Quality Management

In regard to "Toys Put to Test as Retailers, Licensers Vow More Scrutiny" (Corporate News, Sept. 12): I would like to comment on the most critical issues in the quality-management processes that may have handicapped toy manufacturers and led to product recalls due to toxic chemicals on toy parts.

The reaction time in responding to customer feedback and making recalls is critical. In 2000, faulty Firestone tires caused fatal rollovers of Ford Explorers. Ford eventually recalled the tires, costing the company around $1 billion. But the process dragged on for months, and the brand images of both companies were badly tainted. By contrast, Mattel CEO Bob Eckert reacted quickly, calmed customers, and even wrote an opinion piece in the Journal.

We do not actually know how delays in customer feedback might have delayed Mattel's decision to order recalls. We do know, though, that the cost of quality assurance increases exponentially as products move toward customers. In order to capture and reduce the variability in quality beforehand, firms require a tight control over all manufacturing processes. Yet under toy manufacturers' current management practices this control is beyond the power of the firms that design and market the toys. Thus, designing audited quality-management processes is necessary. Random spot checks may be useful, as Mr. Eckert suggested in his article. But unless an end-to-end quality assurance is built into the processes, undesirable consequences cannot be fully prevented.

Where production and testing are fully outsourced, the whole supply chain has to be overinsured to mitigate unknown quality risks. This can be achieved in part by eliminating the information delays between processes, redesigning the production and control processes, and creating flexible supplier pools that take into account updated information about their quality management. One final note: These recommendations cannot succeed without the strong commitment of senior executives. Hence, we need more CEOs like Bob Eckert.

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