

**FOR IMMEDIATE RELEASE**

## **QUALITY MANAGEMENT GURU'S CONSULTANCY: "CUSTOMER SATISFACTION = FAILURE"**

*Two years after founder's death, PCA revolutionizes the field it created by adding to classic "Absolutes of Quality Management"; Firm delivers on new "Fifth Absolute" via joint venture and groundbreaking course that picks up where Crosby left off*

**Winter Park, Fla. And Boston, Mass., January 22, 2004** – Philip Crosby Associates (PCA) is known worldwide for delivering to millions of top-level executives the revolutionary and uncompromising "Do It Right The First Time" message of quality management guru Philip B. Crosby (1926 - 2001). Founded by the man *Time Magazine* dubbed "the leading evangelist of quality in the U.S.", PCA has a client roster that boasts much of the Fortune 500 — and has always set the bar for quality both in the U.S. and abroad.

Today, PCA reset the bar for executives and quality professionals alike: it declared that a legion of satisfied customers could be an organization's worst enemy; it defined a new course offering to support that premise and it announced a joint venture with Boston-based Six Sigma provider The Capability Group (TCG) to deliver on the new vision. It also launched a weekly newsletter, *Take Ten Minutes*, which can be subscribed to at <https://www.philipcrosby.com/forms/maillinglist.htm>

"We are having a quality crisis in this country because companies are narrowly focused on customer satisfaction," said Wayne Kost, president of PCA. "It has become imminently clear that pursuing customer *satisfaction* can be a surefire, direct route to corporate failure."

### **"The Absolutes" Revised for First Time Since 1970s**

Today's announcement includes a fundamental change to the cornerstone of Mr. Crosby's teachings, The Absolutes of Quality Management™. Thousands of companies have embraced the Four Absolutes Mr. Crosby defined in his industry-changing book, *Quality Is Free*; they are posted on assembly-line and boardroom walls across America. The Absolutes as defined by Mr. Crosby state:

**First Absolute:** Quality has to be defined as conformance to requirements, not as "goodness".

**Second Absolute:** The system for causing quality is prevention, not appraisal.

**Third Absolute:** The performance standard must be zero defects, not "that's close enough".

**Fourth Absolute:** The measurement of quality is the Price of Nonconformance™, not indices.

The Absolute added today is:

**Fifth Absolute:** The purpose of quality is to ensure customer success, *not customer satisfaction*.

### **Fifth Absolute Drives a Stake in "Customer Satisfaction" Myth**

"No one is 'against' quality, yet very few achieve it," said Kost, a close friend of Mr. Crosby. "We took a hard look at the original Absolutes because we realized that a company could live by them and *still* fail."

"People can be *satisfied* with almost anything — happy customers are not necessarily *successful* customers. If you focus on satisfaction you will have short-term gains, but there is a loss to the customer. Fanatically focusing on customer *success* is the only way to ensure corporate

success. Building an organization that knows how to focus on customer success and make it a repeatable, continuous process is the next decade's primary challenge," said Kost.

A new book — which will build on the 13 books written by Mr. Crosby — is in the works to expand on this topic.

### **Acquisition, New Course Pave Way**

To help its clients be successful implementing this new Absolute, PCA also announced today that it recently formed a joint venture with TCG. The venture is the culmination of a process that began even before Mr. Crosby's death; together, Kost and Mr. Crosby evaluated many potential partners for PCA for the purpose of getting clients to the next level. Many prospective partners were rejected because Mr. Crosby and Kost did not believe they brought to the table the required commitment to building a prevention-based culture.

It was not until the summer of 2003 that an overseas PCA licensee recognized the similarities in TCG and PCA approaches and introduced the two companies. The companies quickly realized that their similarities and differences made for a unique solution.

TCG is a Boston-based consultancy founded by former General Electric Quality Leader and Six Sigma Black Belt Kevin Weiss. TCG has taken the core of what is known as the Six Sigma methodology for process improvement — a disciplined, data-driven approach for eliminating defects and stimulating growth — and wrapped its own philosophy around it to ensure organizations obtain substantial cost, quality and growth benefits. It is not uncommon for TCG clients to leverage TCG's Cost-Quality-Growth™ Methodology to realize exponential savings increases over traditional quality programs. As a part of the joint venture, TCG CEO Kevin Weiss has bought a controlling interest in PCA and has assumed the role of PCA's CEO. The Crosby family continues their involvement in PCA. Terms of the deal were not disclosed.

### **Course: Beyond Zero Defects**

The links between Crosby culture and TCG's unique Cost-Quality-Growth™ Model are the topic of the first joint course, titled *Beyond Zero Defects*. (*Beyond Zero Defects* is a reference to the Third Absolute. "Zero Defects" was a groundbreaking concept when Mr. Crosby defined it while serving as a quality manager at what became Martin-Marietta; before, corporate America was using the wishy-washy and hard to measure standard of "good enough". Mr. Crosby later received a distinguished service medal from the Army for the concept.)

"We called the course *Beyond Zero Defects* because we see this as the natural progression of Mr. Crosby's philosophies," said Weiss. "Longtime PCA clients know it is ultimately more profitable to 'do it right the first time' than to build in allowances for shoddy products. They have worked hard over the years to create a solid foundation within the organization. They have recouped costs associated with the Price of Nonconformance™ — the price of doing things wrong. And now, they are uniquely positioned to benefit from next-generation Cost-Quality-Growth™ Strategies. We look forward to taking our clients to the level Mr. Crosby would have wanted to take them, and helping them achieve new and aggressive cost, quality and growth goals in 2004."

PCA and TCG are offering *Beyond Zero Defects* beginning in the early spring, so companies can put the new ideas to work and have the greatest impact on their 2004 efforts. *Beyond Zero Defects* will be held at PCA's training facility in Florida, where 100,000+ executives to date have been trained in the Crosby process.

Enroll via email: [beyondzero@philipcrosby.com](mailto:beyondzero@philipcrosby.com)

### **Significant Benefits for "Crosby Companies"**

The acquisition brings significant benefits to thousands of self-described "Crosby Companies" — companies that have woven into their fabric Crosby quality management philosophies. Together, PCA and TCG provide the only seamless link between the Crosby quality culture and the Six Sigma methodology that is today impacting the bottom lines of organizations as dramatically as Crosby culture did when it first hit corporate America in the 1980s.

"The Crosby approach works for us in Honda's Parts Division because it forces a focus on process, on constantly improving or maintaining," says Jim Roach, Vice President of Honda's Parts Division. "We are glad to see PCA continue to develop new courses that build upon the 'Do It Right The First Time' foundation so companies like ours can continue to improve and grow and thrive as the quality effort matures."

### **New Mantra for Companies New To Quality: Culture First, Six Sigma Second**

While Crosby Companies are uniquely positioned to benefit from Six Sigma, not every company is ready. On the heels of well-publicized success at companies ranging from General Electric to Bechtel, many companies jumped headfirst into Six Sigma, but not always with optimal results. Weiss says the primary problem is that companies fail to first build the culture required to support Six Sigma.

"The statement 'Six Sigma didn't work here' is usually code for 'we didn't build the culture that prepared us for all Six Sigma has to offer,'" says Weiss. "Jumping into Six Sigma without a strong base to support the effort is a recipe for failure. Together, PCA and TCG bolster a company's chances of Six Sigma success by using PCA techniques to build the foundation of a well-run organization and then easily progressing into Six Sigma as the organization matures to that level."

TCG is located in Boston, Mass.; PCA will continue to operate in Winter Park, Fla.

### **~ About Our Companies ~**

In today's marketplace, only capable companies will survive and thrive. The overarching goal of Philip Crosby Associates (PCA) and The Capability Group (TCG) is to give companies the culture, tools, methodology and results-focused support to become 'Capable Organizations' — useful, reliable, adaptable, and ever-focused on achieving customer success.

PCA and TCG deliver on this goal by first working with clients to assess where they are on the maturity spectrum and where they want to go. For companies early in the process, we work hand-in-hand with management to install a culture of prevention — the culture that has been championed by the PCA side of our business since quality management guru and PCA founder Philip Crosby published *Quality is Free* in 1979. Over the past two decades, Crosby's techniques have been implemented by many of the Fortune 500, as well as small and mid-sized companies seeking excellence.

Once the foundation of the Capable Organization is present, TCG steps in to help clients take their efforts to the next level by further reducing costs, enhancing quality and promoting growth. TCG was founded by Kevin Weiss, who was a Quality Leader and Master Black Belt for General Electric when that company first implemented Six Sigma — a program CEO Jack Welch has attributed with "changing the DNA of GE". With a proprietary Cost-Quality-Growth™ Model created based on the knowledge that GE's success was due to much more than a typical Six Sigma deployment, TCG has helped shape Cost-Quality-Growth™ Programs for companies such as Shimano, American Express and Sony.

Along the journey to the Capable Organization, PCA and TCG provide a comprehensive set of training programs and materials as well as consulting and assessment services to accelerate progress. Products and services range from courses and CDs geared towards the education of hourly workers to intensive seminars for managers and executive teams.