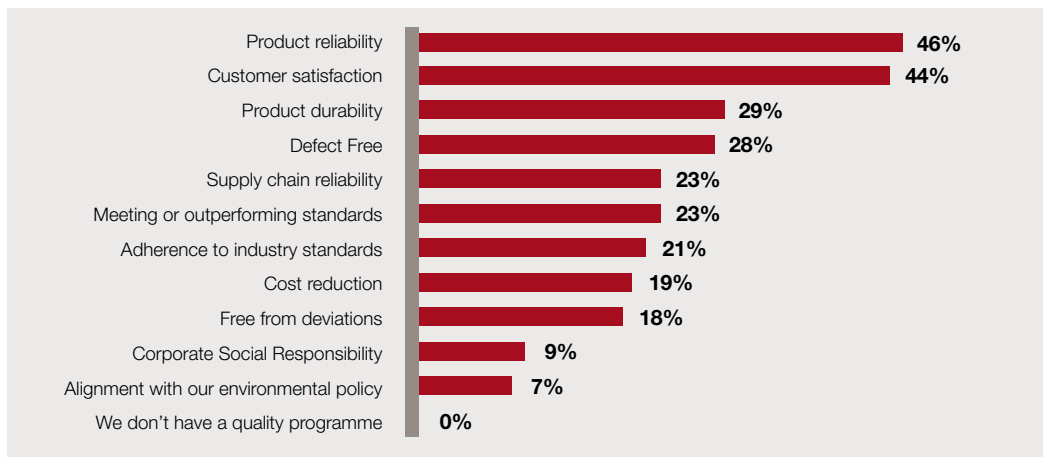
- Executive summary
- Introduction
- Quality and business success**
- Key quality issues for today's manufacturers
- Britain's place in the global quality marketplace
- Looking to the future
- Sources

The quest for quality

Quality and business success

What counts as quality... continued

Figure 2: Which of the following are the three most important objectives of your quality programme?

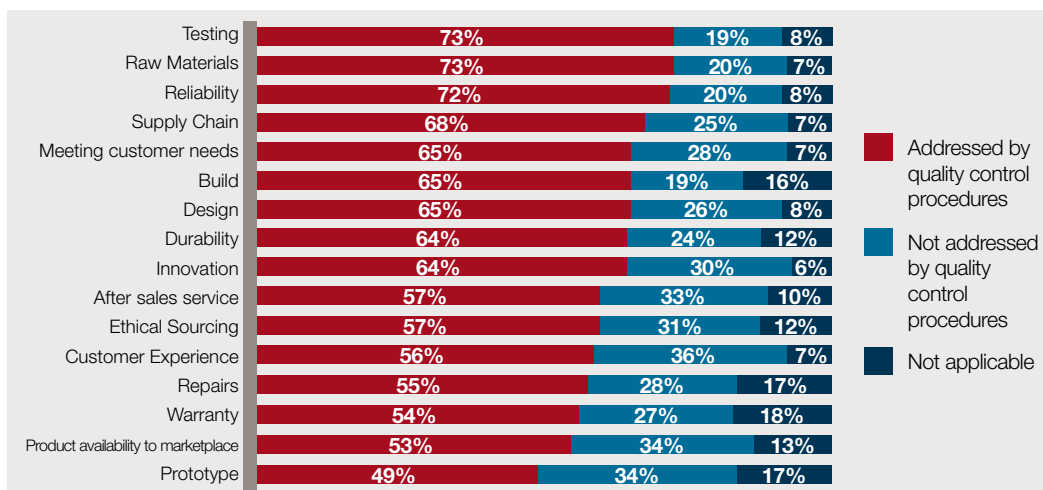


...and what gets measured

The top three areas addressed by quality control are testing (73%), raw materials (73%) and reliability (72%). Meeting customer needs comes in fifth, at 65% (after supply chain at 68%). The wider aspect of customer experience is only measured by 56% of respondents and in fact is the option least likely to be addressed at all.

It's likely that the lower priority given to customer aspects reflects at least in part the challenges of both controlling and measuring what happens once a product has left the factory. Firms with a culture of quality will have robust internal processes covering testing, quality standards and KPI programmes. But the more subjective area of customer experience and satisfaction is far harder to manage and measure.

Figure 3: Which of the following are addressed by your quality control procedures?



- Executive summary
- Introduction
- Quality and business success
- Key quality issues for today's manufacturers
- Britain's place in the global quality marketplace
- Looking to the future
- Sources

The quest for quality

Quality and business success

...and what gets measured continued

Significantly, however, only 17% of respondents believe that customers think their own experience of using the product is important when they evaluate

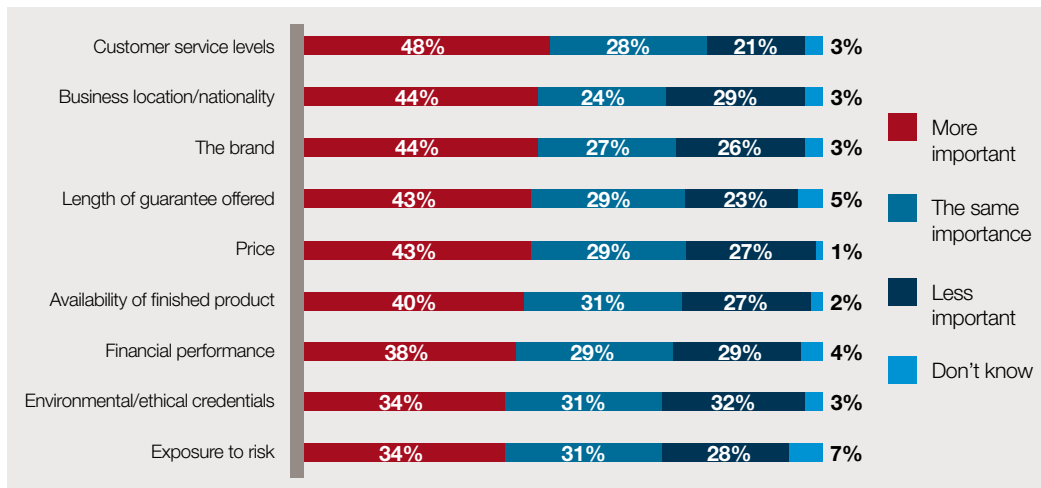
products and services; only 5% believe customers think testing procedures are important. It might be interesting to ask the same question of customers.

The balance between quality and price

The amount manufacturers are willing to invest in quality has to reflect what customers are happy to pay for the finished product. 43% of respondents thought their customers believed product quality was more important than price, with 29% saying they believed customers gave equal importance to quality and price. A minority of manufacturers believe customers are purely price-led. This is good news for those looking to employ quality as a strategy for growth.

Fortunately for customers, manufacturers are prepared to invest in order to achieve the price/quality balance: Only a minority said that it was of little or no importance to put financial investment into ensuring quality standards when converting raw material to finished product (6%), when delivering (8%), and when providing customer service and repairs (11%).

Figure 4: Do you believe product quality is more or less important than the following?



Quality at all costs?

Few would criticise customers for wanting quality products. But survey responses suggest that some manufacturers feel their customers may have unrealistic expectations. 38% of the people we spoke to said they believed their customers would rate quality above financial performance, and 34%

that customers would rate it above exposure to risk. This is an interesting finding, because it's not in the customer's interest for a manufacturer to overstretch itself in the pursuit of quality. If the future of a business is put at risk, then so is the customer's source of support and spare parts.

Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

Sources

The quest for quality

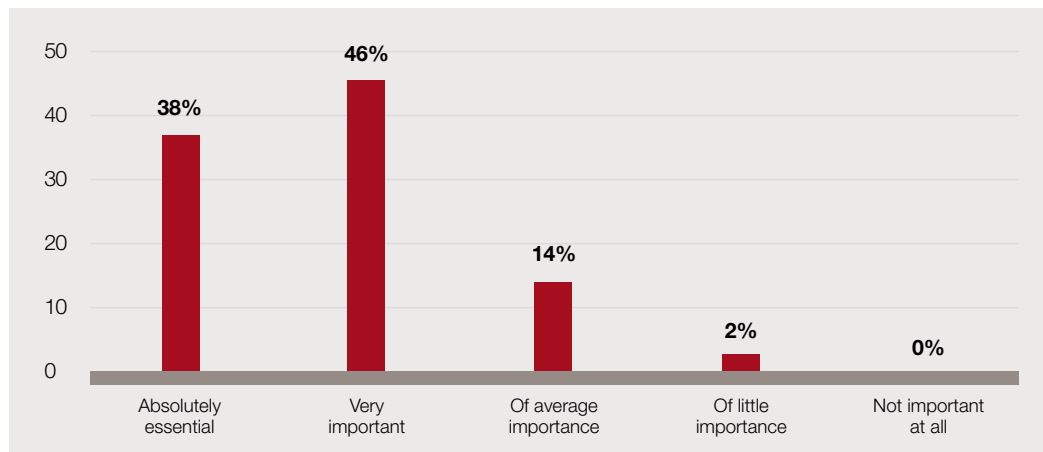
Key quality issues for today's manufacturers

Though manufacturers clearly appreciate the importance of quality, they also face significant challenges in achieving it. These challenges include the need for constant innovation, the pressures of building a skilled workforce, ongoing dilemmas around international outsourcing, and the difficulties of adapting working practices to meet growing environmental and social concerns.

The need for innovation

84% believe innovation is important in transforming UK quality. It's also the hardest nut to crack, with the greatest number of respondents (24%) putting it as their number one quality challenge.

Figure 5: How important is innovation in transforming UK quality?



The area respondents see as most likely to be affected by innovation is the manufacturing process (37%). This tallies with the findings on the impact of new technologies, which are revolutionising processes in so many manufacturing settings. The pace of change here is fast, with 61% of respondents saying they are often or almost always reviewing quality control processes in relation to industry 4.0, 57% in relation to each of digital transformation and the digital supply chain, and 47% in relation to the internet of things (IoT).

These developments **promise strong customer benefits** by **enabling manufacturers to keep costs down** at the same time as **maintaining and improving quality**.

The second area most likely to be affected by innovation is product design and development. This should result in further benefits to customers as manufacturers compete to improve existing products and bring new ones to market.

84% believe innovation is important in transforming UK quality.

Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

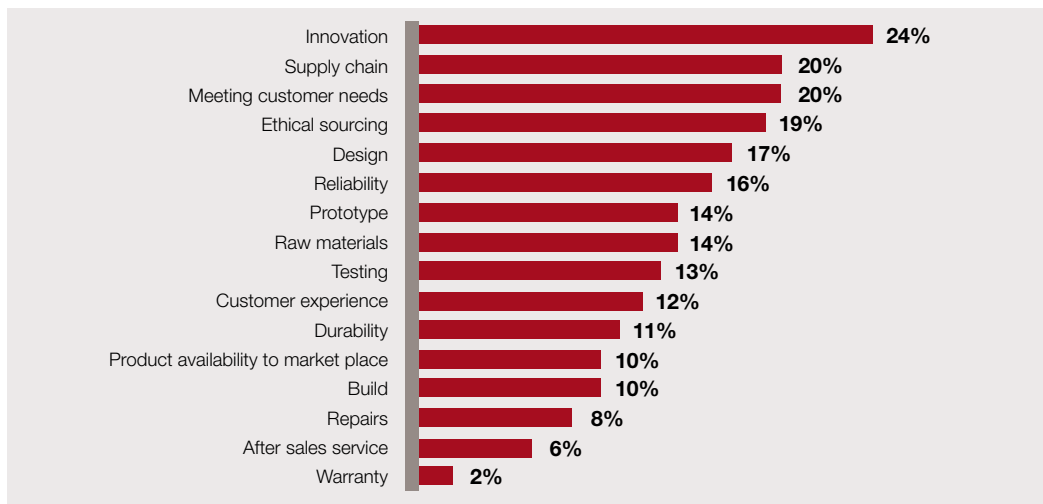
Sources

The quest for quality

Key quality issues for today's manufacturers

The need for innovation continued

Figure 6: In the quest for manufacturing quality, which of the following factors are most challenging to achieve?



Training and skills – can manufacturers build the workforces they need?

Across every element of the value chain fully trained/skilled people came out as the most important element in ensuring quality standards - more important than technology, testing or financial investment. Yet 44% of manufacturers stated that it was difficult to develop quality skills amongst their workforce, with only 19% saying it was easy or very easy. (The remainder reported that skill development was neither difficult nor easy).

Design skills look to be in increasingly short supply, with 29% of respondents concerned that access to skilled designers will be one of the biggest barriers to quality over the next five years.

Despite the difficulties, however, a majority of respondents believe the UK is developing the best quality skills in comparison with the rest of Europe, Asia and the US in product development (63%), product quality (62%) and manufacturing (57%).

Design skills look to be in increasingly short supply, with 29% of respondents concerned that access to skilled designers will be one of the biggest barriers to quality over the next five years.

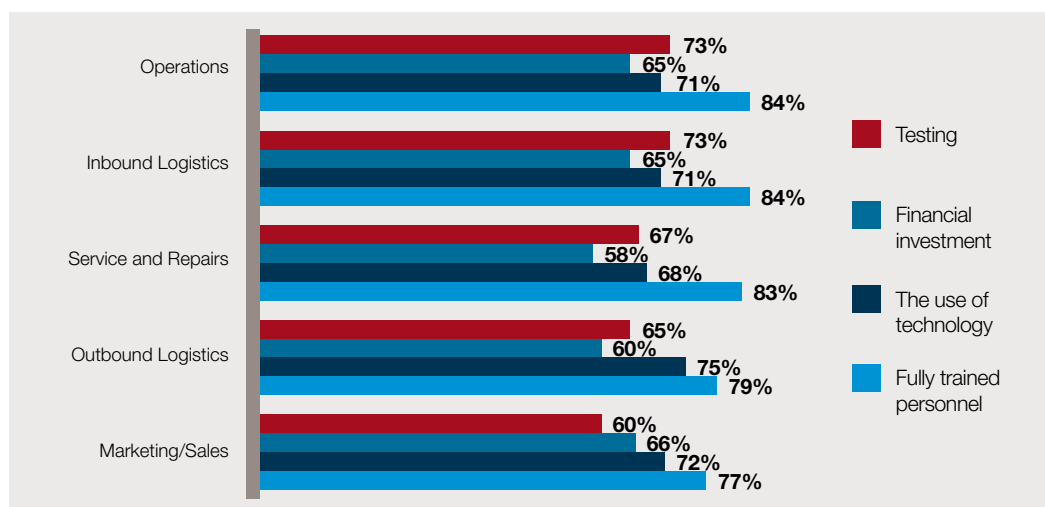
- Executive summary
- Introduction
- Quality and business success
- Key quality issues for today's manufacturers**
- Britain's place in the global quality marketplace
- Looking to the future
- Sources

The quest for quality

Key quality issues for today's manufacturers

Training and skills – can manufacturers build the workforces they need? continued

Figure 7: How important are each of the following in achieving fully trained personnel?

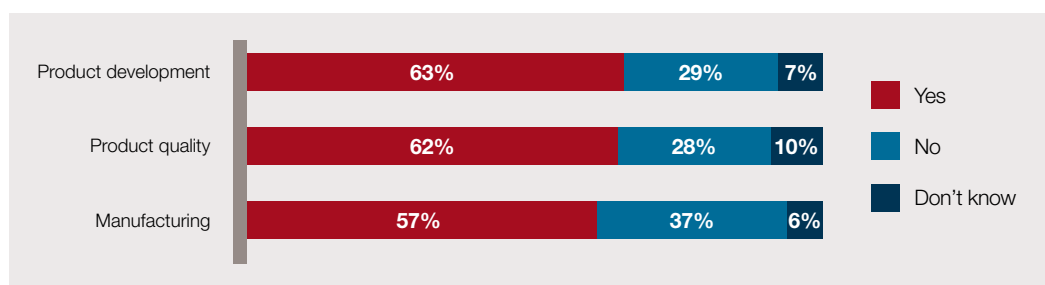


The most popular up-skilling route is in-house training (42%) followed by apprenticeships (26%) and informal on-the-job training (22%). Only 11% of businesses saw universities as the best source of quality skills – this maybe explained by many of the technical skills required in manufacturing are unlikely to be taught in a university course. Three-quarters of respondents would consider

hiring from abroad if they were unable to source the best product quality skills within the UK.

On balance, it seems most manufacturers recognise they can't leave training to chance and are rising to the challenge of developing the skills they need in order to maintain and improve quality standards.

Figure 8: Do you believe that the UK is developing the best quality skills in comparison to the rest of Europe, Asia and the US?



Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

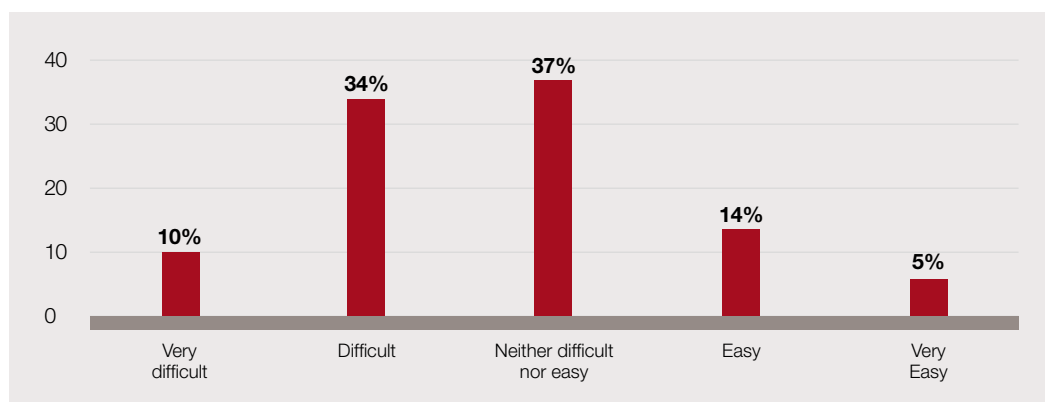
Sources

The quest for quality

Key quality issues for today's manufacturers

Training and skills – can manufacturers build the workforces they need? continued

Figure 9: How difficult has it been to develop quality skills within your own workforce?

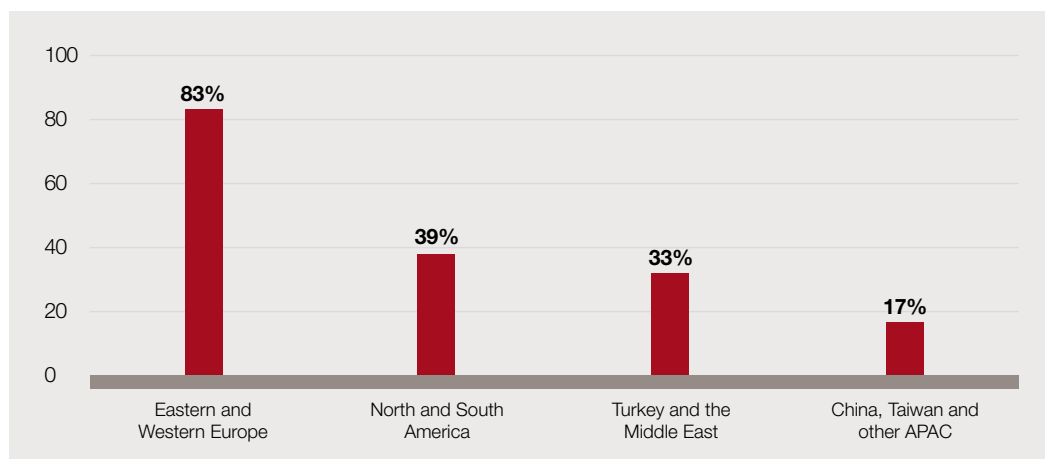


International outsourcing dilemmas

42% of the businesses we spoke to outsource manufacturing activities abroad, with the most common outsourcing locations being Eastern Europe (50%) and Western Europe (49%). But most of those who outsource internationally have experienced quality control issues, and more than half are now considering bringing

manufacturing back to the UK. Again, this is good news for the economy. Manufacturers are aware they need to solve quality problems, and robust oversight is critical in delivering the consistency customers rightly demand – as we know from our own experience (we make all our products in our own factories).

Figure 10: To what extent do you experience quality control issues in the countries that you outsource manufacturing to?



Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

Sources

The quest for quality

Key quality issues for today's manufacturers

Adapting to social and environmental concerns

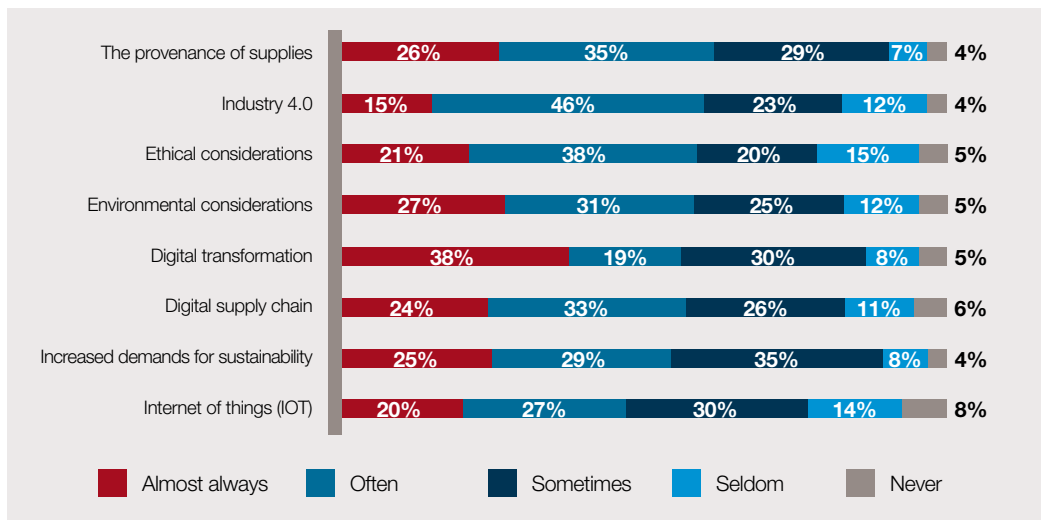
Social responsibility quality factors are increasingly important to manufacturers, and the responses suggest businesses are constantly adapting as they try to do the right thing. When we asked respondents how often they reviewed quality control processes around a series of social responsibility issues, 'often or always' was the most common response at 59% for ethical considerations, 54% for increased demands for sustainability, 58% for

environmental considerations, and 61% for provenance of supplies.

As many as 19% see ethical sourcing as the hardest to achieve from a list of 16 common quality challenges.

This focus on social responsibility at the manufacturing level will be reassuring news to customers equally keen to play their part and demonstrate CSR credentials.

Figure 11: To what extent are any of the following developments in manufacturing causing you to review the quality control processes you have in place?



As many as 19% see ethical sourcing as the hardest to achieve from a list of 16 common quality challenges.

- Executive summary
- Introduction
- Quality and business success
- Key quality issues for today's manufacturers**
- Britain's place in the global quality marketplace
- Looking to the future
- Sources

The quest for quality

Britain's place in the global quality marketplace

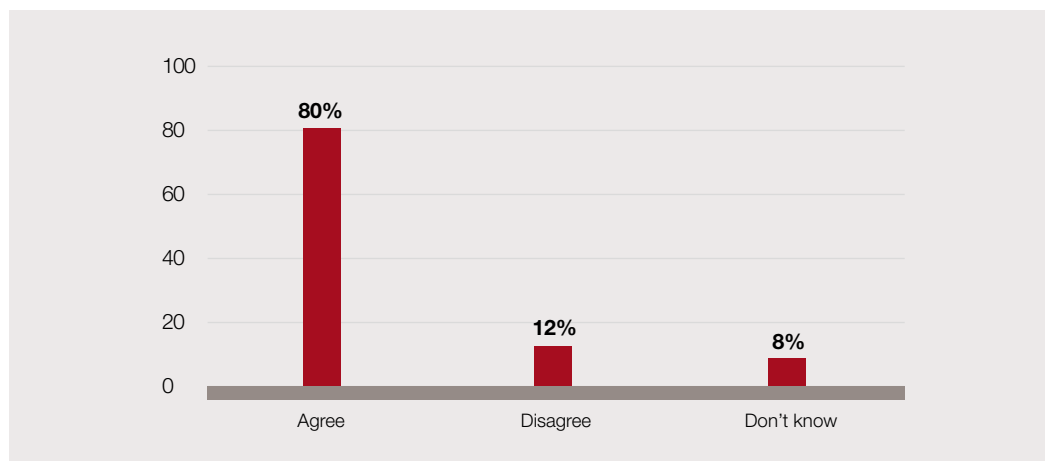
Survey respondents (all from the UK) ranked Britain third for quality standards out of the top ten manufacturing nations – behind only Japan and Germany.

And half of all respondents stated that quality has improved over the last five years, with only a third saying standards have stayed the same and 17% seeing things as worse. Almost three-quarters believe that **standards have improved over the last fifty years**, implying that British

manufacturers believe that the industry is delivering against quality objectives.

80% agreed that if standards remain high or continue to improve, then new markets will open up at home and abroad.

Figure 12: Do you agree or disagree that if British manufacturers delivered higher quality goods and services, it would open up new markets at home and abroad?



80% agreed that if standards remain high or continue to improve, then new markets will open up at home and abroad.

- Executive summary
- Introduction
- Quality and business success
- Key quality issues for today's manufacturers
- Britain's place in the global quality marketplace**
- Looking to the future
- Sources

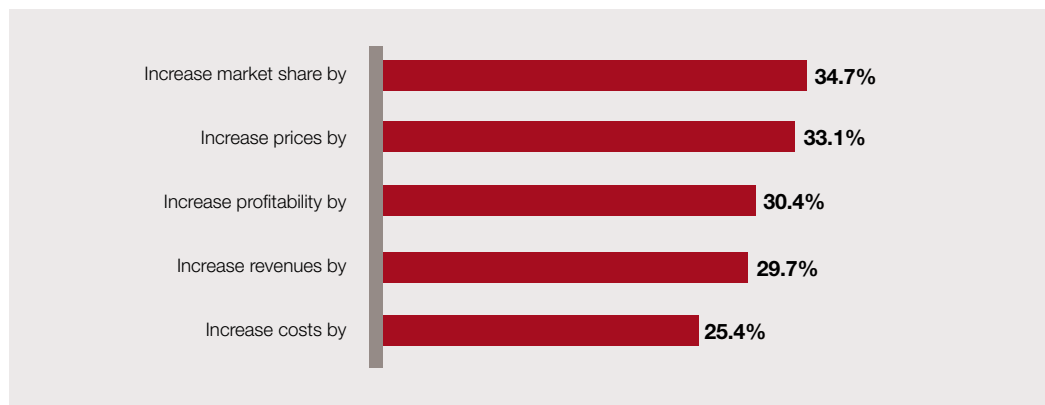
The quest for quality

Looking to the future

It's clear UK manufacturers take quality very seriously as a tool for business growth and that this has great potential for win-win outcomes. Where manufacturers successfully align quality standards with customer expectations in every area of the business, customers can buy with confidence and the manufacturers will see their market position strengthened.

The impact of improving quality is great. According to respondents, an increase in product quality would lead to a 35% increase market share and a 30% increase in profitability, although they would be likely to increase price as well.

Figure 13: What impact do you think increasing manufacturing quality would have on your product?



As they look to the future it's possible to see how new technologies that drive productivity improvements are giving firms the opportunity to continue to provide quality and value to customers despite financial pressures.

And with so many firms seeing quality as a unique selling point, there's every hope that standards will continue to improve - with both parties reaping the benefits.

Executive summary

Introduction

Quality and business success

Key quality issues for today's manufacturers

Britain's place in the global quality marketplace

Looking to the future

Sources

The quest for quality

Sources

*1: <https://www.themanufacturer.com/uk-manufacturing-statistics/>

*2: eef The Manufacturers Association:
<https://www.eef.org.uk/campaigning/campaigns-and-issues/manufacturing-facts-and-figures>

*3: Respondent demographic:

200 interviews were conducted with senior manufacturing decision makers that have responsibility for quality control working in UK organisations across the following sectors:

- **Food and drink**
 - **Automotive and aerospace**
 - **Chemicals, plastics and rubber**
 - **Machine manufacturing**
 - **Electrical equipment**
 - **Metal manufacturing**
 - **Wood, paper and print**
 - **Oil and gas**
 - **Textiles and leather goods**
 - **Healthcare – pharmaceutical, devices**
-

Executive
summary

Introduction

Quality and
business success

Key quality issues
for today's
manufacturers

Britain's place
in the global
quality marketplace

Looking to
the future

Sources