

Quality management (QM) leads to healthier small businesses

December 9 2016



Many economists have surmised that the health of U.S. small businesses is key to the health of the U.S. economy. In fact, a Forbes article by Ian Shepherdson, "Small Businesses Are The (Missing) Key To A Full Economic Recovery," cites that small firms account for about half of the nation's gross domestic product and employ about half the workforce, "so if they are struggling it is very hard for the economy as a whole to grow in line with its long-term trend."

So how can we help give a foundation to U.S. [small businesses](#) so that they don't need to struggle?

A recent study "Quality management (QM) leads to healthier small

businesses," published in the *Journal of Small Business and Enterprise Development*, explores how small businesses in the housing industry that have embraced [quality management](#) approaches, such as Baldrige, Six Sigma, and EFQM, are seeing improved performance.

Study authors William H. Murphy and Denis Leonard interviewed ten owners of small family-owned businesses who have won the National Housing Quality Award (NHQA), which is based on the Baldrige Excellence Framework and its Criteria. Sponsored by Professional Builder magazine and the National Association of Home Builders Research Center, the NHQA provides housing contractors with the opportunity to submit Baldrige-based award applications to receive an assessment by QM experts on development gaps and to possibly receive an award. (See also the recent blog ["Adapting Baldrige to the National Housing Industry."](#))

"Once small business owners realize that the QM journey is a sensible, necessary, business-changing journey, change can happen swiftly," write Murphy and Leonard. "Yet, truly seeing the truth of this claim and following up by changing one's business toward a QM journey is often a tough step for many small business owners to take. After all, small business owners are often extremely busy, with time-pressing commitments and little wiggle room for figuring out how to engage new platforms such as QM. Yet, as our interviews repeatedly revealed, life gets a lot easier for everyone once QM is part of the business."

The Baldrige Excellence Framework, with its eligibility category for small businesses (500 or fewer paid employees), is one quality management tool that the study cites.

"Baldrige, once believed too complex for small businesses to pursue, let alone attain, has proven to be a platform providing excellent performance results for small businesses," write Murphy and Leonard.

According to another article—"Don't count TQM out: evidence shows implementation pays off in a big way" (Quality Progress, Vol. 32, No. 4, pp. 35-42)—Baldrige small business category winners outperform benchmark companies by an average of 63 percent, while large organization winners outperform their benchmarks by only 22 percent.

Indeed, two of the four 2016 Baldrige Award recipients are small businesses: Don Chalmers Ford and Momentum Group. The other two recipients, both in the health care sector, are also small: Kindred Nursing and Rehabilitation Center – Mountain Valley is a 68-bed skilled nursing center and Memorial Hermann Sugar Land is a 149-bed community hospital.

As a whole, the [small business owners](#) interviewed in the study were "certain that positive outcomes follow" once a business implements QM; however, the owners did recognize some barriers to engagement. "A key variable precluding business improvement may be the belief that one's business is doing fine without QM," write the study's authors. "If this is the case, familiarity with QM may be a necessary but not sufficient factor in small businesses adopting QM—until there is an accompanying belief that one's small business has weaknesses in the absence of QM, embracing QM may not occur."

Small [business owners](#) recommend customizing tools and staying the course once started on QM. "Interviewees strongly feel the barriers are small relative to gains realized through QM," write the study's authors.

According to Murphy and Leonard, "The first step toward launching QM is generally the hardest, as most businesses have to stumble along for a while before truly catching on to QM's logic and potential. And yet, by targeting easy projects and using a few tools from QM toolboxes, change for the better is soon realized. Over time, with a conviction gained by success and the developing belief that QM is a game changer for one's

small business, owners may find themselves pushing their QM platforms in unexpected directions."

More information: Quality management (QM) leads to healthier small businesses. *Journal of Small Business and Enterprise Development*. [emeraldinsight.com/doi/abs/10. ... 8/JSBED-12-2015-0169](https://emeraldinsight.com/doi/abs/10.1108/JSBED-12-2015-0169)

Provided by National Institute of Standards and Technology

Citation: Quality management (QM) leads to healthier small businesses (2016, December 9) retrieved 20 April 2024 from <https://phys.org/news/2016-12-quality-qm-healthier-small-businesses.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.