CLIENTUL – CHEIA DE SUCCES PENTRU ORICE ENTITATE ECONOMICĂ

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Rezumat
Indicatorii financiari sintetici tradiţionali ai performanţei, precum rentabilitatea activelor economice, rentabilitatea capitalurilor proprii şi indicatorii nefinanciari tradiţionali utilizaţi, precum rata de utilizare a capacităţii de producţie, rata de productivitate a forţei de muncă sau rata rebuturilor, permite entităţii de a se asigura dacă au fost utilizate capitalurile disponibile, direct sau indirect, şi dacă utilizarea lor a permis entităţii să creeze valoare pentru acţionari. Aceşti indicatori nu ţin cont de evoluţia satisfacţiei sau cererii clienţilor, de aptitudinea entităţii de inovare pentru a răspunde aşteptărilor clienţilor, de aptitudinea entităţii de a adapta procesele sale de producţie şi de comercializare pentru a ţine cont rapid de orice schimbare în mediul înconjurător. În mediul actual concurenţial acerb entitatea trebuie să-şi organizeze gestiunea de aşa manieră încât satisfacerea clientului să reprezinte cultura entităţii. În acest context se impune alegere acelor metode de gestiune orientate către satisfacerea clientului. Prezentul studiu îşi propune o prezentare succintă a acestor metode.

Cuvinte cheie: client, gestiune, entitate economică.

THE CUSTOMER – THE KEY TO SUCCED FOR EVERY ECONOMIC ENTITY

Abstract
The traditional synthetic financial indicators of the performance, as well as the return on assets, the return of equity, the traditionally non-financial indicators used, and the utilization rate of production capacity, the rate of labor productivity or scrap rate, allow the entity to ensure if the available capitals have been used, directly or indirectly, and if their use enabled the entity to create value for the shareholders. These indicators do not take into account the changes in satisfaction or the customers' demand, the entity's ability for innovation in order to meet the customers' expectations, the entity's ability to adapt its production and marketing processes to rapidly take account of any change in the environment. In the current competitive environment, the entity must hold its management so that the customer's satisfaction should represent the culture of the entity. In this context, it is necessary to choose those methods of management oriented towards the customer's satisfaction. This study proposes a brief overview of these methods.

Keywords: customer, management, economic entity

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1. INTRODUCTION

There are two approaches of value for an entity: *the shareholder approach*, according to which the entity creates value if it is profitable for the shareholder, bringing to him the desired profitability and *the partnership value approach*, according to which the entity creates value if it is profitable for all business partners (parties prenantes). These are the shareholders, the creditors, the customers, the employees, the suppliers and the managers. Consequently, the customer approach is part of the partnership value approach.

Customers are the reason to exist for any entity. The entity would not exist, could not grow and prosper without customers. Therefore, the entity shall use all means necessary to meet the customers' requirements. The effectiveness desired by the shareholder integrates the one desired by the customer. The owner knows that he cannot hope for any profit if the customer does not want the entity's products or services. Therefore, the two interests must be convergent and it is the entity that will have to find the golden mean.

The increase of competition, new consumer demands, the globalization of the economy are just some of the factors leading the entity towards the customers' satisfaction. The value for the customers depends on the quality perceived by them. A good or service is of quality if it meets the customer's explicit needs. Quality is not limited only to intrinsic product attributes but it also covers other aspects such as services, price, flexibility. Lately, the customer places a greater emphasis on services that come along with the product than the product itself.

„Everyyhing begins with customers" said Peter Drucker. Trying to answer the four questions about identity, value, performance and client integrity, Peter Drucker found the following answers (Haas Edersheim, 2007, p. 80):

- the client is your partner;
- value is based on the ability to connect with the customer and know more abaut your needs and desires
- results happen customer by customer
- customer strategy depends as much on the level of integration with the customer as on the product and service itself.

The value perceived by the customer, called by Goyhenetche et al. (2007, p.25) "the compass value", is determined as the ratio between the obtained benefits and the efforts made, being evaluated according to four purchase motivations of the customer, as shown in the diagram below:

MONEY	**SAFETY**
The answer to the question: „How much is this product?”	**The answer to the question:** „How much can this product reduce my worries?”
FUTURE	**IMAGE**
The answer to the question: „ How can this product help me face the future?”	**The answer to the question:** „Why should I buy this brand?”

FIGURE 1 - THE COMPASS OF THE OBTAINED BENEFITS
(*Source:* Goyhenetche, Bernard-Bouissieres and Loup, 2007: 27)

MONEY	**SAFETY**
The answer to the question: „What are the costs to obtain the product?”	**The answer to the question:** „What are the efforts to be made, the changes to accept, the risks to administer?”
FUTURE	**IMAGE**
The answer to the question: „How can this product be an impediment for the future developments?”	**The answer to the question:** „What are the negative consequences: • on the manager’s image? • on the entity’s image? • related to the interior? • Related to the exterior?”

FIGURE 2 - THE COMPASS OF THE EFFORTS MADE
(Source: Goyhenetche, Bernard-Bouissieres and Loup, 2007: 30)

Based on the strategy of improving the value offered to the customer, Bounds makes a comparison between the old and the new approach opposite this strategy (Bounds et al, 1994):

Features	**Old Approach**	**New Approach**
Quality	Accomplishing the technical objectives, product inspection, adjustments between quality, cost and delivery time	Part of the value offered to customer, synergy between quality, cost and delivery time is being sought
Indicators	Productivity, cost, profit	Indicators related to customer value
Positioning	Competition	Customer segmentation
The main user	The shareholder	The customer
Orientation	Internal, we sell what we can produce	External, we produce what brings value to the customer

In order to be successful in the market, the entity should create quality products. A product is what the entity gets starting from the expectation that it will meet the satisfaction of needs. The product meets both tangible objects (car, food) and intangible benefits (all services provided to persons or entities:

transport, education, distribution, etc.). The intrinsic product attributes are the basic ingredients (the type of flour from which bread is made, the type of wood from which library is produced). Extrinsic attributes are, for example, price, warranty and associated services, brand. These are the items that serve to judge the offer when intrinsic attributes are unavailable, especially for services where the evaluation is more complex. There are different categories of products (Tassinari, 1997, p. 34)

- the object products, such as a chair, machinery, etc.
- the technical procedures, such as the transformation process of the sunflower into oil
- the administrative procedures, such as a social security body, an insurance company, a financial institution
- services, that are generally the combination of administrative procedure and a technique procedure, such as a cleaning company, a company to verify the lifts;
- an intangible product, such as a computer program.

Therefore, the product is not only an object but a variable that must be adapted to the customer's needs and desires. The entity does not sell "products"; it sells "symbols" and meets the needs of the market, of the functions (Dayan, 2010, p. 49). There are differences between the perceived need and the created need. The perceived need comes from the customer's knowledge following the market research conducted, while the created need comes from the technological innovation (Tassinari, 1997, p. 43).

To create new products in order to meet the existing needs is the engine of growth for any entity and for society in general. Cullmann (2010, p.4) believes that the rapid development of new products is the result of technological and economic development, as shown in the figure below.

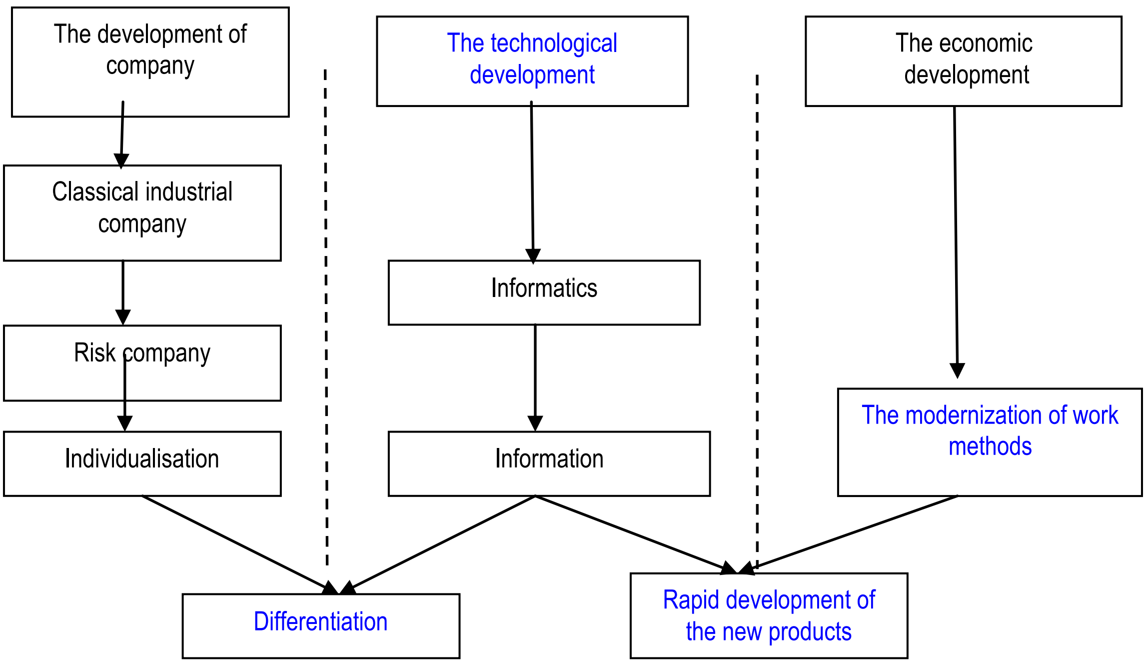

FIGURE 3 - THE CAUSES OF RAPID DEVELOPMENT OF THE NEW PRODUCTS
(*Source:* Cullmann, 2010, p.4)

Due to the development of new electronic communication means, especially the Internet, the customers' behavior has evolved, which requires entities, new ideas to cope with these changes. Bernard and Khames (2004, p 72) call these changes: new technologies of information and communication and they propose a number of challenges that should guide entities to keep up with the new information environment. These challenges are: the orientation towards improving the customer service reception, customer knowledge, the choice of distribution channels, the continuous optimization of distribution channels, costs mastering. The authors consider that the entity's orientation towards the permanent satisfaction of the customers is a long term commitment of the entity which is translated into a project on short stages, three factors being determined: people mobilization, pilotage and the cut-up project, the use of external partners.

If until now, the entities offered customers their products, the modern entity builds products along with the customers. Thus, whether to win new customers, the research and development were predominant in the entities, due to rapid changes in customers' expectations, the research and development tend to turn into research, development and anticipation or in research and innovation (Musso et al., 2005 , p. 209). This is because the market, described today in relation to existing offerings, will never be the market we find tomorrow, because of the impact of disturbances caused by the introduction of innovation (Gaillard, 1997, p.150). Thus, if the entity orients its work towards today's market it is likely to face difficulties in adapting to tomorrow's market which is different. It is therefore important to estimate the future market in order to establish the path to follow.

Innovation strategies (creating new products) and internationalization strategies (entering the new markets) are key development axes of the entity. Darpy (2010, p.44) presented the results of a study conducted in France according to which the Secopid company, on new products of high consumption, revealed that around 1,500 new products are launched every year, of which 80% are "me-too" products, that is products that are copies of existing products (more or less improved in relation to the existing products); 40% are range extensions (involving a modification or adaptation of existing products) and only 20% are actually new products based on a new concept (innovation). Other studies have revealed that 70% of newly created products are failures, not because of their bad design but because they do not bring further value to the consumer (Darpy, 2010, p 35).

An important role in identifying the customers' needs belongs to marketing. Marketing is an open window towards customers, the creation and innovation being at the heart of this approach. Marketing comprises four key stages (Darpy, 2010, p.16):

- the study of the market phase that allows market understanding (we answer to questions like: What products/services?, Who are the consumers? Which are customers' needs?, What part of the market does the entity hold?, Is the internationalization of the entity possible?)
- the development of marketing strategy phase by analyzing data collected in advance (objectives vary depending on the market conditions: orientation towards new customers or retain already existing customers?, Obtaining higher margins or higher quantity sales?, Providing a unique product or a range of differentiated segment products, To become the market leader or to be a part of the small ones?)
- the implementation phase which involves translating the strategy into action, through concrete actions, such as new product development, advertising, sales promotion;
- the control of marketing activities phase which is required to operate in real time, which means creating a system of indicators to follow and a control procedure to implement.

The information available to an entity on its customers (customers are all customers of an entity, we might even say of a product or service) is of great importance because it allows the practice of a new form of marketing, the relational marketing which tries to value as much as possible the customer capital of the entity. The relational marketing is customer-oriented and not product-oriented, its main objectives are: customers' identification and knowledge, customer communication, customer loyalty

(Demeure, 2008). Customer loyalty is built by maintaining the customer relationship between two periods of purchasing, by listening to him in order to anticipate the customer's needs. The periods between two purchases can be very long, e.g.: every 20 years, buying a house; every 5-10 years, buying a car; every 5 years, buying a washing machine; once a year, buying a vacation in the mountains or to the seaside; once a week, buying a bunch of flowers; every day, buying a loaf of bread.

Recent studies have shown that it is 10 times more expensive to conquer a new customer than to make loyal already existing customers, reason for which the entity must switch strategy to maintain its existing clients (Bernard and Khames, 2004, p 126). Thus, the customer-oriented management (customer relationship management - CRM) is essential for any entity. CRM is based on three main objectives: to win customers, keep them as long as possible and sell them other services (Moisand, 2002).

2. CUSTOMER-ORIENTED MANAGEMENT METHODS

2.1. The just in time method

The just in time (JIT) method means to buy or produce only what is needed and when it is needed, with the objective to improve the entity's competitiveness (mainly the customer's satisfaction and the competitive advantage) and to reduce costs. This apparently simple principle is developed by adopting rules, among which: obtaining only the necessary production to be delivered to customers; supple and flexible production cycles; equipment reliability; supply quality; production quality; efficient management of the relationships with employees. These rules lead to the reorganization of the workshops and to the implementation of new procedures for purchasing, production, distribution and relationships with the staff. The aims of the JIT method are three: customer service, valuing staff, reducing the industry risk. JIT is based on three fundamentals: a flow management system in real-time for customer service quality; a product line organization; a permanent audit for the key points. Built on these bases, JIT manages to effectively control exploitation, realizing the organization of the production in terms of the importance of the demand, defining rules and procedures for control and relying on the responsibility of officials at all levels. Thus, the audit is immediate and in real-time at an operational level.

2.2. The target costing method

The target costing method is to calculate a target cost (based on the difference between a target price and a target profit). This method developed in the early 70's in Japan. Its generalization was progressive and very uneven, varying strongly in terms of the activity. A survey conducted in Japan showed that the target costing method is used 80% by entities from the field of supply of equipment,

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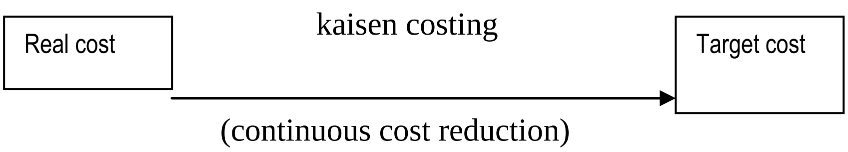
materials and electrical power, 30% by entities in the chemical and pharmaceutical industries and a lower percentage in the agriculture, textiles and stationery. Target costing is a cost reduction program that begins before the product is created, since its planning, development and prototyping, and lasts throughout the product's life cycle. The steps of the target costing are: creating value for the customer (this step involves conducting market researches to determine the target market segment, for fixing product characteristics and its related price), determining target costs on functions (this step involves wearing discussions with both the staff of the entity and the entity's external partners in order to delimit the processes and benefits necessary to meet the customer's needs), setting the target cost on parts (this step involves the implementation of actions in detail, thus, it is measured what each part brings in the process of creating value and it is established a level of cost that should not be exceeded), cost optimization throughout the product's life cycle (this step involves the planning of the implementation of actions to reduce costs).

2.3. The Kaizen costing method

The *kaizen costing* method aims at continuous improvement of costs incurred in the production phase, as shown in the following figure:



While the target costing is applied before an industrial process to determine the objectives of cost, without any other referential and in a highly competitive context, kaisen costing appears as an interesting alternative to the standard cost method, to reduce the costs of the products obtained by the entity.

2.4. The zero-defects method

The zero-defect method involves the analysis of the causes and effects of defects producing in order to obtain product safety operation. Applying this method concerns mainly evaluating the seriousness of the defect, the defect rate and the potential effect of the defect, as well as the identification and analysis of potential causes of the occurrence of defect to the proposal of measures to eliminate the defect found and other defects that could potentially be the effect of the same causes. The ultimate goal of these methods is to achieve zero defects: zero waste, zero fixes, zero inventory, zero delay, zero delay payment, zero failures, zero complaints, zero defects at the reception, zero returns, zero returns, zero unfavorable advertising, zero argument error, zero accidents, zero contempt.

2.5. The overall cost method

The overall cost method, unlike the previous method sets as its objective all the costs involved in obtaining a particular type of product, including the cost of purchase, of use, of maintenance, etc. Thus, there are products that are cheaper to purchase (the target cost of production) but more expensive to use (use more energy) or to maintain (the repair costs are higher). In management accounting, the global cost is called the full cost, which consists of product costs, general administration costs and general costs of sale. Product costs include expenses related to the production of goods or services, such as consumption of raw materials and supplies, expenses of employees that are working in manufacturing, expenses with production equipment depreciation etc. General administration costs include costs of administration sector as well as consumables used for administrative purposes, salaries of the TESA personnel, depreciation of fixed assets used for administrative purposes, etc. The general costs of sales include all expenses related to distribution function as well as the commissions paid to representatives, promotion or product-specific advertising, travel expenses incurred for sale of products, market researches, storage costs for sales, customer tracking, etc. General administration costs and general costs of sales are not included in the cost of the product, they being borne by the result of the period, for which reason they are known as the expenditure of the period.

2.6. The value analysis method

The value analysis method, is known in the domain of new products in order to achieve the best balance between quality and cost (for the customer, the ratio is between quality and price). From this point of view, the entity is effective if it is profitable, competitive and provides quality products for the customers (Jianu, 2009).

Competitiveness { value (for the customer) / price

Profitability { price / cost

A company is profitable when setting a selling price higher than the full cost of the product. But to be competitive, the entity should fix this selling price below the value assigned to the product by the customer. But the profitability and the competitiveness provide performance only for shareholders. For an entity to be powerful for customers also, it must provide quality products. In the price policy of the entity, the price required by the producer lies, as level, within a limited value interval, lower to the size of the costs and higher to the estimated value, which is acceptable for the product by the customers. Fixing a price below the unit cost leads to the impossibility of the economic survival of the entity, and also, price fixing over the product value perceived by customers leads to cessation of sales and the disappearance of demand.

2.7. The benchmarking method

The benchmarking method is based on the principle that it is effective the one that is better than his competitor. If, for example, the delayed delivery rate is an indicator for assessing performance, we cannot say whether a delay of 5 days to 10% of orders is good or not, nor do we know if a reduction of a 5 days delay with only 5% of orders is an improvement or a deterioration. Performance is always located in a logical comparison. Thus, the evolution of the value of a performance indicator for an entity is indicated by the high end while for the other entity, not necessarily competing one, by the lower end.

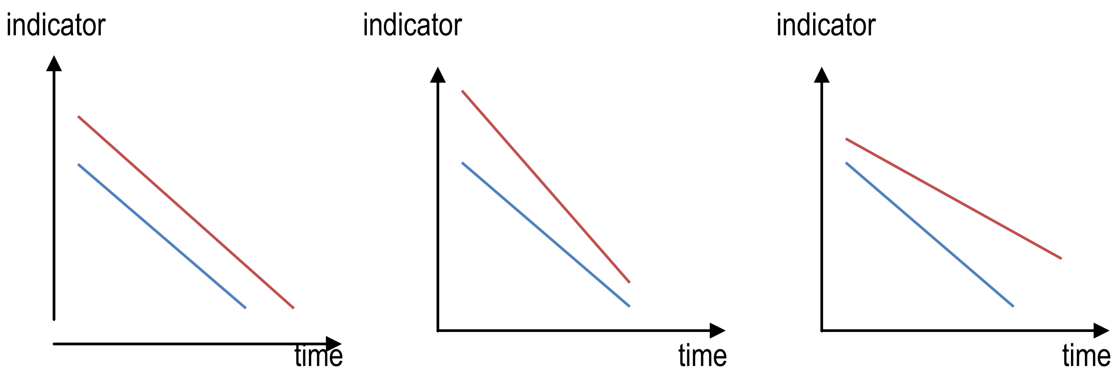


Fig. A Fig. B Fig. C

In the three cases A, B and C, considering that the representative indicator is the number of delayed deliveries (red line representing the entity in question and the blue line the competing entity), the entity may consider that its performance in terms of late deliveries is good because the number of delays was reduced in a regular manner. However, by looking more closely, we see that B is the only situation in which the entity is justified to consider that it is powerful because of its handicap reduced in relation to the reference competitor.

Several definitions may be assigned to benchmarking, but all have something in common: setting goals. The following definitions are relevant (Camp, 1989):

The definition of Gerald Balm: Continuous action of comparing a process, product or service with a similar activity considered to be the best, in oder to set goals and ambitious but realistic improvement actions, to become and remain the best of the best in a reasonable time.

Xerox formal definition: Benchmarking is a continuous process of evaluating products, services and our methods against those of most serious competitors or of the entities recognized as a leader.

Xerox expanded definition: The process of constant research of new ideas of methods, practices, processes and even adopting these practices or adapting good ideas and their application to become the best of the best.

From the definitions above, benchmarking is a continuous process (i.e. an organized series of steps) to measure and compare. The key measurement elements for organization should be selected and compared with those of the best organizations in the world that do the same. Thus, the two entities worked together to get the best benefit for each one. Benchmarking offers the entity, the opportunity to continually compare its processes, products and services with those of the best entities. This comparative analysis serves to measure the deviation between current performance level and what makes the best of the other entities, what leads to the improvement of the competitiveness and efficiency, as a result of improving processes within the entity.

2.8. The scoreboard

The scoreboard is defined as a set of synthetic data that informs on the achievement of key objectives. The balance scorecard plays a role alert because it allows the rapid establishment of deviations compared with the results so that the officer concerned can take in advance the necessary corrective actions to achieve objectives. The scoreboard was initially centered on the classical activities regarding the production, the sale, the financing. Today, the scoreboard is directed to other important aspects necessary for the development, such as social indicators, indicators of quality, customer orientation. The scoreboard contains performance indicators and indicators of pilotage.

The performance indicators show the effectiveness of service by measuring the achievement of objectives. For example: the amount of products sold, the market, the number of customers, the number of orders, the rate of defective products, the number of products recalled, the unit cost of production. The performance indicators that should be taken into account in drawing up a scoreboard, in order to be relevant, must enable the evaluation of performance from the following points of view:

- creating value for shareholders;

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- customer satisfaction ;
- employee satisfaction;
- environmental performance;
- the quality of the relationships with partners.

Thus, among the key indicators in the design of the scoreboard, we include the degree of measurement of customer satisfaction, reason for which it is a true tool used in the performance management for customers. The performance indicators show if the result objectives were met, but they do not allow the explanation of the cause for which the objective has been achieved or what the responsible should do to rectify any violations. For this, we need *indicators of pilotage* on the activities and resources for product and which refer to a variable considered essential to achieve the objective: the key factor to success. Some indicators measure the productivity of the activity, comparing the results with the means employed, while other indicators allow monitoring the use of the resources available. The deviations found are quickly read and allow a very fast action.

2.9. The balanced scorecard method

The balanced scorecard method arose from a research project sponsored by KPMG and initiated by Kaplan and Norton in the early 1990s. The emergence of balanced scorecard is based on two main principles: the multidimensional nature of performance measured by a set of indicators grouped in 4 categories and the need for a model to link various indicators between them. Balanced scorecard allows piloting the entity in four different ways: investors satisfaction, customer satisfaction, quality of internal processes, the entity's improving and innovation skills. Kaplan and Norton in the development of balanced scorecard start from two assumptions: there is a generic model of performance that takes into account the four points of view mentioned above, and there is a causal relationship between the four points of view, as shown in the diagram below (Kaplan and Norton, 2000).

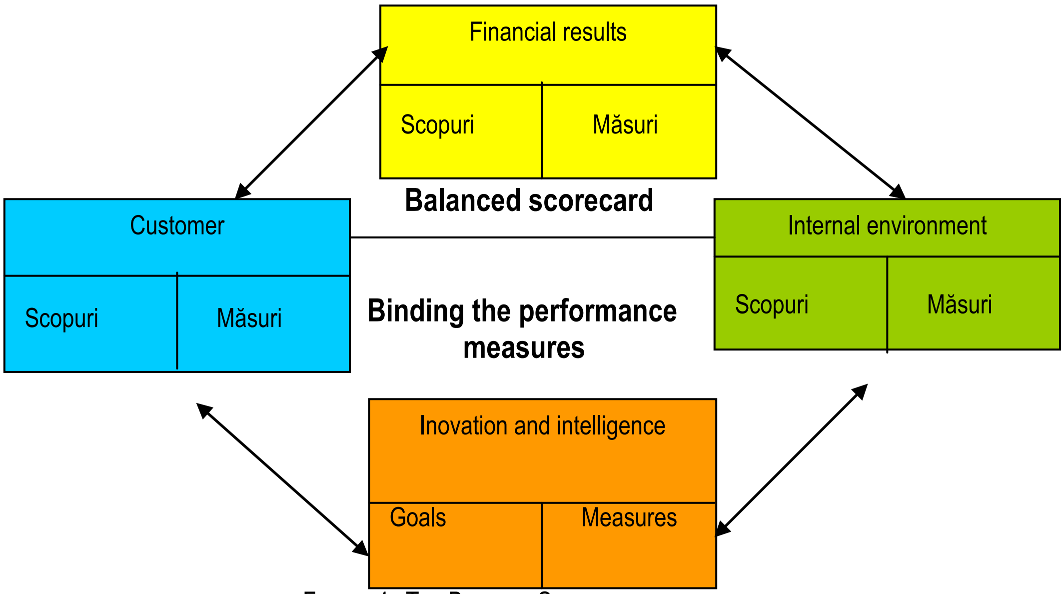

FIGURE 4 - THE BALANCE SCORECARD

Balanced scorecard provides answers to four basic questions:

- How do we present ourselves before our shareholders? The financial indicators used in evaluating the performance should show whether the company's strategy and its implementation actually contributes to a significant improvement in the performance of the entity;
- How do customers see us? To apply the balanced scorecard, the entity must articulate its goals according to deadlines, quality, the level of performance and costs demanded by the customer and then to translate these goals into specific operational measures. Thus, the entity examines the performance through the eyes of its customers.
- How to excel? The performance measures focused on customer are important, but they must imperatively be accompanied by operational measures taken internally.
- Can we still create value? As the success factors change and evolve continually, entities should make continuous improvements of the existing products and their management processes and simultaneously have the ability to introduce new products on the market with increased production and management capacity.

2.10. The method of calculating the cost of quality – nonquality

The method of calculating the cost of quality- non quality involves the cost calculation of quality and non quality, both for the manufacturer and for the customer. For the *manufacturer*, because quality assessment is performed relatively to a reference or standard, the quality costs are grouped into two broad categories:

- Costs of quality assurance (compliance costs) consist of costs to prevent defects and costs of quality assessment. Prevention costs of the quality include the cost design and the implementation of the processes to eliminate the causes of defects, as well as prevention costs of obtaining products that do not comply with standards. The costs for quality assessment include all costs related to the quality control activity in order to establish the degree of conformity of the products with the quality requirements. No product should leave the entity without being tested if it meets the current and applicable standards. Thus, implementing quality control program involves the following objectives: strict compliance with product specifications and manufacturing process; the existence of a good relation between the entity and suppliers, customers ; the operation of an effective system for recording and reporting.
- Costs of non quality (costs of non compliance) are the costs of defects. If profit is 10-15% of the turnover, the non quality cost share in total turnover is 25% for production companies and around 40% for companies providing services (Crosby, 1979). The non quality costs or lack of quality costs can be measured or not. Measurable costs of quality, known as the costs of defects, are incurred by the producer, are identified before (cost of internal defects) or after (cost of external defects) the goods are delivered to the beneficiary - the customer, being the cause of the lack of quality.

The non-measurable costs of quality, known as opportunity costs, refer to the loss of an order, a customer or a market due to the selling of low quality products. The accounting should allow the detection of these costs at an entity and take the necessary steps to remove them. In conclusion: The total cost of quality for producer = Quality assurance costs + non quality costs + opportunity costs of quality. An effective policy in terms of quality for producer can be summarized as follows: defect prevention costs > assessment quality costs > internal defects costs > defects of the external costs (Jianu, 2008). In assessing quality, *the customer* focuses on services offered by products and not only on the product itself. Customers are interested in the satisfaction brought by the product and to keep it working its entire lifetime. From the customer's point of view, there can be identified the same categories of costs of quality as in the case of the producer, but with a different meaning: defect prevention costs (costs incurred by the customer to ensure the exploitation of the good as directed), assessment quality costs (the initially paid price), non quality costs (all extra costs incurred by customers due to the acquisition of goods which do not meet the quality requirements, such as transport costs of goods to service centers during the warranty period or beyond the warranty period, costs with the charges for parts purchased due to defects, the paid service costs, the cost of replacing the goods after the expiry of warranty period). To these costs there are added the opportunity costs, such as depreciation and losses on resale of the product. In conclusion, for the customer, the quality costs are a component of the cost of use.

2.11. The Total Quality Management

The total quality management (TQM) is a powerful strategy of the entity, in the long run, which leads to a continuous improvement of the quality of products and services, as well as the management's ability to meet customer's needs and, at the same time, to create conditions to increase labor productivity and thus, profit (Stanciu, 2003). Thus, the author believes that TQM is based on 5 principles:

1. The management by achievable and long-term objectives, expressed by measurable indicators, understood and accepted by all staff of the organization;
2. Compliance in all activities (from marketing-design-development-execution-delivery) with the explicit and implicit customers' requirements;
3. Prevention of potential defects;
4. Adopting the doctrine of "zero defects";
5. Measuring the quality through costs divided in prevention, evaluation and remedy costs (before and after delivery to the customer)

The philosophy of the TQM system is based on the quality, that is "the quality perceived by the customer." On the basis of this concept there are two separate definitions:

- Quality is compliance with the requirements - which shows that to achieve a level of quality, an organization must first determine the specific needs of consumer segments, to which the product or service is intended, and then, all activity must be subordinated to this end (Crosby, 1979).
- Quality is the capacity for use - the focus is here on the use of the product or service and on the customer's satisfaction (Juran, 1974).

The TQM concept was developed by the Naval Air Systems Command to describe the Japanese-style approach to quality improvement and became popular with the businesses in the USA during the 1980s (Paunescu, 2006). Thus, TQM is defined as a management approach that tries to achieve and support long-term organizational success by:

- encouraging employee feedback and participation;
- satisfying customer needs and expectations;
- respecting societal values and beliefs, and
- obeying governmental statutes and regulations.

Daudin (1996, p 12) presents some characteristics of TQM, namely: a focus on customer-supplier relationships, a focus on customer needs, a zero-default aspiration, a culture of continuous improvement, improving skills, measures of quality and of their announcement and the participation of all agents and brokers who influence the quality, an active quality management, rather than reactive, recognizing that added value can be achieved rather through quality than by reducing costs, an active involvement of the management in total quality assurance, an increase in preventive action rather than inspection, a cross-organization and an integration of processes.TQM covers both technical and social aspects. From technical point of view there must be created the necessary conditions to ensure a high level of the quality of products and services. From a social perspective there must be ensured the preparation and motivation. TQM involves reducing the complexity of systems (especially manufacturing) in order to be manageable; the downstream orientation of the entity towards quality to meet customer needs; the development of actions needed to tighten the entity to its employees by motivating their need to participate, to innovate and to adapt to problems arising in the entity.

3. CONCLUSIONS

The customer determines what an entity is because he decides the price for a good or service, he transforms the economic resources into wealth, the objects in goods. Thus, by their demands, customers define the activity of the entity. Without customers, there is no turnover, no added value and there is no means for the entity to remunerate the factors of production used. The slogan "the customer is a king", often used only in marketing emerges by its strength as a real constraint that guides the definition of vision and of strategic choices of each entity. Thus, customer satisfaction becomes the primary objective. The ability to achieve high quality products, within short response on taking the order, the manufacture, the delivery, with features that are best adapted to customer wishes and needs and in perfectly mastered cost conditions, become key operational objectives of the entity, hence the need to organize the entity in activities and processes vital to achieving these objectives.

The entity even if it has a powerful technology, in order to succeed on the market, the objective to permanently satisfy the customer should represent the culture of the entity. However, the objective of the entity to satisfy customers' demands should always be done in conjunction with another objective of the entity: the growth performance of the entity. To be efficient, the entity should apply the management methods oriented towards customer's satisfaction, such as: just in time method, the target costing method, kaizen costing method, the zero-defects method, the overall cost method, the value analysis method, benchmarking method, scoreboard, balanced scorecard method, the method of calculating the cost of quality-poor quality, total quality management. These methods should ensure the overall strategy of the entity by relevant actions and to form the culture of the entity.

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