

Philip Crosby: Quality is Still Free

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In this interview, Philip Crosby offers his thoughts on quality management as we move into the next century. - Tim Stevens

Visit the management offices of quality-conscious manufacturers worldwide and you're likely to hear the term "zero defects" when they talk about quality philosophy. This approach to quality management was popularized by Philip Crosby in his classic work *Quality Is Free*, first published by McGraw-Hill in 1979.

With this text and his four absolutes of quality as its cornerstones, Philip Crosby Associates (PCA) trained executives from companies including IBM, Southwest Bell, Armstrong World Industries, Johnson & Johnson, General Motors, Milliken, Perdue Farms, Federal Prison Industries, and the Japan Management Assn. at his quality college in Winter Park, Fla.

While Mr. Crosby's success as ITT Corp.'s first vice president of quality is well-documented (his programs netted manufacturing cost-of-quality reductions from \$30 million in 1968 to \$530 million in 1976), his greatest achievement was growing his own management-training company. Leaving ITT in 1979, Mr. Crosby began PCA from his den, building revenues to \$80 million in 1989, employing 325 people with offices in the U.S., Europe, Australia, Japan, and Southeast Asia.

Since selling PCA in 1989, Mr. Crosby has been active as an author, international quality consultant, and keynote speaker at quality conferences worldwide, representing his new Maitland, Fla.-based company, Career IV.

In this interview with IW, Mr. Crosby offers his thoughts on quality management as we move into the next century.

IW: You are well-known for the expression, "Quality is free," which is also the title of your first book on quality. Please briefly explain what you mean by that statement.

CROSBY: It goes back to how people think about quality. Conventionally, quality is always looked at as goodness, as gold-plating. Quality is viewed as an expense, a trade-off, something that you have to spend money on. But you can't manage with goodness as your definition of quality. Quality is conformance to carefully thought-out requirements. So quality is free because it is already built-in. The expense of quality is nonconformance. The title of my book, *Quality Is Free*, actually comes from my old boss at ITT, Harold Geneen. He and I were having a discussion on quality one day, and we were talking about the difficulties in getting some of the units to get things done right the first time. He said, "I don't understand why they fight quality. It's free." That's a good line.

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to give it to them.**

IW: You are quoted as saying, "It's not what people don't know about quality that gets them in trouble, it's what they think they know that's the problem."

CROSBY: People say things like "the workers are the problem with quality." That's not true. Workers pretty much do what management tells them to do. People think that quality is some undefinable thing that you only know when you see it. Yet quality requirements are clear. They talk about vague things like delighting the customer, but you can't tell people what that really means, so you can't manage that way. They think that error is inevitable, that as long as humans are involved you'll have mistakes. These things are only true when management makes it happen that way.

IW: What are some guidelines you can give for establishing a quality-improvement effort?

CROSBY: If you're going to be a quality leader, you have to be able to explain to people what you want, have an agenda, and have measurements. So we're back to the

four absolutes of quality that were the cornerstones of the quality college. First, quality is conformance to requirements, not goodness. That means that we are going to make it very clear what we are going to give the customer, internal or external. We're going to all row in the same direction. As we get smarter, we are going to improve the requirements.

Quality starts to go to hell when you delegate it. So when I say commitment, I mean CEOs in there working and doing things, not just saying, 'Yes, I bless this thing, and here's some money to do it.'

The second absolute, and the basic aim of quality management, is prevention. Quality control is aimed at detection, finding problems as early as possible, and getting them fixed -- and that's a noble thing. But what we want to do is vaccinate the company with the quality philosophy of prevention. So instead of setting up the world's largest smallpox hospital, we vaccinate people and then we don't need a smallpox hospital. That's the same way you have to run a company, by preventing the problems. There really isn't any system you can put in place that causes things to happen; it's a question of understanding the basic concepts.

Then you have to have performance requirements. In manufacturing, that performance standard is often acceptable quality levels -- 1 %, 2% defective. That's the way things are planned. That's what quality control is all about. But we don't want that. We want to do things right, and so the symbolic way of saying doing things right the first time is zero defects. That's the third absolute, that zero defects is the performance standard, not some acceptable level of defects like six sigma. It means doing exactly what you said you were going to do -- that's really the definition of quality. That way you save the expenses of doing things over again, and you don't disappoint anybody.

Cut Your Costs of Nonconformance

IW: What kind of gain can a company realize from a well-run zero-defects-based quality program?

CROSBY: Something like 20% to 25% of revenues. You should be able to cut your cost of nonconformance in half in about a year to a year and a half. Then you should be able to get it down to where it's just a trace -- what you spend is primarily on education and evaluation.

IW: What is the role of the customer in determining quality?

CROSBY: The customer is the one you have to make successful. You have to understand what they need and learn how to give it to them. It's not a matter of just sitting down and having a focus group or something like that. It's a full-time job figuring out what your customer wants. How can I be useful to this customer?

The place where I bought my car has a car wash on Saturday morning. So every Saturday I go in, have a cup of coffee, and read my paper while they wash my car. Now I didn't ask them about that. If they'd interviewed me for 20 hours I probably wouldn't have said, "I'd like you to wash my car every Saturday morning." It never would have occurred to me.

So now the quality-control people ask, "Where do we get these requirements?" And I say, "That's what business is about; that's what life is all about." Business is transactions and relationships. And there is no system you set up where a customer is going to tell you what they want.

IW: You suggest that getting management support, management commitment, is a key point in developing a zero-defects philosophy in a company. With all the emphasis on quality today, is this still a problem?

CROSBY: Oh, but that is *the* problem. Quality starts to go to hell when you delegate it. So when I say commitment, I mean CEOs in there working and doing things, not just saying, "Yes, I bless this thing, and here's some money to do it." It doesn't work that

way. It's like parenting. You can't delegate the cuddle and the evening prayer; you have to do that yourself.

IW: What are some basic mistakes made by executive management in pursuing a quality-improvement initiative?

CROSBY: All you need is for the CEO to say, "Quality is the most important thing we have around here, but don't forget we still have to make a buck. Don't get carried away with this thing." Say that, and it's all gone. Another mistake is that most of the time the CEO is back up in the office going over accounting figures or inventory, or beating up on suppliers, and not paying attention to the customers. So I advise them, "Nail your office door shut and go down and stand in the front of the store if you want to run the place."