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**OPINION SURVEY: WHAT IS QUALITY TO CEOs AND
HOW DO THEY VALUE IT?**

Summary

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METHODOLOGY NOTE

The survey “**Senior executives and quality**”, carried out by Veeva, is intended to help understand and analyse the perception of business leaders about the quality process and its development in the consumer goods, chemicals and cosmetics activity sectors.

This survey was carried out on a **sample of 253 senior executives** of companies of **50 or more employees, in the consumer goods, chemicals and cosmetics industries**.

The sample group was created using the **quota method**, on the criteria of numbers of employees and activity sector.

The sample group was questioned by **telephone** using a CAWI (*Computer Assisted Telephone Interview*) system.

Interviews took place from **August 27 to September 13, 2019**.

Any full or partial publication must include the following wording: “**OpinionWay survey for Veeva**” and any reuse of the survey may not be dissociated from this title.

OpinionWay also notes that readers should take into account a margin of uncertainty of 2.7 to 6.2 points maximum, for a sample of 250 respondents.

OpinionWay carried out this survey in accordance with the principles and rules for the ISO 20252 standard.

A. Although other challenges may take precedence, quality is important

- **Senior executives in the consumer goods, chemicals and cosmetics industries describe human challenges as the most important for their organisation, especially customer satisfaction (83%), which is an absolute priority for them.** The well-being of their employees is also seen as an important challenge (43%). Other important challenges relate more to the company's results: 34% of executives mention financial performance, and 33% the company's image. **28% of executives mention the quality process as a major challenge for their organisation.** No other challenge is mentioned by more than 20% of executives.
 - Customer satisfaction is the main challenge for all businesses, whatever their size. Organizations with 250 employees or more place greater importance on their financial performance (46% compared to 30% of smaller companies), but less on the quality process (24% against 30%).
 - Executives in consumer goods place greater importance on the quality process than do those in the chemicals and cosmetics industries (29% compared to 22%).
- **Taken on its own, however, the quality process still carries weight. So, 95% of executives questioned describe the quality process as an essential or important challenge, 46% stating that it is an essential challenge. Only 5% of executives speak of it as a secondary challenge.**
 - Although senior executives of businesses with 250 employees or more place less importance on the quality process, compared to other challenges, they form the largest group considering this as an essential challenge (61% compared to 42% of smaller businesses).
- **50% of senior executives questioned mention the agri-food industry as the model to follow in terms of implementing and developing the quality process.** Sectors devoted to technology are also mentioned, especially aeronautics (33%) or the automobile industry (28%), as well as the pharmaceutical sector. **The chemicals industry (10%) or the cosmetics industry (8%) do not seem to be reference points in terms of quality for many senior executives.**
 - Executives of businesses with fewer than 250 employees are particularly positive in their view of the evolution of the quality process in the agri-food industry (53% compared to 39% of executives in larger businesses).
 - Executives of businesses in the chemicals and cosmetics activity sectors are not particularly positive about the evolution of the quality process in their own sector: only 11% mention the chemicals industry and 10% the cosmetics industry.

B. Executives have a very positive opinion of the quality process

- **The opinion of senior executives about the quality process is very largely positive. They consider it vital in growing their business and helping their employees make progress.** 95% of executives questioned believe it is essential in gaining customer loyalty (51% *entirely agree*) and 94% that it gives greater meaning to the work of their employees (40% *entirely agree*). Similarly, 92% consider that the quality process is a challenge which drives them to find innovative solutions, while only 46% consider it limits the operation of a company. **While a majority of executives recognize that opportunism has a share in the quality process, since above all it would act as a selling point to attract new customers (69% agree with this view), they reject the cynical viewpoint according to which marketing based on quality is aimed at manipulating consumers (23% agree).**
 - With fewer resources to support its development, more executives of businesses with fewer than 250 employees consider the quality process as limiting on the operation of a company (49% compared to 36% of executives of larger businesses).
 - Senior executives in the chemicals and cosmetics sectors are more pessimistic about the scope of marketing around the quality process: 33% of them consider that it is aimed at manipulating consumers, compared to 21% of executives in the consumer goods sector.
- **Executives mainly expect positive effects from the developing of the quality process in a business, particularly for the most important challenges.** Thus, 98% of them consider that the quality process can improve customer satisfaction, as well as the company's image (98%), the safety of production processes (96%), the capability to attract new customers (94%), the working conditions for employees (88%) or else the company's financial performance (87%). A majority of executives however point out three risks inherent in the development of the quality process: a greater administrative burden (76%), the obligation to increase selling price of products (59%) and the reduction of the company's profit margins (50%). Only a minority (43%) of executives consider that the quality process can slow down production output.
 - Executives of businesses with fewer than 250 employees are more likely to consider that the quality process might reduce their company's margins (52% compared to 41% of executives in larger businesses).

C. Businesses are making progress in the development of the quality process

- **A large majority of senior executives in the consumer goods, chemicals and cosmetics industries consider that the adoption of the quality process has accelerated in their organisation over the past 5 years (72%).** 25% of senior executives state instead that it has remained stable over this period, and only 2% consider it has fallen.
 - More executives in the chemicals and cosmetics activity sectors consider that the adoption of the quality process in their business has accelerated in the last 5 years (82% compared to 71% of executives in the consumer goods sector).

- **The acceleration of the quality process adoption in businesses is the result of an active policy: 72% of businesses have set up a strategy to achieve this result.** 10% of executives state that their business intends to set up a strategy for this. On the other hand, 18% of senior executives state that their company does not plan to do so. **The results of strategies to adopt the quality process are generally satisfactory: 96% of senior executives concerned report they are efficient.** There is still some margin for progress, with 74% of them describing the strategy as just *fairly efficient* (22% consider it is *very efficient*).
 - More businesses with 250 employees or more, which can devote greater resources to such projects, have put in place a strategy for accelerating the development of the quality process (77% compared to 70% of smaller businesses).

- **For senior executives, the development of the quality process is achieved above all through human resources: 45% describe management as the more important lever for strengthening it, while 32% point to training.** Creation of a position of quality manager or a team dedicated to quality is mentioned by 14% of the executives questioned, while hardware or software available to teams are mentioned only by 5% and 4% of them respectively.
 - Over half the executives of companies with 250 employees or more describe management as the main lever for developing the quality process (58% compared to 41% of smaller companies), witnessing to the importance of their teams paying constant attention to what is at stake here.

- **The majority opinion about the acceleration of the quality process development does not mean however that senior executives consider their company is ahead on this issue. 34% of senior executives consider that their company is *ahead* of its competitors.** 55% of executives questioned content themselves with saying that their company is *neither ahead nor behind* its competitors, and 10% consider their company is *behind*.
 - Executives of businesses with 250 employees or more, most likely to have established a strategy for developing their quality process, are more confident about their progress in this matter: 41% consider their company is ahead of its competitors, compared to 32% of executives of smaller companies.

D. Human resources are important in developing the quality process

- **Whether or not they have a strategy in place, 93% of businesses in the consumer goods, chemicals and cosmetics sectors have appointed at least one person responsible for the quality process in their organisation.** In most cases, this is a person whose sole job is to address these challenges, such as a quality director (61%). It can also be a committee formed of several executives of the company, such as the board of directors (11%) or the strategy committee (11%). Finally, some companies entrust the development of the quality process to those responsible for audits: the internal audit committee (7%) or the director of compliance or internal audit (3%). 7% of companies do not have a quality manager.

- The likelihood of companies to create a post to address the development of the quality process increases with their size: 53% of companies with 50 to 99 employees have a quality manager, compared to 65% of companies with 100 to 249 employees, and 71% of companies with 250 employees or more.
- More businesses in the chemicals and cosmetics industries have a quality manager among their employees (73% compared to 59% of companies in the consumer goods sector).
- **Overall, executives consider their teams are involved in the development of the quality process. Senior as well as middle management seem particularly committed to this:** 75% of executives state that the senior management in their companies takes part *a great deal* in this distribution process (97% take at least a small part), along with middle management at 72% (97% take at least a small part). **Participation by all employees seems less intense:** 41% of executives consider they contribute *a great deal* to the development of the quality process (91% in total).
 - Employees of companies with 250 employees or more take a greater part in developing the quality process according to their executives: 51% consider that all employees play a *large* part, compared to 38% of executives in smaller companies.

In conclusion, this survey has provided some important lessons:

- While the development of the quality process does not appear to be a fundamental issue compared with others, it nonetheless remains a very important subject for senior executives. Ultimately, the importance of the quality process lies in the contribution it can make, indirectly, to the company's priority challenges, especially in terms of customer and employee satisfaction.
- A majority of businesses in the consumer goods, chemicals and cosmetics industries are committed to the development of the quality process. A majority have put in place a strategy and
- appointed a dedicated manager for this objective. The strategies in place also contribute generally satisfactory results, according to the executives of the companies concerned. Consequently, most executives consider their company has made progress on this subject.
- Despite the work done by businesses in this area, executives consider that companies are not especially outstanding compared to their international competitors.
- The human resources which companies can devote to this subject seem to be the most important factor in their ability to develop the quality process throughout their organisation. Executives of large companies, which have made more progress in this, point especially to the importance of the commitment of senior managers in developing quality practices within their teams.

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