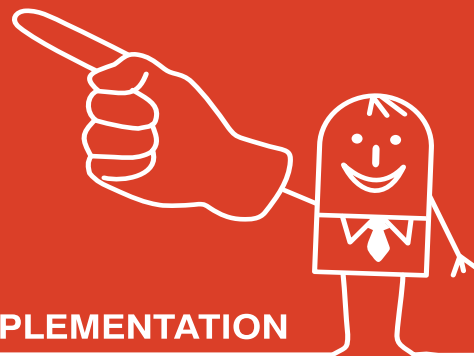




# An Integrated Approach to Promote Excellence in Everything We Do

PRODUCT | PROCESS | PEOPLE



GUIDEBOOK FOR PLANNING AND IMPLEMENTATION





mahindra quality way

SIMPLE • FLEXIBLE • SUSTAINABLE

# GUIDEBOOK FOR PLANNING AND IMPLEMENTATION

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# 1

## Foreword

It is just over three years since we have introduced Mahindra Quality Way as a structured approach to quality improvement and as a strategic tool for companies to use in efficiently achieving business goals.

We have made considerable progress and gained useful experience in rolling out the Mahindra Quality Way across the Group. 17 companies have adopted the Mahindra Quality Way to date. The Mahindra Quality Way has also been aligned more closely with the Mahindra Annual Planning Cycle.

A council, consisting of senior executives from our Group businesses, has been set up to review and improve important elements of the Mahindra Quality Way to make it more appropriate for application across companies of varying sizes, operating in a diverse set of manufacturing and service industries.

This revised Guidebook of Mahindra Quality Way incorporates a number of improvements based on our experience and the recommendations of the MQW Council. I am sure companies will find these revisions useful in their continuous quest for excellence.



**Anand G. Mahindra**

Vice Chairman and Managing Director

# 2

## Introduction

**This Guidebook incorporates important changes in the structure and application of Mahindra Quality Way. These are based on a review of our experience to date and feedback from companies. Most importantly, many of the changes arise out of the need for sharper focus on using Mahindra Quality Way as a means to be adopted by companies to efficiently achieve their long term business goals through continuous improvement in all their processes and operations.**

**I would like to highlight some important revisions.**

- The MQW process has been aligned to the Mahindra Annual Planning Cycle requirements
- A step-by-step guide has been provided to understand and adopt MQW
- MIQ-Nashik has developed a set of MQW focused training modules to support the adoption of MQW in companies
- More specific criteria for process and result parameters have been provided for the purpose of internal reviews and annual assessments
- The number of stages of MQW maturity has been increased from seven to ten
- The criteria for stages have been revised to promote wider application of MQW within a company
- Categorization of companies has been introduced to reflect diversity in size and industry
- The assessment process has been redesigned to bring in greater objectivity
- The role of the Corporate Jury has been strengthened and a MQW Council of six senior level executives from across the Group has been instituted
- Involvement of Indian assessors along with Japanese assessors is planned from Cycle 3
- A process has been set up for systematically inducting new businesses into Mahindra Quality Way

I believe that these changes will help in a faster and more complete adoption of Mahindra Quality Way amongst our Group companies. The MQW team will continue to make itself available to help companies in their MQW journey.



**Anjanikumar Choudhari**

Director, Mahindra Institute of Quality

# 3

## Background to Mahindra Quality Way

# How and Why was Mahindra Quality Way conceived?

Today's business environment offers us an interesting combination of great opportunities for growth along with emerging challenges in the market place. The opportunities arise because of the rapid development of the Indian economy and its future potential, reflected in both - a burgeoning domestic market as well as the country's booming exports. The challenges which arise out of the opening up of the Indian economy require us to compete effectively with world-class companies, while catering to the changing requirements of demanding customers in India and in our overseas markets.

To succeed in such a business environment, we need to aspire for excellence in everything we do, for the highest level of quality in not only our products or services, but also in all our business processes. Further, since competition and customer expectations will always keep evolving to higher and more demanding standards, our quest for excellence has to be a continuous journey.

This requires us to examine our levels of efficiency & performance and keep setting higher standards for ourselves on a regular basis.

Our two older businesses, the Automotive and Farm Equipment Sectors, have achieved significant business success through consistent adoption and application of enterprise-wide quality initiatives. The senior management of the Mahindra Group therefore decided to promote Total Quality Management (TQM) across all Group companies.

As a result, Mahindra Quality Way was established to provide all the companies in our Group an efficient, standardized approach towards continuous improvement and a structured process to assist their pursuit for excellence through the application of Total Quality Management. MQW is supported by the Mahindra Institute of Quality, Nashik which provides the necessary training to the employees of our companies in tools and techniques of TQM.

# 4

## Key Features and Principles of Mahindra Quality Way

# What is Mahindra Quality Way?

The Mahindra Quality Way (MQW) is an approach that extends beyond the quality of our products and services to encompass all functions, processes and people within our businesses.

It is an integrated approach to promote excellence in all processes and operations of a company to help it achieve business objectives efficiently. MQW therefore works closely with the Office of Strategy Management in helping our businesses develop effective strategies, implement the same through efficient processes and thereby help achieve long term business goals.

### Key Features of Mahindra Quality Way

- It is a framework for our Group companies to systematically implement and promote the use of comprehensive quality management through prioritized, systematic and continuous improvement
- MQW lays equal emphasis on process improvement as it does on achievement of results against plans / budgets
- The MQW system provides guidance and support to a company for planning systematic improvements
- Because MQW single-mindedly concentrates on seeking continuous improvement, it encourages the practice of self examination as a primary means of pursuing excellence
- MQW works on the principle that quality is everybody's business and therefore promotes the involvement and participation of employees
- MQW works in synergy with Mahindra Institute of Quality to provide education and training in comprehensive quality management
- MQW conducts an annual review by Japanese and other experienced assessors to measure progress. This achieves two purposes: it provides individual companies with regular feedback and also serves as a common yardstick to measure MQW progress across different companies in the Group.



# Principles of Mahindra Quality Way

The Mahindra Quality Way promotes the adoption of the following 8 Basic Principles in an organization.

These principles are fundamental tenets of Mahindra Quality Way and need to be fully understood and applied by companies.



## 1 Focus on all Stakeholders

MQW works on the principle that sustainable business results require attention being paid to the current and future needs of all stakeholders. In the case of external customers, MQW requires a 'Market-in' approach of understanding the needs of customers - both, expressed as well as latent and gearing up all company processes to meet the same by providing optimized customer value.

For internal customers, MQW works on the principle that 'Next Process is the Customer' so that every business operation seeks efficiency and excellence in meeting the requirements of other related processes. Similarly, for other stakeholders like suppliers, dealers, shareholders, employees and society, MQW promotes the identification of current and future needs and the gearing up of the internal processes in the business to meet them.

## 2 Quality of Process

MQW considers processes to be the backbone of a business. Therefore, while results are given importance, equal emphasis is laid on the efficiency of the process through which the results are achieved. MQW therefore promotes a continuous drive for improving process efficiency by systematically understanding, analyzing, executing and sustaining the improvements undertaken.

## 3 Quality of Results

MQW gives importance to the achievement of business results including Quality, Cost, Delivery, Profitability, Safety and Morale. It examines whether results achieved are as per plan or budget, and whether the business has ensured that the results are sustainable in the long term.



## 4 Continuous Improvement

MQW works on the principle that even the most efficient businesses or processes are capable of further improvement. Therefore, MQW gives very high importance to a structured approach to continuous improvement. It describes this simply as:

<b>PLAN</b>	Decide on the improvement based on analyzing current status
<b>DO</b>	Implement the improvement
<b>CHECK</b>	Examine the results achieved and any gaps therein
<b>ACT</b>	Standardize the improvement and deploy where relevant

This PDCA process is a very important element of MQW. It represents the underlying principle of continuous improvement - that an organization should never become complacent but must continuously set higher standards for itself.

## 5 Prioritization

MQW recognizes the need for practicality in an organization's journey of continuous improvement. It therefore promotes the principle of prioritization in identifying and selecting the issues to be tackled which have maximum impact on business results, thereby ensuring optimum utilization of resources.

## 6 Data Based Management

MQW requires all the above principles to be applied on the basis of factual, quantitative data. This ensures that all plans, changes and results can be represented and examined, based on hard facts rather than only through the judgement or opinions of different people. MQW respects the importance of management experience, entrepreneurship, intuition or innovative thinking, but requires that the decisions, actions and results arising out of these should be viewed based on quantitative data.

## 7 Long Term Orientation

MQW considers the pursuit of excellence through continuous improvement as a long term endeavour of an organization. It therefore promotes a long term strategic approach to business planning. For example, MQW examines the quality of business results from the point of view of long term sustainability and not short term gains.

Similarly, MQW recognizes that investment of resources for long term goals - improvement in product or service quality, development of people, improvement in process efficiencies and productivity - may all take time to generate returns. MQW also requires a company management to have a structured approach for business risk identification and mitigation. Similarly, MQW expects due attention being paid to sustainability and corporate social responsibility.

## 8 Total Employee Involvement

MQW believes that working towards quality improvement or excellence should not be restricted to the senior echelons of a business but need to be deployed across the organization. It therefore emphasizes the need for training, involvement and encouragement of employees across all functions and hierarchical levels in this effort.



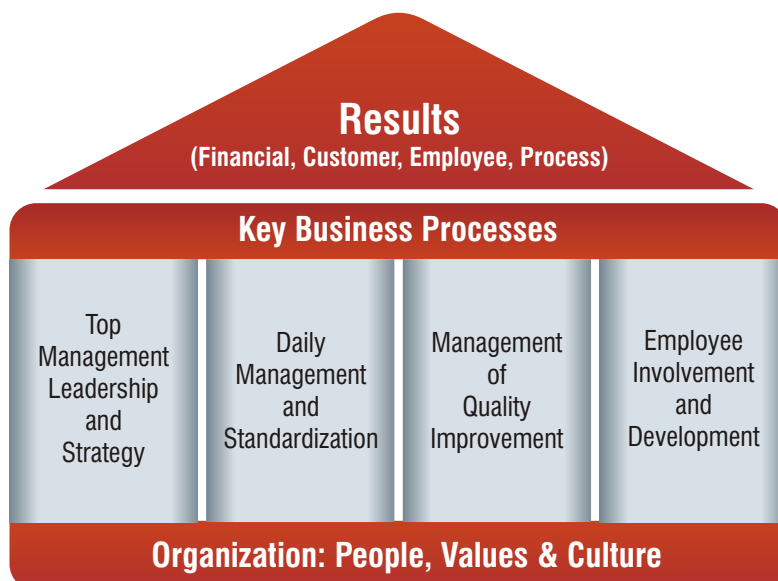
# 5

## Framework of Mahindra Quality Way

### How does Mahindra Quality Way work in a Company?

All companies in the Mahindra Group are expected to adopt MQW in the conduct of their businesses. It is, however, appreciated that adoption of MQW by a company may need to be phased, depending on factors such as how recently the company may have been set up or acquired by the Group. It is also reasonable that a company needs to achieve a minimum critical size of operation before it can commit necessary management time and resources to practise of MQW. The OSM and MQW teams would consider these factors when recommending a company's coverage under MQW.

The diagram below is a simple representation of the framework which can guide the company in structuring the adoption of MQW.



The framework has four important elements:

- 1 **Organization**  
People, Values, Culture
- 2 **Management Processes**
- 3 **Business Processes**
- 4 **Business Results**

## 1 Organization

People, Values, Culture

Each company has its own existing foundation in the form of an organization consisting of people, values and culture. MQW can be adopted by any company irrespective of the nature of its business activities and organization. It helps a company strengthen this base through systematic and continuous improvement in the way it conducts its business.

## 2 Management Processes

Management Processes are fundamental to the way in which any company strives for excellence. They are processes which are common to all companies irrespective of size or industry. Every company implementing the Mahindra Quality Way is expected to specifically plan improvements for the following four processes:

### ■ Top Management Leadership and Strategy

The process of formulating the company's long term vision and goals and translating these into future milestones as well as strategic priorities and action plans, communicating and deploying these across the organization and setting up review systems to ensure efficient monitoring and corrective steps

### ■ Daily Management and Standardization

The process used for operationalizing the regular activities at all levels in the company in a manner which maximizes efficiency and productivity.

### ■ Management of Quality Improvement

The process for continuously monitoring and improving quality in products, services and processes.

### ■ Employee Involvement and Development

The process for developing the capabilities of the company's employees and engaging them in the company's long term goals and strategic initiatives so that all are fully involved in the company's quest for excellence.

## 3

## Business Processes

Besides the four Management Processes, a company is expected to deploy the MQW approach to total quality management in all its Business Processes. These are processes which are critical to the day to day running of a business. These may be different in different businesses or industries. Typically, they may determine the input-output relationship between different departments & functions and also include support functions.

To begin with, in keeping with the MQW principle of prioritization, a company will select those key Business Processes which are most critical to its long term business goals and strategy. Having selected these, the company is expected to work systematically towards improving the quality of the processes.

In subsequent years, companies will increase the number of Business Processes which they are working on under the Mahindra Quality Way so that over a period of time, the company successfully deploys MQW across the organization and progresses successfully on its journey of improving quality and achieving excellence in all its activities.

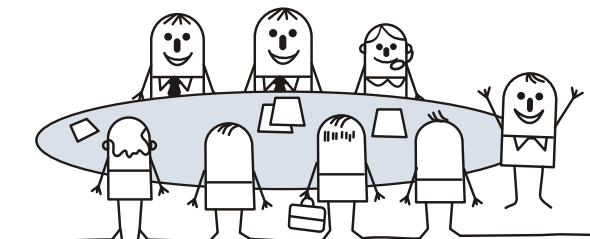
## 4

## Business Results

Financial, Customer, Employee, Process

MQW is a business oriented initiative of the Mahindra Group. Therefore, it expects that the focus on important Management and Business Processes will translate into sustainable business results for all stakeholders of the company. Hence MQW requires a structured budgeting and planning of results in areas such as finance, customer satisfaction, employee satisfaction, process efficiency and the like.

In looking at business results, MQW again promotes the PDCA approach, which means that there should be specific targets against which actual results achieved are reviewed and both – achievements and non-achievements – are analyzed so that learning is used for future business planning.

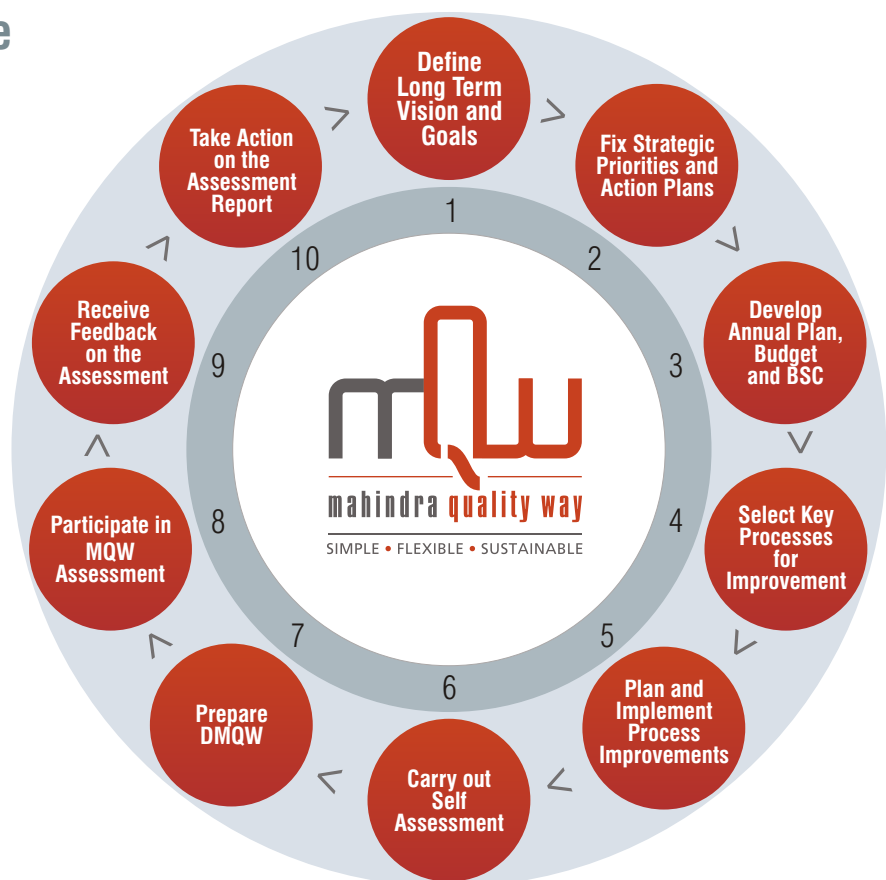


# 6

## Adoption of Mahindra Quality Way

# How does a Company apply the Mahindra Quality Way?

### MQW Adoption Cycle



MQW is an intrinsic part of the efficient business planning process in a company. MQW ties up with the MAPC in terms of promoting excellence in the manner in which a company develops and translates its long term strategy by improving the quality of its operations.

The steps described in the Cycle below are broad guidelines to the actions to be taken by the company in order to systematically apply MQW as a part of the MAPC.

It is important to note that the MQW Adoption Cycle is for companies who are adopting MQW for the first time or have yet to clearly define aspects like their vision, strategic priorities or quality management strategy. For more mature companies, some of the first few steps of the MQW Adoption Cycle are only valid to the extent that they should annually review their vision, priorities, etc. as part of the PDCA of the previous year's performance, assessment feedback, or a change in the environment or business circumstance.

## 1 Define Long Term Vision and Goals

Under this step, a company must define its long term vision - what the company aspires to achieve in the next five to seven years. A vision statement is not likely to change on a yearly basis, unless there are significant changes in business circumstances or long term objectives of the company, and therefore the vision needs to be carefully formulated.

The vision should be formed after a thorough analysis of the business environment and after taking into consideration the company's strengths & weaknesses, so that its selection and formulation is sound, logical and clear. It needs to be simple, brief and easy to understand, so that it can serve the purpose of being motivating and provide challenge and excitement.

At the same time, the vision should be measurable and time bound so that it is credible and provides concrete long term goals for which the entire organization is collectively aiming. These goals should ideally reflect the needs of all stakeholders and therefore include aspects such as financial results, customer & employee satisfaction indices and market share.

These long term goals should be further broken down into interim milestones which provide the organization with convenient measures for regular review and corrective actions during the long term planning period.

## 2 Fix Strategic Priorities and Action Plans

Once the vision and long term goals for a company have been established, it is important for the company to carry out an in-depth analysis of where it currently stands. This analysis considers the company's strengths, weaknesses, opportunities and threats, on the basis of which the company can formulate its *strategic priorities*. All of these are included in the M11 matrix of the MAPC. Typically, a company would identify between 6 to 8 strategic priorities which are likely to contribute most significantly to its long term business goals.

Against each strategic priority, the company should then identify the various *strategic initiatives* it will take up and their progress over the strategic time plan. These initiatives would ideally involve major actions, changes, significant allocation of resources like management time or money and potentially involve many departments of the company. They generally run beyond one annual planning cycle and therefore, like the annual milestones towards the long term goals, these strategic initiatives should also be reflected in detailed road maps.

Each of these strategic initiatives then needs to be translated into specific *action plans*, so that the concerned functions and departments can relate to what they have to do to contribute towards the ultimate corporate objectives.

### 3 Develop Annual Plan, Budget and BSC

Once steps 1 and 2 above are completed, the company would have developed a long term strategic framework for its business, identified the key initiatives it needs to take to achieve its long term goals, and these initiatives would have been translated into specific time bound action plans cascaded across the company, thereby providing corresponding action road maps for different functions. Based on the above, the company should prepare its annual plan and budget as part of the MAPC process and fix the corresponding key annual targets for the BSC.

### 4 Select Key Processes for improvement

MQW is all about the process of improving the quality or efficiency of a company's processes and operations. To do this in a manageable fashion, it is important to prioritize the processes which the company will start working on.

This step therefore involves the selection of the priority areas within the company in which management plans to implement improvement. MQW requires this selection to follow a structured logical approach. The areas selected for improvement should be those which are most critical and will have the greatest impact for the achievement of long term goals. .

The four Management Processes (explained in section 5) are fundamental contributors to the achievement of long term goals for any company and therefore, every company that is implementing the Mahindra Quality Way, is expected to specifically plan improvements in these four processes.

In addition to planning improvement in the four Management Processes, a company should select key Business Processes having a maximum impact on the achievement of the business priorities. Steps 1, 2 and 3 mentioned above provide the basis for the selection of these.

A company which has just adopted MQW is expected to apply its process improvement efforts to at least two different Business Processes in addition to the four Management Processes. Once the improvement efforts in the these two Business Processes start showing concrete results, the company would be expected to take on more business functions / processes for improvement.

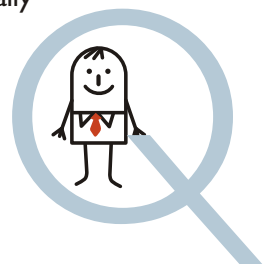
### 5 Plan and Implement Process Improvements

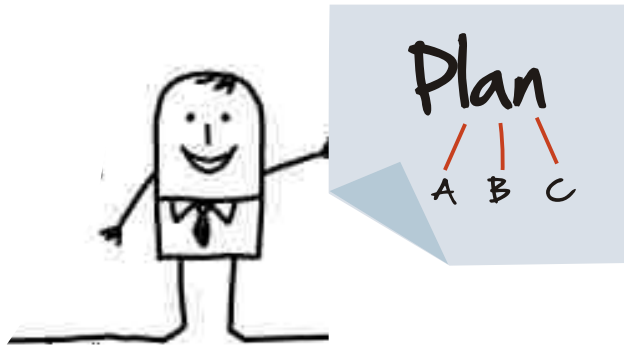
MQW gives very high importance to a structured approach in the planning of improvement of the four Management Processes and the selected Business Processes.

Mentioned below are guidelines for systematically addressing process improvements, which in essence, follow the PDCA approach.

#### Addressing Process Improvements

- Identify and prioritize the critical gaps / issues in the process
- Assess the current status of the process
- Collect data and facts
- Analyze the data
- Decide plans to improve the process
- Communicate and train employees on tools and techniques required to implement the plan
- Run a pilot implementation to assess efficacy of improvement plan
- Move to full scale implementation, committing necessary resources
- Check if the results have been achieved
- Standardize the improvements and plan to deploy the same horizontally





## 6 Carry out Self Assessment

While the Mahindra Quality Way is prescribed across companies in the Group, its success will largely depend on the fundamental commitment of the management of a company to continuously seek improvement in all its activities in order to succeed in today's business environment. Such commitment requires management to set its own internal goals and keep examining its progress.

Self assessment is therefore an important step of MQW and refers to a comprehensive and systematic review of the improvements carried out in the four management processes and selected business processes by senior management of the company.

### **This assessment should focus on:**

- The implementation status of the improvement activities
- The approach followed for implementing the improvements
- The results achieved

This will help the organization to clearly identify the areas which need more focus, resources and effort.

It will also help validate some of the improvements and results achieved, which can then be standardized and horizontally deployed to other areas so that best practices are spread across the company.

**Section 7** which follows, has guidelines which are used in the formal MQW annual assessment. The same guidelines can also be conveniently used by the company to carry out self assessment.

## 7 Prepare Description of Mahindra Quality Way (DMQW)

A company's efforts for improvement under MQW are an important set of strategic actions. They continue from year to year and reflect management's progress in improving levels of quality in all parts and operations of the company. It is important to ensure a continuous record of this process, its learnings and successes as well as the logical development of plans from one year to the next.

**This documentation is contained in the *Description of Mahindra Quality Way (DMQW)* and is the base document for a company adopting MQW. After the base DMQW is prepared, it is updated every year. It is also an important document used for the Mahindra Quality Way assessment.**

The DMQW is a document which has a base section giving a brief background of the company and its business, which provides the assessors the backdrop for the company's quality improvement initiatives. Very importantly, the updated document also summarizes the actions taken by the company on the suggestions and comments from the previous cycle's assessment. It also provides a complete description of the manner and extent to which the application of MQW has been progressively improved in the critical processes in different parts of the company during the current year.

### **The DMQW serves two purposes.**

Firstly, its preparation ensures a structured review of MQW progress in the company, particularly highlighting the improvements in the current financial year compared to the previous. The management in the company is therefore necessarily involved in a structured internal review of the extent to which MQW has been applied to the critical processes in different parts of the company.

Secondly, it provides assessors with a useful summary of the performance of the company over the previous year and a description of the manner in which MQW has been implemented and deployed. This saves time during the on-site assessment.

*Please refer to Annexure 1 for detailed guidelines on DMQW preparation.*

## 8 Participate in MQW Assessment

In order to provide companies with an impartial review of their progress in the MQW drive for excellence, an annual assessment is done by experienced assessors. The assessment focuses on the evaluation of the company's processes, systems and practices, the improvements in quality implemented by the company in the same and the corresponding results achieved.

The companies are awarded a consolidated score based on the assessment. The assessment lays equal emphasis on improvements achieved in the process as well as actual results achieved for each of the four Management Processes and selected key Business Processes. Equal marks are therefore, given in the score for the efficiency achieved in the process and the corresponding results achieved. The score gets reflected in the awarding of an 'MQW Stage' to each company to reflect the level of maturity in the practice of MQW.

*Please refer to Section 7 on 'MQW Assessment' in the guidebook for more details on the assessment process.*

## 9 Receive Feedback on the Assessment

The MQW assessment is followed by a feedback given by the assessors to the company. This is done in two phases.

First, there is a brief on-site feedback session immediately after the assessment, wherein the assessors share their overall impressions with the company's senior management. The company also gets a chance to clarify any comments or suggestions made by the assessors during this session.

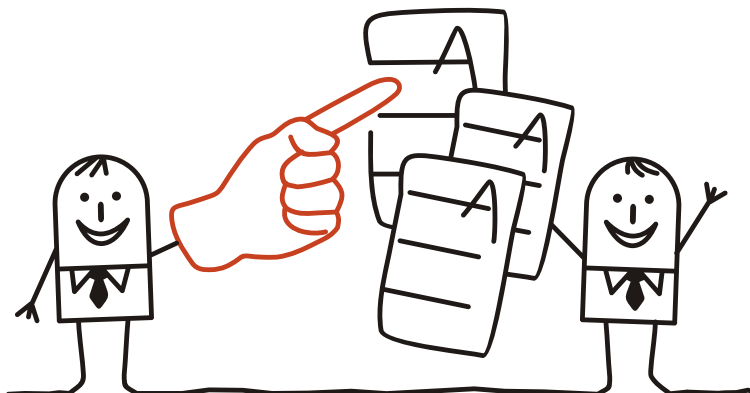
This is followed by a detailed assessment report which is submitted to the company. This report, made by the assessors after the on-site assessment, is an important document which provides useful suggestions for further improvements.

The assessment report highlights the strengths and suggests areas for improvement for each function and process.

## 10 Take Action on the Assessment Report

Once the assessment report has been received by the company, the MQW coordinators and the concerned process owners should interpret the comments made by the assessors in the context of the presentations and discussions during the on-site assessment.

Based on this, they should discuss and agree on the action plan. This should then be reviewed with the senior management for formal approval and kick-off.



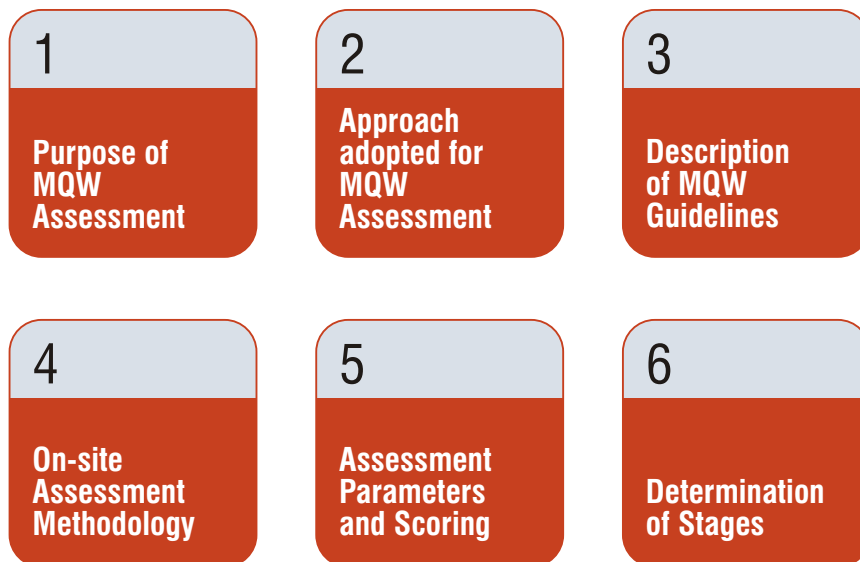


# 7

## Mahindra Quality Way Assessment

# What happens during the annual MQW Assessment?

This section describes the key elements of the MQW Assessment, including the purpose of the assessment, approach adopted for the assessment, guidelines for preparing the DMQW, on-site assessment methodology, parameters assessed, the scoring and awarding of the corresponding MQW Stage.



## 1 Purpose of MQW assessment

The key purpose of MQW assessment is to provide the companies with an impartial review of the extent to which Mahindra Quality Way has been adopted in the company.

The assessment, which is carried out by experienced assessors, focuses on evaluating the extent of adoption of MQW by the company, the manner in which process improvements have been carried out during the year, along with the corresponding results achieved for each of the four Management Processes and selected Business Processes.

## 2 Approach adopted for MQW assessment

The MQW assessment comprises of the following key elements:

### Preparation of DMQW by the company

This document, which is prepared / updated by the company every year before the on-site assessment, serves as a base document that provides the assessors with a description of the manner in which MQW has been implemented and deployed and a summary of the performance of the company over the previous year.

### Study of the DMQW by the Assessors

The assessors study the DMQW document in detail before they come for on-site assessment. After studying the document they may ask the company for clarifications, communicate any specific areas they want to assess in greater detail and provide the company with a checklist of questions for on-site assessment.

### On-site Assessment

The on-site assessment evaluates the current level of each process and the effectiveness of the improvement activities carried out. This is in the form of on-site presentations, visits to the work site, examination and review of relevant documents and records as well as discussions with management.

### Feedback by the Assessors

At the end of the on-site assessment, there is a brief on-site feedback session in which the assessors share their overall impressions with the company's management. During this session, the management also gets an opportunity to seek any further guidance or clarifications that they may require.

### Recommendation of Scores and Stages

After the completion of the above, the assessors prepare their recommendations on the scores for each of the four Management Processes and selected Business Processes along with the overall MQW Stage achieved by the company. They also prepare a detailed process-wise assessment report which highlights the strengths and suggests areas for further improvement.

### Validation by the Corporate Jury

A Corporate Jury, comprising of senior representatives of the Corporate Centre of the Mahindra Group, validates the recommendations of the assessors and finalizes the scores and Stages for the companies. The constituents of the Corporate Jury are given on page 20.

### Communication of Results and Reports

Once the results have been approved by the Corporate Jury, they are communicated to each company along with the assessment report.

### 3

## Description of Mahindra Quality Way (DMQW) guidelines

The DMQW has to be prepared / updated by the company every year before the Mahindra Quality Way (MQW) assessment. It serves two purposes:

- The compilation and finalization of the DMQW within a company provides senior management an opportunity to do a complete and structured internal review of the extent to which MQW has been applied to the critical processes in different parts of the company. It identifies the improvements achieved and highlights the areas where more effort is required.
- It is the base document for the annual assessment. It provides the assessors with a description of the manner in which MQW has been implemented and deployed and a summary of the performance of the company over the previous year.

In preparing the DMQW, it would be useful for the company to consider the following guidelines. These guidelines are not prescriptive. They indicate the purpose and therefore the overall information requirement of the DMQW.

- All processes, improvements implemented and results obtained should be described in the DMQW in a manner which explains the following.

A. Past Performance	C. Present Status
B. Planned Improvements	D. Future Plans

- The results or effects of improvement activities should be mentioned clearly in quantitative terms wherever applicable and always shown as Actual v/s Plan/Target/Budget.
- Where there is extensive and detailed data to be provided, an annexure can be used.

- A glossary section to explain the terms and terminologies used should be included and mentioned in the index of the DMQW.
- Pages need to be numbered continuously.
- The number of pages in the DMQW will depend on the size of the company and number of processes selected for MQW. Ideally, the DMQW, including annexure, should not be larger than 75-100 pages for companies in the 'Large' category and 50-75 pages for others.
- Starting from Cycle 3, 2011, companies which adhere to the above ideal size guideline can send the DMQW in soft copy.
- Since the DMQW is also meant to be read by assessors who may not be totally fluent in English, it will be useful to avoid using language which is idiomatic or metaphoric and maximize the use of simple, business English.
- The cover page of the DMQW should include the following:-
  - Name of the Company
  - Name of the Chief Executive
  - Name of the MQW Coordinator(s)
  - Sector to which the Company belongs
- An index page should be provided giving a list of the topics covered along with the relevant page numbers.
- The contents of the DMQW should be divided in the following parts:
  - PART A** : Company Background
  - PART B** : Actions taken based on previous cycle's assessment findings
  - PART C** : Description of the four management processes
  - PART D** : Description of the selected key business processes

*Detailed guidelines for each of the above four parts are given in Annexure 1.*

## 4

### On-site Assessment Methodology

The format for on-site assessment will include:

#### Presentations made by the company

These presentations are meant to be a summary of the details covered in the DMQW. The company should briefly describe its progress in the adoption of MQW, improvements in the Management Processes and selected Business Processes and the results obtained.

#### Plant / Facility Visit

This provides assessors with real life, practical demonstration of the improvements described by the company and an opportunity for them to gauge how widespread the MQW process is within the company, including aspects like standardization, daily work management, employee engagement and the like.

#### Review of Support Documents

MQW requires backing up of discussions on improvements achieved with data and facts, supported by documentation. This review process therefore requires the company to have relevant supporting documents available. These may be kept available conveniently in soft copy form.

#### Question and Answer Sessions

Assessors will typically seek elaboration of certain elements of the DMQW or presentations in order to confirm facts, check the depth of knowledge and practice and also to identify areas where they could advise the company for further improvement.

#### Discussions with Senior Management

Assessors may seek separate time with the senior management group in the company to gauge their understanding and commitment towards MQW.

#### On-site Feedback

Assessors would give a summary feedback on their overall impressions.

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There should be sufficient time allotted for Q&A and review of documents. The division of time between these should be mutually agreed between the company and the assessors prior to the on-site assessment. This can be achieved by the company sending the proposed schedule in advance to the assessors for their suggestions and approval.

As a general guideline, roughly 30% of the total duration of assessment should be kept aside for questions by the assessors and review of documents.

The total duration of on-site assessment will depend on the size of the business, the complexity of operations and the scope of Mahindra Quality Way application in terms of Business Processes selected for improvement.



# 5

## Assessment Parameters and Scoring

All companies will be assessed on the four Management Processes and each of the Business Processes selected by them. Each of these will be assessed on two parameters, each parameter carrying a maximum score of 100. The two parameters are:

### 01 Process Parameter

The manner in which the MQW approach has been used by the company in improving the efficiency and effectiveness of the Management and Business processes.

### 02 Result Parameter

The concrete results achieved in terms of actual improvements in the process and the corresponding business benefits (tangible and intangible) obtained for the company.

For each of the four Management Processes and the selected Business Processes, the company will be assessed for both, Process Parameters and Results Parameters on the basis of a 5-Level Scale.

Assessors will decide the percentage score for Process and Results. Depending on the score, the assessor will place the company at one of the five levels of maturity.

The five levels of maturity, along with the corresponding range of percentage score, are summarized below:

Maturity Level	Percentage Score
Level 1	0% to 15%
Level 2	16% to 30%
Level 3	31% to 50%
Level 4	51% to 75%
Level 5	76% to 100%

The following approach will be adopted while deciding the percentage score and placing the company in one of the 5-Levels of maturity:

For the assessment of Process as well as Result, tables are provided as per Annexure 2. These tables give specific scales for each of the four Management Processes. Since Business Processes could vary from company to company depending on the industry, a set of generic scales have been specified which are applicable to any Business Process.

These are presented in the form of a table of descriptions which are indicative of the characteristics of a company at each of the above levels of maturity. *These descriptions are not meant to be exhaustive.* They are meant to be examples of the typical characteristics of a company at a particular maturity level.

Each maturity level has a range of percentage score e.g. 16% to 30%, 31% to 50% and so on. This range has been provided so that, besides evaluating the factual, data based process and result improvements, the assessors would also apply qualitative judgement in awarding the percentage score within the range specified for each level.

# 6

## Determination of Stages

The ultimate result of the assessment process is awarding of an MQW Stage of Maturity.

The MQW Stage of Maturity of a company denotes the recognition given in the Mahindra Group to the stage of achievement of the company in the adoption and implementation of the Mahindra Quality Way in running its business efficiently and continuously striving for excellence in all its activities – Products, People, Process. This is done in 3 steps.

### STEP 1

Assessors' Recommendation of MQW Stages

### STEP 2

Validation of Scores & Stages by the Corporate Jury

### STEP 3

Categorization of the MQW Companies

### STEP 1

#### Assessors' Recommendation of MQW Stages

After specific scores have been awarded for all the four Management and Business Processes, as per the criteria explained above, the assessors will arrive at a total score for the company, expressed as an overall total percentage.

The MQW Stage of Maturity to be awarded to a company will be determined on the basis of two things:

- The overall total percentage score obtained by the company after the assessment of the four Management Processes and selected Business Processes
- The width of application of Mahindra Quality Way across the company as reflected in the number of Business Processes it has worked on for improvement.

There are 10 Stages of MQW Maturity, Stage 10 being the highest. The table provided at the end of this section gives the 10 stages of MQW maturity and criteria applied for each stage in terms of overall percentage score and total number of Business Processes to be selected by the company. For each stage, the table also provides a broad description of some of the typical characteristics of a company which falls in that stage of MQW maturity.



## STEP 2

### Validation of Scores and Stages by the Corporate Jury

A Corporate Jury has been constituted to validate the Scores and Stages awarded by assessor. This is meant to ensure that an independent view of the year-round progress of individual companies by senior corporate level executives of the Mahindra Group is also taken into account when deciding the final MQW Stage to be awarded.

The Corporate Jury consists of:

**Mr. Bharat Doshi**

Executive Director and Group CFO

**Mr. Anjanikumar Choudhari**

Director, Mahindra Institute of Quality

**Mr. Ruzbeh Irani**

Executive Vice President,  
Office of Strategy Management

The Corporate Jury will examine the recommendations of the assessors. If the Corporate Jury considers it necessary, it may consult the specific assessors involved in the assessment of an individual company. The final decision on the MQW Stages will be made by the Corporate Jury and the results will then be declared to the Group companies.

## STEP 3

### Categorization of the MQW Companies

Taking into consideration factors such as the difference between manufacturing and service industry, size of business, complexity of business operations, number of locations, total employee strength and also to provide equity of internal comparison between companies, the MQW companies have been placed in different categories.

There are four categories that have been devised as mentioned in the table below. The table categorizes the current 17 MQW companies/businesses which have undergone independent assessment.

This is valid for FY 2011 and there can be shifts in categorization based on the growth and progress of individual companies. This categorization will be reviewed by the Corporate Jury every year.

Similarly, other companies, beyond the current 17, which adopt MQW in the future, will also be placed appropriately in one of the four categories.

Manufacturing	Company / Division
Manufacturing Large	Auto Farm Sector - Auto Division Auto Farm Sector - Farm Division Auto Farm Sector - Swaraj Division
Manufacturing	Mahindra Ugine Steel Co. Ltd. Steel Division Mahindra Ugine Steel Co. Ltd. Stamping Division Mahindra Forgings Ltd. Mahindra Hinoday Industries Ltd. Magnetic Product Division Mahindra Hinoday Industries Ltd. Foundry Division Mahindra Composites Ltd. Mahindra Intertrade Ltd.
Service	Company / Division
Service Large	Tech Mahindra Mahindra and Mahindra Financial Services Ltd. Mahindra Holidays and Resorts India Ltd.
Service	Mahindra Lifespace Developers Ltd. Mahindra Insurance Brokers Ltd. Mahindra Spares Business Mahindra World City

## 10 Stages of MQW Maturity

Stage	Score	Number of Management Processes	Number of Business Processes*	Broad Description of Stage of Maturity
<b>Stage 1</b> <b>Prabhakari Bhumi</b>	Up to 25%	4	2	Company has basic understanding of MQW but shows only initial attempts to adopt the same; no significant, structured approach adopted for improvement in total quality management
<b>Stage 2</b> <b>Arcismati Bhumi</b>	26% to 35%	4	2	Company understands MQW and its importance as a management tool; has started applying MQW principles. Has made initial attempts to analyze areas of weakness and improve quality in products / services and process efficiencies
<b>Stage 3</b> <b>Sudurgaya Bhumi</b>	36% to 45%	4	2	MQW and Total Quality Management have been given significant priority, a structured approach to improvement has been initiated in some parts of the company but results are yet to be realized
<b>Stage 4</b> <b>Abhimukhi Bhumi</b>	46% to 55%	4	3	Principles and practices of MQW and comprehensive approach to Total Quality Management have been established in many parts of the company and results have begun to be realized against some of the organization's goals
<b>Stage 5</b> <b>Durumgama Bhumi</b>	55% to 65%	4	4	Comprehensive approach to Total Quality Management in products, people and processes is established in most parts of the company and this is reflected in good results against organization's goals
<b>Stage 6</b> <b>Sadhumati Bhumi</b>	66% to 75%	4	5	Company has a proven record of comprehensive Total Quality Management practices, leading to consistently good business results and stakeholder satisfaction levels over the past few years



## 10 Stages of MQW Maturity

Stage	Score	Number of Management Processes	Number of Business Processes*	Broad Description of Stage of Maturity
<b>Stage 7</b> <b>Dharmamega Bhumi</b>	76% to 85%	4	Company will offer and describe processes across all major functions. Assessors will choose 5 processes out of these for on-site assessment and communicate this prior to the on-site assessment.	Quality management and improvement activities are now fully institutionalized in company's operating systems and management thinking and it promotes Total Quality Management as a practice in other organizations.
<b>Stage 8</b> <b>MQW Silver</b>	86% to 90%	4		For Stages 8, 9 and 10, assessors will look beyond the establishment of good company-wide quality improvement systems and business results. They will examine the company's performance in areas like: promotion of MQW by actively assisting other companies in the Group, its efforts at nurturing innovation, establishment of unique activities which deliver clear competitive advantage and performance against quality benchmarks in its areas of operation as well as its efforts and contribution towards sustainability. For awarding these Stages of MQW maturity, assessment will take a holistic view of the above aspects.
<b>Stage 9</b> <b>MQW Gold</b>	91% to 95%	4		
<b>Stage 10</b> <b>MQW Platinum</b>	> 95%	4		

### \*Note on Business Processes:

MQW requires a company to select and work on improvement on a minimum of two Business Processes which are critical to its business success.

As a company improves its level of MQW Maturity, it is expected that it will spread the MQW message of running its business to more and more Business Processes.

Therefore, as shown in the table above, while two Business Processes will be acceptable up to Stage 3, for a company to move to Stage 4, it will need to continue the improvement effort in its original two Business Processes and take on at least one additional Business Process.

Similarly, to move to Stage 5 the company will need to have continued improvement in the three Business Processes of Stage 4 and to have added one additional Business Process. Stage 6 will require yet one more Business Process to be addressed.

When a company aspires to Stage 7 and above, it will need to progressively move towards an enterprise-wide application of the MQW in running its business. Such companies will be expected to be applying the MQW improvement processes across most of its business functions. At the time of annual assessment, the company will be expected to offer and describe processes across all major functions. The assessors will choose 5 processes out of these for on-site assessment and communicate this to the company in advance.

While adding the score for Management Processes (MPs) and Business Processes (BPs), to arrive at the total assessment score for the company, the weightage of the total scores for BPs will keep increasing as the company moves up the MQW Maturity Stages. However, the weightage of the total scores for BPs will not exceed 50% of the total. Thus, for example, even if a company chooses five Business Processes and obtains a score of 700/1000, the same will be converted to 560/800.

# 8

## Role of Mahindra Institute of Quality

# Support to companies adopting Mahindra Quality Way

The MQW team and the Mahindra Institute of Quality, Nashik (MIQ), will provide support to companies in the following ways:

### 01 Training

MIQ has a number of programs which provide specialized training in quality management. MIQ also offers familiarization and training required by the companies in various elements of MQW and quality improvement tools and techniques. Participants can be nominated to these programs by companies.

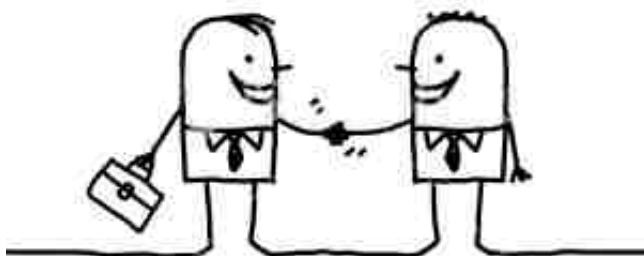
MIQ also offers specific and customized training programs for individual companies. These can be organized at the MIQ campus in Nashik or at the company site in special circumstances and depending on the number of participants in the company.

### 02 Facilitation

The MQW team will provide facilitation in the form of reviews and guidance, as may be requested by the companies. It will also engage external experts for facilitation and training as per the specific requirements of the company. The MQW team will provide material for internal education and promotion of MQW in Group companies.

### 03 Inducting New Companies

The MQW team will work closely with companies adopting MQW for the first time. The process to be followed is mentioned in Annexure 3.



# 9

## Annexure

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# Annexure 1

## Description of Mahindra Quality Way (DMQW) Guidelines

This annexure has been referred to in Section 7 on Mahindra Quality Way Assessment, sub-section 7.3 titled 'Description of Mahindra Quality Way (DMQW) guidelines.

In preparing the DMQW, it will be useful for the company to consider these guidelines. These guidelines are not prescriptive but indicate the purpose and therefore the overall information requirement of the DMQW, which is an important document recording the MQW adoption by a company and therefore a critical basis for the annual MQW assessment.

**The contents of this Annexure provide guidelines for formats and content of the four parts of the DMQW viz:**

PART A	Company Background
PART B	Actions taken based on previous cycle's assessment findings
PART C	Description of the four Management Processes
PART D	Description of the selected Key Business Processes

## PART A

### Company Background

The key purpose of PART A is to provide the assessors with the necessary business background against which they will be able to appreciate and properly assess how the company has adopted MQW principles and practices. This part will also help explain the choice of processes considered critical by the business and put the improvements and concerns in their proper perspective within the environment in which the business operates. Overall, therefore, a well constructed company background will help the examiners do a proper and fair assessment of the business.

Once PART A has been well prepared by a company, it does not need any significant work or time for preparation in subsequent years. All that will be required is an update of any specific facts and figures.

PART A will include the following sub-sections:

#### A1 Organization Description

In this section, the company needs to explain the following:

- Brief description of the company and its business
- Its position in the M&M Group / Sector organization

#### A2 Foundation

In this section, the company needs to describe the following:

- When was it established?
- What was the basis or reason for establishing the business?
- What business opportunities / synergy were the reason for setting up the business?

The above will highlight the background and reason for M&M venturing into the business.

### A3 Milestones

In this section, the company needs to describe the major milestones or events since its inception. This can be restricted to 5-10 key milestones and should help to describe how the business has evolved / developed since its inception.

### A4 Industry Background

In this section, the company needs to describe the following:

- The industry in which it operates
- Size of the industry
- Recent industry progress / development
- Business environment relevant to industry
- Future prospects
- Any other special characteristic of the industry

### A5 Business Model

In this section, the business model of the company and how it has evolved since the business was set up needs to be described. It is very important to explain the business model clearly so that the assessors can subsequently relate properly to the company's Business Processes and quality improvement activities. Use diagram(s) if necessary. Important Business Process terminologies should be explained.

### A6 Products and Services

In this section, the company needs to describe the following:

- Major products and services it offers
- Markets and customers that the company caters to
- The customer and market segments the company operates in

### A7 Business Processes

In this section, the company needs to describe the key Business Processes and highlight the critical success factors based on the business model on which it operates. Process flow diagrams can be used for the same.

### A8 Business Organization

This should include the following:

- Company's units / establishments
- Organization structure
- Employee details (number, level, types)

The level of detail provided for the above should be determined by the company based on the processes / process improvements which will be described in the subsequent sections of the DMQW.

### A9 Market and Competition Scenario

In this section, the company needs to describe the following:

- Major market segments
- Major competitors
- Company's positioning in segments, market share(s)

### A10 Core Customer Value Proposition

The company needs to describe the following:

- Why should the customer prefer your products / service?
- Competitive advantage(s)
- Unique selling proposition, etc.
- How the company's value proposition compares with those of major competitors

### A11 Business Performance

In this section, the company needs to describe its business performance with the help of relevant indicators as follows:

- Volume / Units / Numbers / Tonnage
- Revenue
- Market share
- PBIT / PBT
- PBIT / PBT percentage to Revenue
- ROCE
- Any others which are important performance indicators in the company's strategic priorities, TQM practices, productivity indices etc.

It would be useful to express units in millions and thousands, avoiding crores and lakhs, depict data through graphs and charts wherever possible and show trends for at least the last 3 - 5 years.

## PART B

### Actions taken based on previous cycle's assessment findings

This part of the DMQW should start with a copy of the previous year's assessment score sheet which gives information on date of last assessment, names of previous year's MQW assessors, process wise levels and MQW Stage.

The key purpose of PART B is to provide the assessor(s) with a summary of the actions taken on the suggestions and key areas of improvements highlighted by the assessor(s) in Cycle 1.

This can be covered in the following manner:

- Mention each of the key suggestions / areas of improvement
- Describe briefly the action taken against each of them
- Mention the current status of the action
- Mention the quantitative results / benefits that have been achieved

## PART C

### Description of the Management Processes

PART C is meant to describe how the following four key Management Processes have been developed or are being established in the company and how these have been improved over time:

- Top Management Leadership and Strategy
- Management of Quality Improvement
- Standardization and Daily Management
- Employee Involvement and Development

This is not meant to be only a description of each of the four Management Processes. It is expected to describe how these processes have been improved by management in order to bring about greater efficiency and effectiveness. For each Management Process therefore, the company should cover the following:

- The gaps or weaknesses in effectiveness that were identified
- The improvements introduced in the process
- The results of the improvements
- Future plans for further improvements

The recommended content in the DMQW for each of the above four Management Processes is given below.

#### C1 Top Management Leadership and Strategy

Under this process the company needs to describe the following:

##### Process of strategy and BSC formulation

##### Process of BSC deployment

##### Process of Review

#### C 1.1 Process of strategy and BSC formulation

In this section, the company needs to describe, starting from the vision, step by step, how the strategy and BSC for the company is formulated. In doing this, the M11 Matrix and other important elements of the Mahindra Annual Planning Cycle (MAPC) should also be covered.

Mentioned below is a brief description of each step:

#### STEP 1 : VISION

The company needs to describe the following:

- What is the vision of the company?
- Why is it the vision?
- How was it formulated?

A good vision statement should:

- Articulate what the company aspires to become over the next 3 to 5 years.
- Be measurable / quantifiable
- Be challenging
- Be exciting and motivating to employees
- Be simple and brief

#### STEP 2 : LONG TERM GOALS

Long terms goals are quantitative indicators of the vision statement. They help to answer the question; "How will the company know when it has achieved its vision & how will that achievement be measured?"

#### STEP 3 : INTERMEDIATE MILESTONES

The long term goals of the company need to be broken down into intermediate yearly milestones to be achieved.

#### STEP 4 : SWOT

The first three steps highlight “where” the company wants to go and “what” the company wishes to be or achieve. In order to get there, a company must therefore, begin with a SWOT to understand where it currently stands and what it needs to do in order to achieve the vision and long term goals.

#### STEP 5 : STRATEGIC PRIORITIES

Based on the SWOT Analysis, the company will identify key strategic priorities that it needs to focus on. These are in the form of strategic directions the company wishes to adopt in order to achieve the vision and long-term goals.

#### STEP 6 : KEY INITIATIVES

For each strategic priority, the company will identify key initiatives that it has planned to focus on. These are in the form of the specific activities which the company has planned in order to convert the strategic priorities into reality.

#### STEP 7 : TIME BOUND PLAN FOR KEY ACTIVITIES

In order to ensure continuous focus on key initiatives, specific action plans with measures like periodic targets, time schedules, and responsibilities need to be spelt out.

#### STEP 8 : CURRENT YEAR'S 'CEO'S POLICY' OR STATEMENT OF KEY STRATEGIC PRIORITIES FOR THE YEAR

The 'CEO's Policy' is typically the articulation or statement by the CEO and senior management of the company's key strategic priorities for a particular year. It forms the common basis and backdrop for the important activities planned for the year across the organization.

#### STEP 9 : CURRENT YEAR'S ANNUAL PLAN AND BUDGET

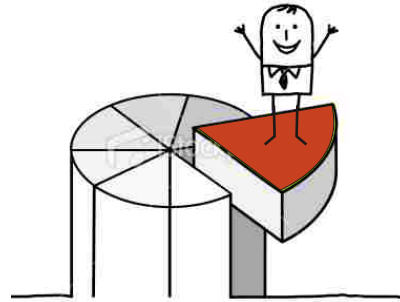
The annual plan and budget get formulated based on the CEO's Policy.

#### STEP 10 : CURRENT YEAR'S BSC

Finally, the BSC for the current year will be derived from the annual plan and budget and contain the most important annual initiatives, objectives and targets for the company.

#### C 1.2 BSC Deployment

This section should describe the process adopted for systematically deploying the BSC initiatives and targets through different levels in the organization. Such deployment is meant to not only consist of the breakdown and deployment of targets through different levels of the organization but also the deployment of strategic initiatives across different functions and departments.



#### C 1.3 Review

This section should describe the following:-

- What are the reviews that happen at each level of the organization?
- Who does the review?
- What is the frequency of the review?
- What is the system to carry out the review?
- How are corrective steps planned and implemented where required?

As an indication of the robustness of this process, it would be useful to give examples of slippages that may have occurred and where the PDCA loop helped to bring in corrections

#### C2 Management of Quality Improvement

In MQW, Management of Quality Improvement emphasizes -

#### Quality improvement from the Customer perspective

#### Quality improvement In internal Processes

The following need to be clearly described and explained:

- A description of the manner in which top management drives quality improvement as a corporate priority including an indication of the personal involvement of senior management across the organization.
- The organization, resources and systems put into place by the company for driving quality improvement
- The process used for the following
  - To define quality from the customer and internal process requirements perspectives, in terms of current as well as projected needs
  - Prioritizing key issues
  - Systematically understanding and analyzing the gaps in current quality levels
  - Planning and executing the improvements identified and steps taken to sustain the improvements achieved.
- On the basis of the above, the specific, quantitative improvements in quality achieved from the customer and internal process point of view

### C3 Standardization and Daily Management

In this section, the company needs to describe the following with respect to standardization:-

- Which are the processes for which Standards exist? How have they been formulated?
- What is the training and education provided to the concerned employees on the Standards?
- What is the system of audit to ensure that work is being performed as per the standards?
- How are Standards continuously reviewed?
- What is the process of change control followed?
- What is the process for striving for continuous improvement through such reviews
- When reviews result in need for revision, how are such revisions tested, documented, communicated & deployed to become a new level of standards.

The company needs to describe the following with respect to Daily Management:

- How are the Measures of performance (MOPs) set for departments / processes?
- How are these linked to the BSC and strategic priorities?
- What is the mechanism for tracking the Plan Vs Actual for the key MOPs?
- In case of any gaps identified, how is the PDCA (Plan-Do-Check-Act) cycle executed?

### C4 Employee Involvement and Development

This section needs to explain the processes used by the company with respect to increasing the involvement or the “Will” of the employees as well as enhancing the development or the “Skill” of the employees as well as the corresponding results obtained.

In the area of employee involvement, the DMQW needs to cover processes, improvements in systems and results obtained in all the important aspects like:

- Systems for communication with employees
- Employee understanding and commitment vis-à-vis company's long term goals and priorities as well as annual objectives
- Employee involvement in continuous improvement at the individual and team level
- Efforts aimed at increasing company morale

In the area of employee development, the DMQW needs to cover processes, improvements in systems and results obtained in all the important aspects like:

- Identification of training needs
- Employee involvement in self development
- Planning and implementation of enterprise-wide competency development program
- Spread, coverage and type of training and development delivered
- Systematic assessment of results of training and development initiatives

## PART D

### Description of Key Business Processes selected

In this part the company should cover the following:

- Linked to the key strategic priorities mentioned in PART C, an identification of the key Business Processes which are critical to the achievement of the company's long term goals.
- From the above identified key Business Processes, the logic applied for the selection of the Business Processes to be covered under MQW.
- For the selected Business Processes, the following should be covered:
  - Brief description of the overall process and its linkages to other processes
  - Areas identified for improvement in the process as a result of problems, gaps in process result delivery, misalignment with linked processes and the like
  - The analysis done to trace the symptom (apparent problem) and the root cause (fundamental problem) which needs to be tackled
  - Countermeasures and improvement steps planned along with time plan, resource deployment, monitoring mechanism
  - Analysis of results achieved
  - Lessons learnt
  - Future actions planned



# Annexure 2

## 5-Level Scale for Scoring

Annexure 2 has two parts. This Annexure has been referred to in Section 7 on Mahindra Quality Way assessment, sub-section 7.4 entitled Assessment Parameters and Scoring.

This Annexure provides a scale of 5-levels corresponding to the range of percentage scores for Process and Result Parameters for each of the 4 Management Processes and Business Processes. The scale and corresponding range of percentage scores are given below.

Maturity Level	Percentage Score
Level 1	0% to 15%
Level 2	16% to 30%
Level 3	31% to 50%
Level 4	51% to 75%
Level 5	76% to 100%

The following approach will be adopted while classifying the company into one of the 5-Level scale of maturity:

- For the assessment of Process as well as Result, tables are provided in the following pages 31 to 40 for each of the four Management processes and a common one for the Business Processes indicating the parameters which will be examined in the assessment.
- These are presented in the form of a table of descriptions which are indicative of the characteristics of a company at each of the above levels of maturity. *These descriptions are not meant to be exhaustive.* They are meant to be examples of the typical characteristics of a company at a particular maturity level.
- Each maturity level has a range of percentage score e.g. 16% to 30%, 31% to 50% etc. This range has been provided so that, besides evaluating the factual, data based process and result improvements, *the assessors would also apply qualitative judgment in awarding the percentage score within the range specified for each Level.*

**Annexure 2-A contains the table of descriptions and range of scores for the four Management Processes.**

**Annexure 2-B contains the table of descriptions and range of scores for the Business Processes.**

# Annexure 2A

## 5-Level Scale for Scoring

### Top Management Leadership and Strategy

#### PROCESS

Level	Description	Percentage scores
1	Management does not have clearly defined vision and strategic priorities. Long term plans are not communicated or understood in the organization. Management roles are defined but company operates on a year to year basis, with annual budgets and BSC based on data such as historical trends.	0 to 15
2	Company is in the process of formulating its vision and long-term goals and defining its customer requirements. Management defines annual business priorities and formulates BSC, but these are not aligned to the long term vision or goals. There is inadequate communication and deployment of the same. There is no structured system of review or assessment / management of risk.	16 to 30
3	Long term vision has been stated but with inadequate articulation of its basis, performance goals and structured time and action plan for achievement. Annual plans and the BSC have some alignment to customer needs, long term vision, goals and the company has started relating to environmental requirements. Communication and deployment is restricted and the review and risk management mechanism is weak or irregular.	31 to 50
4	There is clear articulation of long term vision and goals, an effective SWOT Analysis, resulting in identification of long term strategic priorities and annual milestones towards long term objectives which include a sustainability road-map and benchmarking against best practice. These are fully reflected in their annual plan and BSC. There is good communication and deployment and a regular review and risk management system.	51 to 75
5	The long-term vision, strategic priorities, interim business and environmental sustainability milestones are thoroughly documented and known across the organization. There is a very thorough and regular review and risk management mechanism. Annual plans and BSC are formulated after a thorough PDCA process application to company's progress towards the long term goals. All processes and employees involved therein have aligned their activities keeping the above in mind.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Top Management Leadership and Strategy

#### RESULT

Level	Description	Percentage scores
1	Key business results not achieved. BSC does not completely reflect business priorities and less than 50% of BSC objectives are met at the budgeted level.	0 to 15
2	Some of the key business results achieved. BSC reflects most of business priorities and over 50% BSC objectives are met at the budgeted level.	16 to 30
3	Many of the key business results have been achieved & over 70% of objectives met at the budgeted level in a BSC which comprehensively reflects business priorities and targets towards sustainability.	31 to 50
4	Performance exceeds budget level objectives in BSC. Many of these targets have been set at performance levels which are at or around industry benchmark levels and include targets towards environmental sustainability. Company's performance has shown consistency over the last 3 to 5 years as a result of effective long term planning.	51 to 75
5	Performance over the last 3 - 5 years consistently equals, and in some cases exceeds key business targets set in a stretching business plan which fully reflects the company's environmental objectives. Business performance parameters are at or above industry benchmark level. Nevertheless, company continues to strive to perform at even higher levels, clearly setting new standards of excellence.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Standardization and Daily Management

PROCESS		
Level	Description	Percentage scores
1	There is no standardization (SOP) in operations and processes. Employees are left to perform their work in their own way. There is no structured monitoring of key measures of performance and no established linkages between the performance parameters of different parts of the company.	0 to 15
2	Standards (SOP) exist in some parts of the organization but are not company-wide and are not updated regularly. The linkages between the performance parameters of different parts of the company are weak. There is limited training to the employees on standards. Work is not performed in accordance with the standards. Key measures of performance are monitored but no analysis or actions are taken on the gaps identified.	16 to 30
3	Standards (SOP) exist company-wide with effective cross linkages. Employees are trained in the standards but compliance to the standards is still weak. Actions are taken based on the gaps identified in the key measures of performance, however these actions tend to be short-term solutions	31 to 50
4	The company has moved to organization-wide adoption of a system of SOPs. An effective system for reviewing and revising the standards exists. DWM is used for identifying gaps in performance which are then thoroughly analyzed and actions are taken on the root causes expeditiously.	51 to 75
5	The standardization culture is well engrained in the organization and the SOPs are continuously upgraded by periodic revisions. Autonomous management is practiced company-wide. There is thorough gap analysis done resulting in little time spent on fire-fighting and more time devoted to continuous improvement activities.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Standardization and Daily Management

RESULT		
Level	Description	Percentage scores
1	There is significant variation in the Plan Vs Actual of performance parameters related to productivity, quality, cost delivery, safety and morale (PQCDSM) and no improvements are achieved.	0 to 15
2	Performance parameters related to PQCDSM are met sometimes but not consistently. There is variability in performance standards between different parts / employees even on similar tasks. Different functions / departments struggle to operate efficiently as a team, as a result of which delivery against cross functional targets is poor.	16 to 30
3	Performance parameters related to productivity, quality, delivery, cost and safety are met most of the time reducing the amount of time spent in fire-fighting. Standards and DWM are reviewed regularly in key departments. Variability in performance standards is considerably reduced and there is good inter departmental coordination in most parts of the company.	31 to 50
4	Performance parameters related to productivity, quality, delivery, cost and safety are consistently met. Despite this, there is very frequent and regular review and revisions of Standards and DWM in most departments in the companies. There is also strong inter-departmental coordination. Familiarity with SOPs has encouraged culture of review and continuous improvement.	51 to 75
5	There is a well established record of process improvements through regular upgrading of standards and strong consistency in PQCDSM results. Quick deployment, scalability and high degree of autonomous working are visible across the organization resulting in a lean organization structure. Continuous improvement activities are strongly ingrained in the culture.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Management of Quality Improvement

PROCESS		
Level	Description	Percentage scores
1	There is little understanding of quality requirements in the company's product, services or internal processes. Issues or problems are not recorded and are dealt with on an ad-hoc basis.	0 to 15
2	Needs of internal and external customers are well defined and complaints are recorded however there is no analysis or action taken on the same. There is some initiation of internal process improvements, however these are not organized or continuous	16 to 30
3	Customer needs are fully understood. Structured recording and analysis of customer complaints is done, however the actions mostly focus on addressing the symptoms. Internal process improvements are carried out but some problem recurrences continue. Company has started benchmarking itself to best standards in industry and has made the pursuing of these quality levels, a significant business priority.	31 to 50
4	There is thorough analysis and quick action taken for customer complaints. System exists, which not only addresses the quality defects but also uncovers the potential defects and takes pre-emptive actions. Internal process improvements are carried out in a planned, organized and continuous manner. Company has initiated steps to reach standards equal to industry benchmarks in its areas of operation and has committed high priority and resources to this effort.	51 to 75
5	Actions to enhance customer satisfaction are undertaken to create new increased value to the customers. The PDCA approach to improvements is used in all parts of the organization and is institutionalized. Company has achieved benchmark quality levels in its areas of operation.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Management of Quality Improvement

#### RESULT

Level	Description	Percentage scores
1	There is a very high incidence of customer complaints and claims in the company. Rework and rejection levels are also high. No improvement activities are undertaken in the company.	0 to 15
2	There is some reduction in the customer complaints, rework and rejection levels in the company; however quality standards are still inferior to industry standards. A few process improvement projects are taken up in some parts but are not company-wide. There is limited involvement of employees in quality improvement activities.	16 to 30
3	There is consistent improvement in customer satisfaction and internal quality parameters as well as marked improvement in internal process efficiency which has contributed to PQCDMS improvement. Quality standards are approaching best in class. Many of the employees, across functions and units are involved in quality improvement activities.	31 to 50
4	Customer satisfaction and quality levels are best in class in the domestic industry. Internal process improvements have contributed significantly towards business results in the areas of PQCDMS. There is widespread, structured involvement of employees in individual and small team activities related to quality improvement.	51 to 75
5	The company has a lead over all domestic competition in quality and customer satisfaction. It is approaching best in class standards in many product and service related attributes in areas where it operates. Employee involvement in quality improvement activities has become a regular and wide spread activity including union and workmen across all functions and units.	76 to 100

# Annexure 2A

## 5-Level Scale for Scoring

### Employee Involvement and Development

#### PROCESS

Level	Description	Percentage scores
1	The company's employee related activities concentrate on employee administration with limited focus on employee development and engagement. There is little effort towards communication with employees.	0 to 15
2	Company has installed employee development activities but these are still unstructured and coverage of employees in these activities is low. Communication with employees is one way - top-down, and there are only isolated attempts at employee involvement initiatives or analysis of ESI results.	16 to 30
3	There is a structured employee development process based on identification of development needs and efforts are being made to improve coverage. There is a well planned strategy for enhancing employee engagement through regular communication about company's plans, its goals, key initiatives and business progress, encouragement to contribute ideas and suggestions and the like.	31 to 50
4	A well structured employee development process covers most relevant employees and there is close follow-up to assess results of such activities. A detailed employee engagement process is given high priority and is strongly implemented across the company.	51 to 75
5	Employee development processes are fully established with structured need analysis and review of results. Openness in communication is part of the culture. Company has established benchmark processes and practices for employee involvement and engagement as a result of which there is a very high degree of employee engagement and ownership of the company's key initiatives.	76 to 100



# Annexure 2A

## 5-Level Scale for Scoring

### Employee Involvement and Development

#### RESULT

Level	Description	Percentage scores
1	The ESI / Q12 score is significantly below Gallup India average. Coverage of employees for education and training is less than 10%. There are virtually no employees involved in improvement activities. There is no quality management training given to the employees.	0 to 15
2	The ESI / Q12 score has improved but continues to be below the Gallup India average. Coverage of employees for education and training is at least 20%. A small number of employees involved in improvement activities. Some quality management training given to the employees.	16 to 30
3	The ESI / Q12 score is at Gallup India average. 30% to 40% of employees undergo training and average training days per employee is at least 2 days. There is clear evidence of employee skill improvement. Employees' training in quality management / Kaizen has been initiated including initiation of such training amongst workmen. There is significant growth in number of employees engaged in improvement activities.	31 to 50
4	The ESI / Q12 score is above Gallup India average. 40 to 50% of employees are covered by training and the average training days per employee exceeds 3 days and company has seen significant improvement in employee skills. There is significant increase in awareness and involvement in quality improvement activities amongst all categories of employees including unionized, as reflected in Kaizen activity and its contribution to improvements in PQCDISM.	51 to 75
5	The ESI / Q12 score is near or at Gallup Global average. Over 50 % of employees and the average is 4 days. Training in quality improvement / Kaizen is a major area of HR development across all categories of employees. Results of training and development demonstrate significant improvements in employee skills. There is company-wide focus across all functions in the area of continuous improvement, as reflected in KAIZEN activity and its contribution to improvements in PQCDISM.	76 to 100

# Annexure 2B

## 5-Level Scale for Scoring

### Business Process

PROCESS		
Level	Description	Percentage scores
1	Criticality of process selected to business or strategic priorities not clearly defined. The process improvement being attempted by the company relates only to a small sub-process within an overall business function or is at a project level, thereby not having an impact on the overall process effectiveness. Business Process not fully documented in terms of owner, input / output, controls, linkages etc. Unstructured approach to the improvement process.	0 to 15
2	Process selected clearly shows alignment with the business and strategic priorities. However, targets are not fully stretching. The process improvements carried out have impact on the overall business function effectiveness but company still needs a more holistic approach. There is some attempt to use a structured approach to the planned improvements. Documentation still needs strengthening.	16 to 30
3	Criticality of the process selected shows full alignment with the business and strategic priorities. The process improvements selected are holistic in terms of addressing a major function fully and have a significant impact on the overall function effectiveness. There is good process documentation; however, the PDCA approach is still not fully institutionalized in terms of rigor and detail.	31 to 50
4	Process selected is critical to business and strategic priorities and there is a totally holistic approach to process improvement in terms of addressing key issues in it. Good and thorough use of PDCA approach. Involvement of people and inter-process relationships well established. Process efficiency targets are being set after thorough industry benchmark analysis.	51 to 75
5	Company is targeting process efficiency at best in class in industry and encourages the seeking of innovative and unique improvements. PDCA approach is consciously being promoted as part of company culture and there is clear articulation of further plans for improved process excellence.	76 to 100

# Annexure 2B

## 5-Level Scale for Scoring

### Business Process

RESULT		
Level	Description	Percentage scores
1	Lack of identified targets, timelines and linkage with overall business performance. Results not achieved as per plans	0 to 15
2	Since process improvement targets are not stretching, results of effort have limited impact on overall business performance. There is also a gap between the Plan Vs. Actual Performance. Result gaps not fully analyzed for further remedial action.	16 to 30
3	Plans largely achieved and results clearly linked to business performance. Wherever there are gaps, company has started analyzing and planning future remedial action.	31 to 50
4	Targets fully achieved with improvements clearly impacting business performance as seen consistently over the last 3 to 5 years. Process effectiveness approaching industry benchmark. Achievement fully documented and results thoroughly analyzed as basis for further improvement.	51 to 75
5	Stretch targets fully achieved or exceeded on a consistent basis, with performance parameters at industry benchmark level, full analysis and documentation of results. Future improvement plans include comprehensive "what if" scenario mapping for risk mitigation.	76 to 100

# Annexure 3

## Process for inducting new companies into MQW

Companies which have been formed recently or have entered the Mahindra Group of companies through a recent acquisition or joint venture may require some time to stabilize and absorb the requirements of the MQW process. The MQW team will facilitate the adoption of MQW in such companies. Typically, this process may take anywhere between 6 to 24 months, depending on the individual circumstances for each organization.

The process which will be followed for inducting new companies is explained below.

1

### Familiarization meeting: Company's senior management and MQW team

In this meeting, the MQW team will familiarize management with the basic framework and modalities of the Mahindra Quality Way and explain the requirements and steps to be taken for adopting MQW.

2

### Preparation of 'Base Document for MQW' (BDM) by the company

After the familiarization meeting, the company should put together the BDM. Essentially, the BDM consists of a description of the company, its business operations and key management and business processes. It is a 'base' document which describes the starting status from which the company would plan and implement improvements under MQW.

The MQW team will work closely with company management and the company's designated MQW coordinator in the preparation of the BDM.

### The BDM consists of the following sections:

#### A. Company Background

Under this section, the company will need to cover the following key aspects:

- Brief description of the company, its business and position in the M&M Group
- Description of its origins, rationale for setting up
- Key milestones achieved by the company from inception till date
- Brief on the industry in which the company operates - this should include the industry type, size, trends and growth opportunities
- The business model of the company and how it has evolved since its inception
- The products and services offered by the company
- The key business processes of the company
- Organization details like number of locations, employee strength, organization structure
- The key markets that the company operates in and the positioning of the company in those markets
- Brief on major competitors and their market share and positioning
- The value proposition of the company and its competitive positioning
- Business results achieved by the company over the last 2 to 3 years

## B. Brief on four Management Processes

The four Management Processes to be covered are

- Top Management Leadership and Strategy
- Standardization and Daily Management
- Management of Quality Improvement
- Employee Involvement and Development

For each of the above four processes, the BDM should explain the following:

- Current Status: The manner in which the process is currently carried out
- Issues faced: Process related issues and bottlenecks
- Improvement Plans: The current plan for process improvement

## C. Brief on Business Processes

For this section, the company should select a few of the key business processes which it considers are critical for its business success and describe its current efforts for process and result improvement in these. It should use the following structure to cover each selected business process:

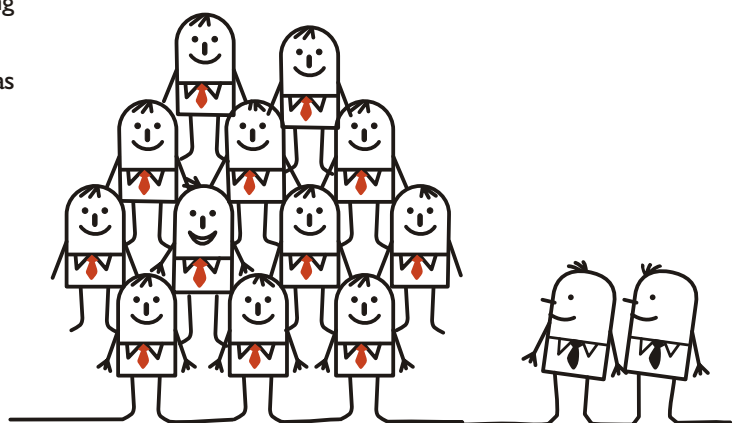
- Reason for selection of the business process: Why it was considered critical for the achievement of the companies long term vision / goals / strategic priorities
- Process descriptions and elements: The operating structure within the process, critical activities and elements of the process, using a process flowchart if required
- Issues faced: Process related issues and bottlenecks
- Improvement Plans: The current plan for process improvement

## 3 Review of the base document with the MQW team

Once the Base Document is prepared by the organization, the MQW team will meet with the company's senior management to review the same and suggest any changes in direction or approach.

## 4 Preparation of a road map for readiness for MQW assessment

The company can then prepare their roadmap and discuss the support required from the MQW team to execute the same.



# Contact

**Mr. Anjanikumar Choudhari**

Director, Mahindra Institute of Quality

Ph: 022 - 24982348 / 24905550

Fax: 022 - 24982350

M: 9892241813

Email: choudhari.anjou@mahindra.com

**Mr. Rajinder Singh**

Dean, Mahindra Institute of Quality

Ph: 022 - 24974359 / 24917043

M: 9867183492

Email: singh.rajinder2@mahindra.com

**Mr. Deepak Chhibba**

Sr. Advisor, Mahindra Institute of Quality

Ph: 022-24983917 / 24917050

M: 9987511998

Email: chhibba.deepak@mahindra.com

**Ms. Jitisha Selarka**

Manager, Mahindra Quality Way

Ph: 24917042

Fax: 24983689

M: 9819846634

Email: selarka.jitisha@mahindra.com





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### **Mahindra Quality Way**

4th Floor, B Wing, Mahindra Towers,  
Worli, Mumbai-18 Tel: 022 24919683

### **Mahindra Institute of Quality**

Govardhan Village,  
Near Yashwantrao Chavan Maharashtra Open University,  
Off Gangapur Road, Nashik - 422 222, Maharashtra.  
Tel: 0253 2200812 /13 Fax: 0253 2200811

