



THE OPEN UNIVERSITY OF SRI LANKA
COMMONWEALTH EXECUTIVE MASTER OF BUSINESS/PUBLIC ADMINISTRATION
FINAL EXAMINATION – 2015
MCP 1654 – QUALITY ASSUARANCE MANAGEMENT

DURATION: THREE (03) HOURS

Date: 22nd August, 2015

Time: 1.30 pm – 4.30 pm

This question paper contains six questions and has two pages.

INSTRUCTIONS

- **ANSWER FIVE QUESTIONS INCLUDING QUESTION NUMBER ONE.**
- Your answers should be focused and methodical.

1.

Case : Chrysler's Transmission Problem

Chrysler pioneered its immensely popular mini van in 1984, which quickly became the best selling product the company had ever built. Within five years, Chrysler held more than 50 percent of the market share for mini vans. In 1989, Chrysler offered a new automatic transmission as an option in some of its top models of mini vans and luxury automobiles. The new transmission immediately ran into trouble when many customers reported serious problems.

Claiming that it had made improvement to reduce the initial problem, Chrysler continued to use the transmission. Meanwhile, the Center for Auto Safety, a consumer group that monitors the auto industry charged that Chrysler had not tested the transmission before introducing it. The group's claim was supported by data on owner complaints and frequency of repairs. During the first years of ownership itself, about 20 percent of the owners reported problems with the new transmission.

For the 1991 model, Chrysler extensively modified the design of the vehicle but continued to use the same problematic transmission as standard equipment, with most of the larger engines in high demand.

As a result, the Chrysler which was placed at the top in the magazine "Consumer Reports" for many years, dropped to the bottom of the list in 1991, citing the transmission in particular as well as other signs of deteriorating quality. A new Toyota model captured the top spot that year.

Discussion questions:

- a) Describe the types of costs that have caused to Chrysler with the introduction of new technological feature to its mini van. (6 mks)
- b) Explain the factors that would have prompted the Chrysler's failure to maintain market leadership? Explain. (8 mks)
- c) What might Chrysler have done differently? Explain how a stronger focus on quality could have helped Chrysler. (10 mks)

2. a) "Quality is free". Do you agree with this statement? Explain. (7 mks)
- b) Explain what is meant by 'Quality Improvement'. (Take an example from an organization to build up your answer.) (6 mks)
- c) Explain the differences between "Continual Improvement" and Continuous Improvement". (6 mks)
3. a) Explain the term "Total Quality Management"(TQM). (6 mks)
- b) Explain if you have been appointed to implement a TQM system in your organization, the approach that you will use in a step by step manner to make the project a success. (6 mks)
- c) Describe with reasons, why many TQM implementation programs fail at organizations. (7 mks)
4. a) Describe the different categories of Costs of Quality. (4 mks)
- b) In an organization Internal Failure Cost is very much higher than expected. Explain the measures you would take to overcome this situation. (5 mks)
- c) The CEO of an organization received regular claims with regard to the products this organization sold and he has to approve the repairing or replacing of product as most of them were within the warranty period. Recently he attended to a seminar on ISO 9001 and he wanted to introduce that concept as a remedial measure to overcome the above issue. Does the CEO's approach coming under any Cost Category? If so identify that category, and explain why you consider it coming under the purview of that cost category. (10 mks)
5. a) Explain briefly the teachings of different "Quality Gurus". (6 mks)
- b) Explain the teachings of Deming and its applicability for modern industry. (7 mks)
- c) Explain whether "Zero defect" is a reality. (6 mks)
6. a) Explain the meaning of "Quality" in the context of quality assurance. (4 mks)
- b) "Quality is conformance to specification". Do you agree with this statement? Explain. (8 mks)
- c) "Quality Products shall be manufactured based with the changing needs of the Customer." Do you agree with this statement? Explain why or why not. (7 mks)