

Smart Leaders

Quality control

How to focus your company on being better, not bigger

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Tom Moore
co-founder and CEO,
Cord Blood Registry

Tom Moore may not be the mother of invention at his company, but he is the father of quality.

Moore, CEO of Cord Blood Registry, founded the company with his daughter in 1995 with the idea of creating a company that collects and stores the stem-cell-rich blood from a newborn's umbilical cord. That concept put them on the map, and there was one business lesson Moore immediately applied at CBR: Quality comes first in everything.

"If you don't have quality, you end up being a commodity; you can't differentiate," Moore says. "I learned a long time ago that a very high-quality company is less expensive than a company that continues to make mistakes."

So as CBR has grown to more than \$100 million in annual revenue, Moore has built the company's employee base carefully, getting to 300 employees one quality person at a time.

Smart Business spoke with Moore about how to hold people accountable for quality and why building a business is like opening a paint tin.

Don't add people until you're good and ready. I've always likened starting a business to taking the top off a paint tin. To take that top off, you can kind of wrench it off in one fell swoop, and you end up with paint all over the place, or you go around that tin lid two or three times with incremental movement.

You need to add people, but if you try to do it in one fell swoop, you'll end up failing and creating a problem that you'll then have to clean up. So our progress is incremental, and as you do that, you are developing people who understand the business inside of the business.

So you really have to want to add a slot, you have to justify it. As you add people, if you add them too fast, it's back to the paint tin analogy; you can lose process because you have new people reporting to new people reporting to new people, and all of the sudden, you've lost culture. So that's something you always have to keep a vigilant eye on, and the best way to manage that is head-count control.

As we look at adding new positions, we say, 'Why are we really doing this, what value is that going to add, and is it really required?' because if you're just bringing in another body, so to speak, it doesn't really add value, it adds more complexity. Whenever you bring in a lot of people all at the same time, you risk losing your culture, losing your processes and losing what you're all about.

And it's not that those people don't try to do the best job possible, they do, but they're all from different backgrounds and companies, so they make up their own processes.

Hire someone who is passionate about quality. I think what the prime characteristic or thing that I look

for is, can the guy taste it, does he have the desire to really contribute? So it's not, does he have the desire to earn money? Obviously, everybody needs a pay-check, but it's more than that. He has to have the desire and the fire in his belly to do great things — and whether that's a person who is on our processing floor or that's an executive, it doesn't make any difference.

You have to get in their head and find out what it's all about for them. If somebody is coming in the door and they're looking to make millions, that's the wrong predicate because going after the money is not where to build something.

There are not set questions (to ask). It's really like, 'What motivates you, what turns you on, where do you want to go, what do you want to do?'

I was talking to one of the people who came to work for us here, and he said, 'You know, I walked into the building and talked to a few people, and I want to work for this company.'

And he's done a phenomenal job; he just wanted to work for CBR.

Create a process for quality accountability. We push empowerment down to lower levels of the company and make sure our people are empowered but also that they're accountable and responsible.

Our customers give us a report card — we get about 100 report cards a day from our clients, and they fill them out online, and they tell us what they think of our service. We have what we call 'in the reds,' and an 'in the red' is somebody who is not satisfied. And if there is a 'not satisfied,' I get a copy of it, my COO gets a copy, the department manager does as well as the person who handled that call.

And that department manager has to contact that client within 48 hours and report back and find out what we could have done to make that interaction outstanding. Everybody knows what 'in the red' is, but an 'in the red' is an opportunity for us to improve.

It's not a scolding at all. In fact, we ... take the whole customer improvement process as an opportunity for us to never have that happen again. And if that never happens again, you never have to fix it again, and that says you have a lower cost of product because you start to run it very efficiently.

What your quality process helps you do is become the leader in the market — and that's why I said quality is cheap, because you have lower cost.

HOW TO REACH: Cord Blood Registry, (888) 932-6568 or www.cordblood.com