



tasks

- 1 Consider the following statement:

“Quality management will increase the quality of production. This may raise revenue as sales increase/costs decrease, as fewer goods are returned because of faults due to poor quality.”

With reference to any business making a product (YES activity, case study you have looked at, or a business you are aware of), expand this statement to include examples and expected real-life situations.

- 2 With reference to a business you know, explain the importance of Total Quality Management to that business. Ensure you define TQM as part of your answer and clarify ‘importance’ in regard to profit, output, waste or customers (all or at least one).

- 3 Have a look at the school you attend. What aspects of quality management can you identify?

- 4 You have been asked to present to the CEO on the importance of economies of scale. Suggest three reasons why economies of scale could directly improve the sustainability of a business.

- 5 Consider one of the major fast food businesses operating in your area such as McDonald's, Burger King, KFC, Pita Pit or Subway. In groups or pairs, develop a star chart of the main operational areas of the business such as marketing, production, finance, human resources, management. Choose two of these areas and identify and explain how quality improvements and/or failures would impact on the business.

Quality issue 1	Quality issue 2

7 Quality and product recalls

- a Visit www.consumeraffairs.govt.nz and read the current alerts for products that are required to be withdrawn from the public. In particular, look at the information on the recall of the 'Inside Out' movie novelty souvenir beverage cup.

German order triggers recall of 8.5M VW cars in Europe

BERLIN (AP) German authorities on Thursday ordered a recall of all Volkswagen cars fitted with emissions test-cheating software, a decision that will affect 8.5 million VW diesel vehicles across the 28-nation European Union.

The Federal Motor Transport Authority announced that the recall would affect 2.4 million vehicles in Germany. Under EU rules, cars that are cleared in one country are automatically approved across the bloc, so the repeal also affects Volkswagen vehicles elsewhere in the Union.

Volkswagen said in a statement that it would approach customers, who can already enter their car's serial number on a special website to find out whether it is affected. Apart from the company's VW brand, Audi, SEAT and Skoda cars can also be checked.

The fix will be free for customers, it said.

Also on Thursday, US environmental regulators said they expect to get a proposed fix from Volkswagen next week on about 90,000 of the 482,000 cars with the cheating software in the US. The fix must be tested before the US Environmental Protection Agency will seek a recall. It's unclear when the remaining US cars would be fixed.



In Germany, Transport Minister Alexander Dobrindt said Volkswagen would have to present replacement software for certain cars that have a 2.0 liter diesel engine this month and begin fitting vehicles with them next year.

'VW is ordered ... to remove the software from all vehicles and to take appropriate measures to ensure that the emissions rules are fulfilled,' Dobrindt told reporters in Berlin.

Dobrindt refrained from publicly criticizing Volkswagen, saying cooperation with the German automaker was 'extraordinarily good'.

Asked about German media reports that more than two dozen

Volkswagen managers had been suspended by the company amid signs that knowledge of the defect devices was widespread, Dobrindt said his ministry had 'no information about who decided where, when at Volkswagen about the use of such software'.

Volkswagen has said around 11 million cars with the software were sold worldwide, 2.8 million of them in Germany. Dobrindt said only 2.4 million Volkswagen diesel cars with the software are still registered in Germany.

- b i Does VW have a quality issue? Explain your answer.



ii What strategic approach has VW management made in regard to the issue?

iii Explain what some of the consequences are of this issue to the larger VW business, including its other brands.
