SAQI
The South African Quality Institute

e - Quality Edge
bringing quality information to South Africans since 1996

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Welcome to the March Newsletter

In this month's edition we give our readers some more food for thought on my personal interpretation of the focus found in the Model shown in the 2015 updated version of the ISO 9001 regarding focus on customers versus stakeholders.

We are also pleased to announce the visit to South Africa in June by the well-known international authority on QFD Glen Mazur. We are hoping to set up a training session with him at our training centre at the CSIR and are making our first announcement in this newsletter. There will be limited places available and we want to give our SAQI members first opportunity to attend this first session of its kind to be held in Africa.

We also give feedback from the Deloitte "Africa in 2017" forum held recently at Deloitte's headquarters in Johannesburg looking at the future of Africa. We also include an article by one of our new members ISOX on Service and Operational Excellence. Terry Booysen keeps us informed on Corporate Governance and Richard Hayward encourages our learners to "Go with the Quality flow".

New articles are always welcome and we encourage our readers to showcase their achievements or express their opinions on quality and related matters.

Paul Harding

SAQI MD

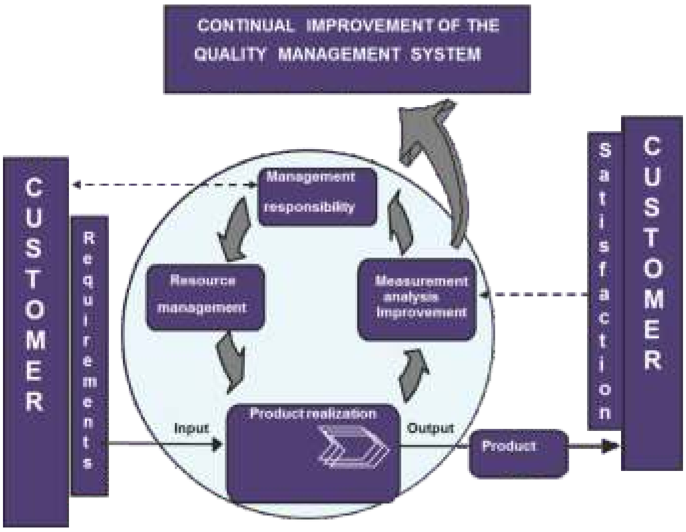
Quality:
helping South Africans live, learn and work better

Customer focus versus Stakeholder focus

By Paul Harding MD SAQI

Has the revised 2015 revision of ISO 9001 taken away some of the focus that its predecessor had in the 2008 edition? If we looked at the model of the QMS as found in the 2008 version two things stood out. What were the customers' needs and what was their level of satisfaction. Everything in between was focused on how those needs could be satisfied or improved.

ISO 9001:2008 Model



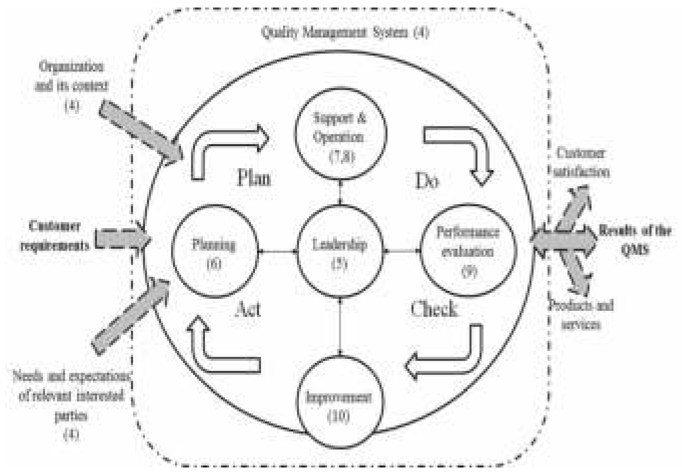
PDCA and Customer satisfaction

The model leaves no doubt that the focus is on satisfying the customer. Although not specifically shown in the model in terms of clause numbers, the various clauses of the 2008 standard were indicated. Also the model, we were told, was based on the PDCA cycle. The model did not specifically indicate where the Planning phase started although the arrows did show it was going in an anti-clockwise direction, that I might add did cause some confusion to the Shewhart or Deming purists. I would often ask some of my training delegates where they thought the Planning phase should start in the model. In other words where do we put the P of the PDCA cycle? The vast majority would say under Management Responsibility, because surely that was where the planning starts. But if that was the case where would we put the A? I have always had a problem with the A in the cycle because many people confuse Acting with Doing. In my opinion it should have been the PDCR cycle because in effect we are Reacting to analysis of customer or process feedback in order to plan to Do something differently. However, who am I to question the wisdom of such great quality gurus. The P should actually fall under the resource management because if we don't plan to have the appropriate resources how can we expect our processes to perform as expected.

New model in ISO 9001:2015

So what sort of model did we put into the ISO 9001:2015 version? Well for the convenience of everyone reading the standard we added labels and even indicated the relevant clause numbers in the new model. We also changed the direction of the arrows into a clock-wise mode so as not to confuse the Shewhart and Deming purists.

ISO 9001:2015 Model



My question now is does the new model depict the organizational QMS or does it depict the requirements found in the new standard?

In the 2015 revised version we can still see that we need to understand customer requirements but added to that we must also consider the needs and expectations of other relevant interested parties. We also need to understand what business we are actually in terms of the organisation and its context. Although if organisations didn't know what business they were in they would soon be out of business. I must admit I am not sure why Customer satisfaction and products and services appear in the model as going in two separate directions. Feedback from customers now seems to be flying out into fresh air outside of the organisation's QMS. Maybe a double headed arrow would have alleviated this concern?

So how much attention must we now give to the needs and

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expectations of relevant interested parties or other stakeholders?

Interested parties

Other interested parties are important particularly if we are talking about the needs of the shareholders who want management to maximise shareholder value. However, in this situation, there is a danger that top management's focus on financial performance as the organization's main goal is often at the expense of quality. We all remember the collapse of Lehman Brothers but was the root cause of the collapse a lack of financial regulation or a lack of quality control and leadership within the organisation. Top management should have a reasonable idea of the mechanisms or processes that produce profit. Often top management will argue that financial performance measures are necessary because of the primary objectives of companies is to maximise shareholder value. However, in the case of Lehman Brothers this had the opposite effect leading to massive shareholder loss.

There is an old English saying that says *"Look after the pennies and the pounds will take care of themselves."* Well maybe if we look after the quality needs of our customers then the profit will take care of itself.

In organizations that are focused on satisfying the needs of the customer, their main goal is to maximise customer value. If the customers don't perceive that they are getting value they will move their custom elsewhere. The customer focussed organization continually aligns it people, its processes, its products and services towards satisfying customer needs and expectations. So organizations must choose between making shareholder value the primary goal or making customer value the main goal.

ISO 9001:2015 and customer focus

ISO 9001:2015 in clause 5.1.2 relating to customer focus the standard asked that leadership and commitment is demonstrated by top management. Demonstrating leadership regarding customer and applicable legal requirements should not only be determined but also understood and met. The legal requirements are easier to understand as they are set out in statutory and regulatory requirements that are subject to long processes and time scales before they are changed. However customer requirements can change almost overnight with new players entering the market. We only need to look at the impact that UBER has had on the taxi business. Top management must also demonstrate leadership regarding risks and opportunities. These may arise from changing customer requirements or changes in legal requirements. The final point in this clause is that leaders must maintain their focus on enhancing customer satisfaction.

David Hoyle in his shortly to be published book tells us that Leaders who put the customer's interest first are customer focussed; they;

- listen to their customers and seek to understand their needs and expectations before offering their organization's services;
- look for opportunities to help their customers be more successful;
- look for risks that may impede their customers' success and address these risks in ways that are to their customers' advantage;
- look for ways of enhancing customer satisfaction;
- assure their customers that any offerings will meet all applicable statutory and regulatory requirements;
- don't look for ways of deceiving their customers;
- don't look for ways of profiting from a customer's lack of expertise in a particular technology.

Conclusion

Although the revised model now shown in ISO 9001:2015 appears to have taken some focus off customer satisfaction, the text of the standard shows that leadership still needs to make the customer their prime focus. Organizations are in business to attract and retain satisfied customers and to build brand loyalty. Those organisations that do not focus on their customer needs and expectations will invariably go out of business. Creating and retaining satisfied customers should be the principle aim in applying the ISO 9001:2015 requirements standard. Top management should realise that it is from satisfied customers that profit and shareholder value is sustained. Organizations that help their customers resolve their problems, avoid risks, exploit opportunities and comply with the law are more likely to engender loyalty from their customers.

References

ISO 9001:2008 ISO Geneva
ISO 9001:2015 ISO Geneva
David Hoyle ISO 9000 Handbook 7th Edition (Soon to be published)

About the author:

Paul Harding is the MD of the South African Quality Institute.
He has been a member the SABS TC 176 contributing to the development of quality requirement standards for the past 23 years.

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For the first time in Africa

QFD Green Belt® Certificate Course

19th–20th June, 2017
8:30–17:00 on both days
SAQI Training Centre CSIR Pretoria

This authoritative introduction to Modern Blitz QFD® is designed for businesses and people who wish to learn the cutting-edge best practice for agility, innovation and leadership essential to compete in today's global market.

The curriculum incorporates the latest advancements in quality, design, and project management that are not yet taken up by the traditional approach seen elsewhere. You will be introduced to all of these topics in this course:

- ISO 16355 (the new QFD standard)
- Design for Lean Sigma (DFLS) / Six Sigma (DFSS)
- Emotional Design using Lifestyle QFD
- Analytical Hierarchy Process (AHP)
- TRIZ (Theory of Inventive Problem Solving)
- New Lanchester Strategy for Marketing, and more.

This workshop is part of the international program in Quality Function Deployment; it is the only QFD curriculum authorized by the late Dr. Akao, founder of QFD. As a course offered by the QFD Institute, you are assured of the excellence in training unparalleled to others on this subject.

This 2-day course will be held in partnership with the South African Quality Institute. SAQI members are entitled to a 10% discount This SAQI one off course will be taught by **Glenn H. Mazur**.

Mr. Mazur is widely considered the world's leading expert in the theory and practice of Quality Function Deployment (QFD). In 1985 he served as an interpreter and translated the lectures of Akashi Fukuhara of the Central Japan Quality Control Institute that were delivered at Ford Motor Company as a follow-up to Yoji Akao's 1983 pioneering lectures in the United States on this subject. Based on this work he was asked to translate a series of QFD papers written by Dr. Akao which was published by Productivity Press in the title of "Quality Function Deployment integrating Customer Requirements into Product Design" in 1990.

Mr. Mazur served as translator of the GOAL/QPC Research Committee and since 1986 has been the primary translator for Dr. Akao. He has been certified as a QFD Red Belt® by Dr. Akao, and in 1998 he was awarded the International Akao QFD Prize® for his work in developing and disseminating the practice of QFD globally.

Mr. Mazur serves as Executive Director of the QFD Institute (QFDI) and the International Council for QFD (ICQFD) which coordinates research and international symposia that are focused on advancing the QFD methodology.

Who Should Attend:

- No Prerequisites.
- New product and service development teams and project managers;
- Project team members from Marketing & Sales, R&D, Design, Manufacturing, Service, Quality, Business Development, and those who are key to the success of the new product / business / organizational strategy;
- Training scouts who will report to their management;
- Quality consultants, Six Sigma / Lean Sigma / DFLS / DFSS Black Belts and Master Black Belts;
- Trainers, facilitators, internal Quality / Sigma gurus, Organizational Excellence champions, as well as University Professors who teach innovation and the topics mentioned here;
- University professors and researchers in the fields of new product development, innovation, entrepreneurship, Voice of Customer analysis and related topics;
- Those who are familiar with traditional QFD and House of Quality methods from 1980s.
- **Anyone who seeks better designs, quality, and innovation.**

Recommended Things To Bring:

A laptop computer (with CD drive, MS Excel®, MS Word®, and Adobe Acrobat® reader) or calculator -- as you will receive a CD or memory stick with QFD software templates and case studies.

Relevant marketing and technical data for a small project or a part of a large project that you are currently working on or plan to work on in the future. (You will receive detailed instructions on this with your registration receipt/invoice.)

IMPORTANT: There is NO NEED to reveal any confidential data. The goal is to make the QFD exercises real and meaningful to you! If it is not feasible to bring such data, you may join others or use a generic (or hobby) project.

QFD Belt® Certification:

A provisional QFD Green Belt® Certificate will be issued upon successful completion of this course.

Students desiring to receive a full certification must submit a completed QFD project to the Instructor within one (1) year, demonstrating their ability to use the modern QFD Blitz® tools taught in the course. For this purpose, they may send work-in-process to the instructor for review, following the classroom portion of the training.

Pricing & Registration: Please note the course is limited to 15 delegates on a first come first serve basis.

Fees:

- **Basic fee:** R25,000.00 + 14% VAT per delegate (includes all materials).
- **10% discount for members of SAQI**
- **A further 5% Discount is available when** more than 1 delegate attends from your organization.

To attend, reserve your seat, or ask questions, please contact Vanessa du Toit at **vanessa@saqi.co.za**

NOTE:

- The above prices do not include the costs of delegate travel or accommodation. Please contact SAQI if you need assistance with finding accommodations.
- You may also contact the QFD Institute to inquire about the curriculum details, more training options, etc.

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Six Sigma

By Johan Oelofse

Often formalized as 6σ, is an approach and set methodology with specific tools and techniques to facilitate process improvement and optimization. Six Sigma was originally designed and introduced by Bill Smith while at Motorola in 1986, and later (1995) made vital to the GE improvement strategy by Jack Welch. Since then is has been widely used by many industries globally, to uplift quality, achieve improved throughputs, reduce cost, but more so, to guide and help organizations embed a prudent operation excellence mindset and culture.

Quality, improvement and business optimization needs to be a deliberate effort. Enhancement and process advancement does not happen spontaneously nor DEVELOPS organically in an organization. Focused effort, hard work and a structured approach are the critical success drivers to achieving breakthrough improvements in quality, cost and delivery. Six Sigma, being more than a systematic and practical improvement methodology, provides the proven framework in achieving higher levels of performance and operational excellence.

Six Sigma seeks to improve the quality of the output of a process by detecting and eliminating the root causes of defects, and thus reducing variability in business processes that deliver products and or services to customers. Six Sigma applies various qualitative and quantitative (empirical, statistical methods) quality management philosophies and methods through a specific structure of people within an organization.

Six sigma is a statistical term used in (SPC) statistical quality control, that evaluates process capability. Initially, it was referred to the ability of a process to produce a high percentage of output within specification (99.99966%) over the long term (3.4 defects per million outputs). Six Sigma projects trails a defined systematic series of steps with specific value measures and set targets, known as metrics to make measurable breakthrough improvements. The thinking of Six Sigma is based around the *"Quest for zero defect"*, where the maturity of a six-sigma process can be defined by a sigma rating indicating its yield or the percentage of "defect-free" outputs it creates. A six-sigma process is defined as a process where 99.99966% of all the opportunities to produce some feature is statistically expected to be free of defects (3.4 defective features per million opportunities).

The Six Sigma philosophy states that continuous and deliberate efforts are required to achieve stable and capable processes, that deliver the right quality at the right time with minimal defects and wastage. This is vital to any business today.

The Six Sigma approach is characterized by a recognized approach to achieve revolutionary improvement through activities that are defined, measured, analyzed, improved, and controlled. Some of the features that set Six Sigma apart from other quality-improvement programs is a clear focus on realizing measurable and quantifiable benefits, rallying strong management backing and thus gaining commitment in making fact based decisions, rather than assumptions and guesswork or trial and (t)error!

The systematic approach applied by Six Sigma is defined by the "DMAIC" project methodology and has five distinct phases:

- ***Define*** the opportunity, the voice of the customer (VOC) and their requirements (CTX's), as well as the project goals. The output of the defined phase is an approved project chartered with assigned team and project timeline.
- ***Measure*** identifies and defines the possible causes affecting the current process and collects the relevant data and factual process information. The primary output of the measure phase is clarity on process capability and a list of potential attributes affecting the process performance. This is expressed as a preliminary transfer function; **y=f(x)**, where the output (**y**) is affected by a list of possible causes or inputs (**x's**)
- In the ***Analyze*** phase, data and information is used through a series of qualitative and quantitate statistical techniques to verify cause-and-effect relationships and identify the vital few attributes that affect the process performance. Hence seek out the root cause of the defects through examination. The output of the Analyze phase defines the key defect generating attributes of the process to be targeted for

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changes and improvements.

- ***Improve*** focuses on generating improved ideas, piloting and testing the ideas, and if time allows, optimizing the improvement, to gain maximum benefit from the process changes applied. The output of this phase is the recommendation of a piloted or assured change that will remove the process problems.
- ***Control*** targets the sustainability of the solution(s), as well as provide a full execution plan of the improvement to be deployed. The Control phase deliverables include, but are not limited to, error proofing, control plans FMEA's and SPC, all design to ensure a sustainable solution is implemented.

Six Sigma contains a large number of tools and techniques that can be applied trough the 5 phases. However, the type, of project will determine what tools are mostly suitable for the project. Six Sigma can be applied very effectively in data rich environments as well as in areas where little or no data is available, as is used and capitalizes on the knowledge of the team taking them through a structured approach to solve problems in an effective and efficient manner.

Green Belts are critical to every successful operational excellence and quality focused initiative. The SAQI Six Sigma Green Belt program has been designed with "speed to efficiency" in mind to rapidly realise benefits for the organisation. By applying the proven and robust D-M-A-I-C methodology, SAQI teach the green belt practitioners the core competencies to lift processes to higher level of performance and providing world class quality and services.

The practical and experiential training approach applied by SAQI will enable the Green Belt practitioners to effectively lead projects inside their own departments and actively partake in larger organizational improvement initiatives.

The SAQI Six Sigma Green Belt training comprises of 8 days of training over a two a month period. These sessions are separated by approximately four to six weeks to allow the practitioners to apply the methods and concepts learned in class on their projects. This aim to deliver improvements and benefits as part of the training.

The content of the Green Belt course not only focuses on the DMAIC problem solving methodology, but also teaches important change management and facilitation techniques, as these critical success factors that help deliver successful projects.

KEY LEARNING OUTCOMES - Six Sigma at a glance:

- Course duration: 8 classroom days over 2-month period
- Course requirements: Laptop with Microsoft office, Trial version of SigmaXL will be provided for a period of 30 days to complete the statically exercises.
- Certification Requirements:
  - include full class attendance over the 8 days,
  - completing all the quizzes and exercise during the training,
  - successful completion of a training project to be assessed by a certified SAQI assessor,
  - completion and pass of the Green Belt Exam
- Course outcomes: On completion of this course the participants will be able to:
  - Understand their role in the Six Sigma in the organisation
  - Apply Six Sigma and statistical concepts to analyse and solve problems
  - Map and interrogate processes and measure process capability
  - Mapping re-designing and mistake proofing processes
  - Do robust root cause analysis in a systematic and effective way via the DMAIC methodology
  - identify, scope and define projects
  - Apply statistical analysis to determine the relationship between key inputs and process outputs providing the bases for effective root cause analysis
  - Manage teams and change as well as apply the basics of project management
  - Design controls and set SPC / SPM in place to track and monitor process and product performance and capability.
  - Upskill smaller project teams in the basics of problem solving
  - Effectively engage with various levels of leadership to help remove barriers and achieve project success
  - Close projects and hand over control to process owners and line management
  - Present projects to instructors, peers and managers.

Course overview:

- *Week One:*
  - Introduction to Six Sigma
  - Roles and Responsibilities in a Six Sigma operating environment
  - The Six Sigma Methodology - DMAIC
  - Process Mapping
  - Vital Data Analysis and project scoping tools
  - VOC (Voice of the Customer) and critical to attributes
  - The Project Charter
  - Stakeholder Analysis
  - Change Management Fundamentals and overcome resistance
  - Data Collection Planning and Operational Definition
  - Plan for effective meetings and project sessions
  - Introduction to statistics using Sigma XL
- *Week Two:*
  - Basic Statistical and Graphical Analysis (introduction to y=f(x))
  - Measurement System Analysis
  - Capability Analysis
  - Basic Process Analysis – Rolled throughput yield
  - Identifying Potential Causes (qualitative tools - C&E Matrix, Fishbone, FMEA)
  - Inferential statistical analysis and Hypothesis testing
  - Generating and Evaluating Potential Solutions
  - Control and Monitoring Methods
  - Mistake Proofing
  - Statistical Process controls
  - Implementation Planning and project transition back to line

Johan Oelofse is a member of SAQI. For enquiries on training please contact Vanessa du Toit on **vanessa@saqi.co.za**

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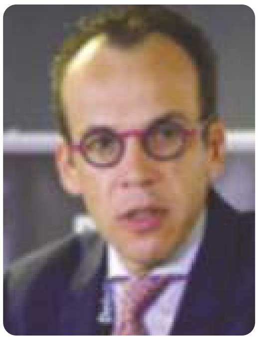
Feedback from the Deloitte Africa in 2017 Seminar - Shaping the Continent's Future

Trends for Africa in 2017

By Dr Martyn Davies Managing Director: Emerging Markets & Africa, Deloitte Africa



2016 was a rather challenging year for a number of African economies. The prevailing question for the year ahead will be "what does 2017 hold for Africa?"

The six key forces that are likely to shape Africa in 2017 are:

1. Structural reforms,
2. "Repricing" of economies,
3. Privatisation of state-owned assets,
4. GDP growth recovery,
5. Gross fixed capital formation spend, and
6. External forces outside of emerging markets.

A brief review of major historic events such as the fall of the Berlin Wall, the Asian Crisis or the collapse of Lehman Brothers reveals that reforms, be it structural, economic or political, are often the direct result of crises or economic shocks to an economy.

More often than not, these reforms have led to considerable socioeconomic improvements. This raises two important questions: What shocks or crises could cause such reforms to take place on the African continent? And, could the recent commodity price shock force governments to carry out much-needed growth orientated structural reforms? One of the key drivers of foreign direct investment (FDI) is the ease and cost of doing business in a country. Unfortunately, most African countries are known as costly and challenging investment destinations. This may be changing due to the current "repricing" taking place in some countries, particularly oil-propelled ones. The repricing trend especially of previously overvalued assets makes it more affordable to invest in Africa, and this is likely to attract higher levels of FDI going forward Poor growth and a lack of revenue may result in "fire sales" of state-owned entities and assets in African countries. This is expected to take place in fiscally challenged economies, which are struggling to raise revenues from commodity exports. These often inefficient state-owned entities may be described as handbrakes on development across the continent, largely in the infrastructure, utilities and transportation sectors. Privatisation could potentially address these issues.

A fourth force that will shape Africa in 2017 is the recovery of GDP growth rates. In 2016, Africa south of the Sahara saw its lowest growth in the past decade. Although growth is expected to have "bottomed out" in 2016 and improve slightly into 2017, it will take rigid policy interventions to steer Africa off a low future-growth path. As a rule of thumb, gross fixed capital formation (GFCF) should stand between 25% and 35% of GDP to ensure steady growth in an economy. While the sub-Saharan African (SSA) level of GFCF has hovered around the 20% mark for the last decade, countries like Ethiopia and Botswana have managed to maintain levels of investment in the 30–35% of GDP region.

What are the forces that will drive other African countries to mimic the investment patterns of these countries in 2017? There is reasonable concern surrounding the controversial stance US President Donald Trump has taken regarding international trade, and the ramifications this presents for Africa at large. Through the African Growth and Opportunity Act (AGOA), Africa, more specifically South Africa, has secured a sizable US market for exports – a market which now seems at risk. Similar to the Western financial crisis triggered by the collapse of Lehman Brothers, Africa faces a growing risk, not from emerging markets, but from the developed world. On a more positive note, the United Kingdom's (UK) decision to exit from the European Union (EU) is likely to see a far more assertive and independent UK, and possibly improved foreign trade and aid policies toward Africa.

The views in this report are informed by the discussions at the event, and are not necessarily reflective of our view nor that of the speakers and their respective organisations.

Material supplied by Dr Martyn Davies
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Feedback from the Deloitte Africa in 2017 Seminar - Shaping the Continent's Future

Panel Discussion: Africa's new Winning Companies

By Dr Martyn Davies Managing Director: Emerging Markets & Africa, Deloitte Africa

Participants: Mike Whitfield, Managing Director, Nissan Group Africa, Joshua Mwaniki, Country Director, Andela Victor Williams, Head, CIB, Rest of Africa, Standard Bank group, Heinie Werth, Financial Director, Sanlam Group Discussion moderated by Alishia Seckam, Business News Anchor, BusinessDayTV

In 2016, Africa recorded its lowest growth in over a decade. Despite this record low, a number of companies continue to succeed. The success of these winning companies is often based on careful due diligence and planning prior to entering new markets as well as investments and attempts to localise operations once the new market has been entered.

Choosing the appropriate market to enter in itself can be challenging and requires careful planning. Often it is wiser to analyse regional opportunities, instead of focusing on a single country. By strategically targeting a regional market it is possible to develop regional supply chains and to expand distribution to a wider market and by doing so reap the benefits of scale. Additionally, regional targeting can help mitigate the risk of volatility within a single country by spreading the risk across a larger region.

An additional important aspect of the planning process is to make an effort to understand the legal and regulatory environment of the target market prior to entry as emphasised by Mr Whitfield. The AAAM – the African Association of Automobile Manufacturers, of which he is the vice chair – works to partner with government bodies across SSA to promote the expansion of the automotive industry on the continent. Industry initiatives such as the AAAM will go a long way in reducing risk across Africa by shaping the legislative environment for first-movers and attracting FDI from across the world. It is important to note that the benefits of being a first-mover are at times limited on the African continent. Nigeria and Angola, for instance, attracted a lot of attention from investors during their high-growth boom years. Companies sometimes rushed into these markets without appropriate planning in order to be first-movers. However, due to the lack of planning and not understanding the market, some of these first-movers faced serious challenges. Early entrants into a new market often have to do the heavy-lifting as they are breaking new ground for their respective sectors or industries. Later entrants experience a much smoother entry as most of the initial ground work, including shaping the legislative framework, has been done by the first-mover. Companies considering entry into new markets also have to be prepared to adopt a highly flexible approach to mitigate risks stemming from volatilities in many African markets. It is difficult to enter foreign markets with rigid preconceived ideas. Instead, a highly adaptive approach should be applied.

For Mr Werth, establishing strong local teams is one of the key success factors when entering a new market. Local partners are not enough. Mr Williams emphasised that it is important to invest in local directors and management. Additionally, it is important to develop a strong relationship with this team, as they play a key role in understanding the subtleties and nuances of the local marketplace.

Adopting a "copy-paste" approach – where a foreign company attempts to replicate its home strategy in Africa – does not always work, stressed Mr Mwaniki. Local management is usually more effective than using expatriates, as locals better understand the market dynamics and cultural nuances, which is very important to build local networks. While building local teams is crucial, the shortage of required skills may be challenging at first. Certain skills can increasingly be accessed in local labour markets, yet it remains important for companies to invest in shaping these skills to meet their specific requirements. This also enables companies to integrate themselves into their host communities, illustrating a commitment to socioeconomic development as opposed to pure profiteering. While there is no single recipe for success in Africa, investing in market research, local teams and skills development as well as adopting flexible business strategies increases the likelihood for success especially in the uncertain times ahead.

The views in this report are informed by the discussions at the event, and are not necessarily reflective of our view nor that of the speakers and their respective organisations.

Material supplied by Dr Martyn Davies
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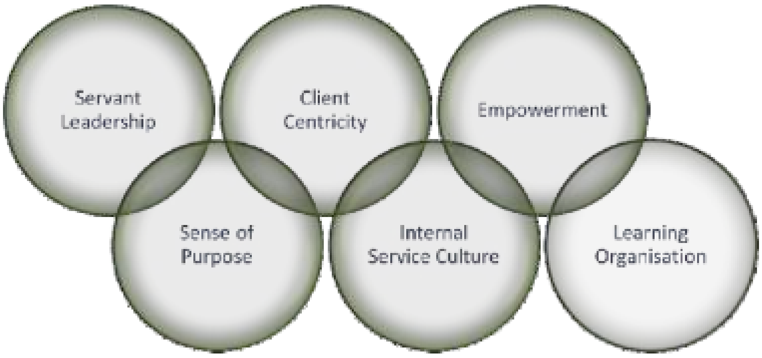
Service and Operational Excellence

By Gavin Thompson

The Institute of Service and Operational Excellence (iSOX) was launched in 2016 with the purpose of assisting companies to reach higher levels of operational, service and quality excellence. This is done by providing operational excellence, continuous improvement and quality management consulting, training and mentoring services. iSOX are now proud to be a member of the South African Quality Institute.

At iSOX, we believe that one of the major challenges South African companies face is a lack of operational supervisory skills. This manifests itself in Team Leaders, Supervisors and Operations Managers not fully understanding their role in leading operational teams, and lacking the management skills to do so effectively. This is often a result of good “workers” getting promoted into supervisory positions without adequate skills development to equip them for their new responsibilities.

The iSOX approach to Operational Excellence is founded on six core principles that leaders are expected to adopt and promote in their organisation. These core principles are:



iSOX
Institute of Service and Operational Excellence

1. **Servant Leadership** – The role of a leader is to serve and not be served. It is their responsibility to create an environment in which their staff can thrive and perform at their best.

2. **Empowerment** – A leader's responsibility is to ensure that their staff are fully empowered to perform their roles well. This means that the staff members have the Means (tools, equipment, data...), Ability (training, mentoring, experience...) and Authority (clear decision-making boundaries) to perform their roles.

3. **Sense of Purpose** – It is critical that employees have a clear understanding of the company's purpose but, more importantly, how their own role contributes to the company's purpose. It is leadership's responsibility to create a clear sense of purpose throughout the layers of the company.

4. **Client Centricity** – Successful companies need to be passionate about providing products and services that meet their customer's needs and delight them at every interaction. They put the customer at the centre of everything they do.

5. **Internal Service Culture** – You cannot build a strong external service culture without a strong internal service culture. Many departments are interdependent on each other to provide a good service to their respective (internal or external) customers and therefore need to focus on understanding their internal service needs and nurture good service relationships.

6. **The Learning Organisation** – In a Learning Organisation (Peter Senge), staff are encouraged to learn and contribute to continuous improvement in a safe, rewarding, supportive environment. Creating a Learning Organisation environment is critical to building the continuous improvement culture inherent in Operational Excellence.

The above core principles underpin the iSOX **Client-Centric Service** Delivery model.

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The Client-Centric Service Delivery Model highlights three enablers to achieve Client-Centric Service Delivery. The enablers are:

1. Fast & Efficient Processes
2. Quality of the Transaction
3. Quality of the Interaction

Each of these primary enablers has their own policy, process, people or technology sub-enablers which contribute to their success. By focusing on maturing each of the sub-enablers, a company can make a significant shift in Client-Centric Service Delivery.

iSOX assists organisations strive for Operational Excellence through a number of service offerings:

- Operational Excellence Maturity Assessment — iSOX has developed an extensive OE Maturity Assessment tool that tests 8 dimensions of Operational Excellence maturity.
- Operational Excellence Training — iSOX has developed a range of classroom and e-Learning courses to assist organisations up-skill their staff in operations management, problem solving, quality management and process optimisation.
- Operational Excellence Mentoring — Learning does not just happen in the classroom and learners need to be mentored to ensure they can apply the principles and skills in their own teams.
- Operational Excellence Programme — iSOX has experience designing custom organisational change management programmes to assist organisations embed the principles and skills of Operational Excellence. These programmes take into account the organisation's current OE maturity, priorities and own culture of learning.
- Operational Consulting Services — iSOX has extensive experience assisting organisations to build Quality Management Systems and improve existing processes using our Lean Workout or Lean Six Sigma DMAIC methodologies. We are also experienced in designing and implementing Lean Six Sigma organisational programmes.

You can learn more about our services and the Client-Centric Service Model by visiting our website at **http://www.isox.co.za**

About the Author:

Gavin is a seasoned process improvement practitioner who has assisted several large South African companies establish their process improvement capabilities.

Gavin's first exposure to process improvement came in 2001 when he was at General Electric (London). On his return to South Africa, he joined Sanlam where he established the process improvement capability and developed the Operational Excellence framework and content. He has since lead the process improvement departments at Santam and Metropolitan Health. At the end of 2016, Gavin left corporate employment to focus his efforts on iSOX.

Gavin is a Lean Six Sigma Black Belt, has a B.COM (HONS) in Information Systems and an MBA. He is a regular conference speaker and lecturer on Operational Excellence.

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First Global Assessment on the Current State of Organizational Excellence

By Team SAQI

The Organizational Excellence Technical Committee (OETC) QMD, ASQ launched the 'first global assessment on the current state of organizational excellence' in mid-2015. This research is intended to unite the quality profession on a common project and deliver value to all stakeholders It has been endorsed by the Global Benchmarking Network and ISO Technical Committee 176. The representative for Canada (Dawn Ringrose, Organizational Excellence Specialists) volunteered to conduct the research using an integrated excellence model and automated assessment and reporting tool. Leaders are invited to participate in the research, view the aggregate results (by organization size, industry sector, country), and benchmark performance with others. Individual results will remain confidential and only aggregate results will be shared on the open OETC LinkedIn site **https://www.linkedin.com/groups/4369749**

Please complete either the Teaser or the Full Assessment at the links below:

1. Teaser assessment - takes 5 minutes to complete and delivers a complementary feedback report to the respondents inbox **http://www.qlbs.com/QimonoVBA/assessment/OrgExFrameworkTeaser**

2. Full assessment takes 15 to 30 minutes to complete depending on organization size **http://www.qlbs.com/QimonoVBA/Assessment/OrgExFramework**

As a thank you for participating in the research, respondents are welcome to download a complimentary copy of the integrated model (Organizational Excellence Framework) that is available in English and Spanish on the home page **http://organizationalexcellencespecialists.ca/**

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Do you really need a Corporate Governance Framework®?

By Jene' Palmer and reviewed by Terrance M. Booysen

We know that both local and international organisations are continuously having to adapt to operate in uncertain business environments. Locally, the release of the Preferential Procurement Regulations 2017, which places stronger emphasis on *'radical transformation'*, against the backdrop of persisting low economic growth rates are only some of the elements giving rise to further uncertainty. Internationally, the business and regulatory implications of the election of President Donald Trump and the vote in favour of Brexit and how these events will impact on local markets and businesses, is still unfolding. It therefore comes as no surprise that recent governance, risk and compliance ('GRC') surveys all indicate an increasing need to improve risk oversight and to balance opportunity management with risk management. The challenge lies in being able to achieve these objectives!

More often than not, organisations are structured and managed as silos. It therefore follows that risk and opportunity management is likely to also be conducted as siloed activities. In addition, audit and risk committees have focused strongly on the management of traditional risks such as that of financial risks and regulatory risks. In fact, Grant Thornton's GRC 2016 survey confirms that most of an organisation's GRC investment is applied to these traditional risks. Strategic and operational risks have been afforded a lower priority despite their impact on the sustainability of an organisation.

For organisations to succeed in these turbulent times, it is imperative that risk and opportunity management be inculcated into the **culture of the organisation** and that risk and opportunity management systems, processes and analytical information be integrated across the organisation. This can be achieved by implementing a Corporate Governance Framework®.

> ***"The board should approve a group governance framework that articulates and gives effect to its direction on relationships and the exercise of authority across the group"***
> King IV™ Report on Corporate Governance for South Africa for 2016 *

The board is responsible for setting the 'tone at the top' and for ensuring that board members and senior executives alike understand their **roles and responsibilities** in the organisation – particularly as they pertain to enterprise wide risk and opportunity management. The Corporate Governance Framework® provides the board and senior executives a singular schematic view of the risk and opportunity management areas (i.e. the governance components) which are important to the organisation. In addition, the framework provides a high-level view -- on a simple red, amber, green ('RAG') methodology -- of the extent to which all these **governance components** are being efficiently and effectively monitored and controlled. The likelihood of important non-traditional risk areas being overlooked is therefore significantly reduced.

A properly implemented Corporate Governance Framework® also facilitates transparency and information sharing and as such very quickly identifies how different **governance components are interdependent and integrated** – thereby equipping the board and its senior executives with the knowledge required to take the necessary corrective action to mitigate risk and exploit opportunities as they arise across the organisation. The Corporate Governance Framework® is not simply an organisational organogram or authority matrix.

> ***"The governing body assumes responsibility for providing the direction for how each governance area should be approached, addressed and conducted. This is followed by formulation of policy in the form of frameworks, standards and plans by management to be approved by the governing body. The governing body oversees and monitors implementation and execution by management, and finally ensures that there is accountability for the performance in respect of each of these governance areas through reporting and disclosure."***
>
> King IV™ Report on Corporate Governance for South Africa for 2016 *

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Fast and effective decision-making is required for organisations to navigate their way through these tough socio-economic times. GRC studies confirm that those organisations who have adopted good governance practices and who manage general and specific risks well, produce better operational results. The Corporate Governance Framework® enables access to transparent and timeous information and highlights those governance components which need to be prioritised. Investment and resource allocation decisions can therefore be enhanced.

Nearly all organisations conduct business with third parties, but very few organisations actually manage **third party risk** (as part of their operational risk). Organisations should be assessing the impact of third party risk on their own supply chain – and ultimately on the sustainability of their own organisations. Not only will a Corporate Governance Framework® facilitate the identification of such risk, but by insisting that third parties also implement such a framework and demonstrate their application of good governance practices, organisations will facilitate the evaluation of the bearing of third party risk on their own operational risk profile. Forearmed is forewarned and the appropriate steps can then be taken to mitigate the identified risk.

The Code for Responsible Investing in South Africa ('CRISA') requires institutional investors to incorporate sustainability considerations into their investment decisions and processes. The increased level of transparency which accompanies good corporate governance stimulates perceived **investor confidence**. Stronger operational results and the improved ability to make decisions transforms into increased access to capital and debt financing – enabling the organisation to leverage its opportunities to the fullest.

So, instead of asking: "Do we really need a Corporate Governance Framework®", perhaps the conversation should centre on how to implement such a framework. In a constantly changing world, high performers will be differentiated by their ability to effectively and efficiently manage GRC. Expectedly, *in developing a Corporate Governance Framework®, it is important to ensure that this framework is tailored to suit the organisation's business and its environment. There is no one-size-fits all. The development of the framework is a continuous process which matures as the organisation and its leadership evolves.*

* The Institute of Directors in Southern Africa ('IoDSA') owns the intellectual property of King IV™ and the King IV™ report can be accessed at no cost at: http://www.iodsa.co.za/?page=AboutKingIV)

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Quality in Schools

Many of our readers are parents themselves or interact often with children. We have asked our education editor, a retired headmaster, to share thoughts on how to get Quality principles and practices instilled in young people.

By Richard Hayward

Go with the Quality flow

The early morning start to the school day can be chaotic. There's so much to do in so little time. There are those families that by the time everyone leaves for school and work, nerves are on edge and there's been much shouting. Compare that to the home where calmness (most of the time) reigns. There's even enough time for warm hugs and farewell kisses.

Two distinct scenarios can be seen when the children actually arrive at school. The first scenario is of those children who're ready for the day. They've arrived with all the right exercise and text books; they've brought all their correct sport kit. Homework has been done. Such children are neatly dressed and rarin-to-go! Teachers can be forgiven if there's a slight preference for teaching such well-organised and "together" children!

Regrettably, there are those children who fit into the second scenario. Homework hasn't been done or if it has been done, it's of poor quality. Exercise and text books have been forgotten at home. Often these children are wearing only a semblance of the correct school uniform.

A way to help a disorganised child become more organised is to use a simplified version of a tool used in quality management systems. Get the child to make a top-down flowchart. Explain that in a flowchart, one thing follows sequentially from the prior one. Do the first item on the flowchart before moving on to the next activity. Follow the step-by-step process to reach your goal.

Imagine chaotic Kevin who never seems to get his school day off to a smooth start. He can be helped to have a stressless early morning start. Kevin's simple flowchart could be similar to the one outlined below.

Kevin gets ready for school

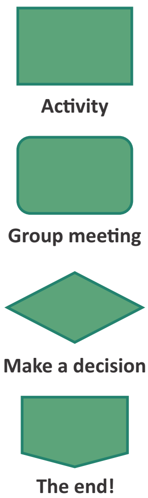
Alarm goes off and Kevin gets out of bed
↓
Goes to bathroom
↓
Gets dressed
↓
Eats breakfast
↓
Fills the pets' water bowls
↓
Gets school satchel and sports tog bag
↓
Goes to bus stop and waits for bus

In the real world, life doesn't go exactly to plans on a flowchart. Yet Kevin's usually shambolic start to the school day can be much reduced. As he adheres to the flowchart, it can be adapted to allow for inevitable changes and possible improvements.

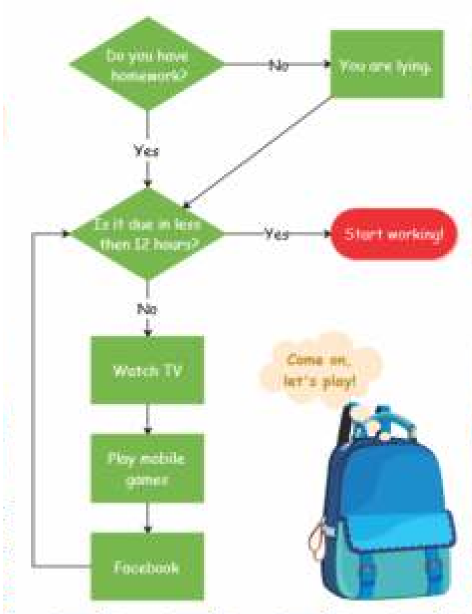
Learning to use flowcharts can help a child in so many positive ways. A child benefits by:

- Reducing personal stress
- Saving time
- Developing logical thinking skills
- Giving time for more things to be done in a day
- Encouraging creative and independent thinking
- Reducing reliance on others

As children get older, they can learn to use further flowchart symbols such as:



Here is a flowchart used by a teenager who's deciding whether or not it's time to get down and do some homework:



A flowchart can be used in a short term time-frame activity such as with Kevin getting to school in an organised, punctual and stress-free manner. A longer time-frame could be used when a group of children have to do a school project spread over several weeks. The children can get going by discussing and deciding on the process. The flowchart then becomes a referral point and helps them all keep on track.

The basics of a flowchart process can be understood by very young children. Done at age-appropriate levels, children will find them fun and challenging. Teach them this technique. You'll be helping them to happily and successfully go with the Quality flow in their young lives.

School leadership and management courses are done by Richard Hayward under the aegis of SAQI. Ten of the courses are endorsed by the South African Council for Educators. The courses earn Professional Development points. For more details, please contact him on either rpdhayward@yahoo.com or 011 888 3262.

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SAQI Training Programme for 2017

All courses offered by the South African Quality Institute are presented in association with other course providers and are available to all organisations and individuals. SAQI can assist with the training of a company's workforce and all training packages can be run in-house at cheaper rates. A special discount applies to SAQI members. For more information or to register contact Vanessa du Toit at (012) 349 5006 or vanessa@saqi.co.za

1. Each course listed on the training schedule can be completed individually or form part of the overall three levels of certification.
2. SAQI reserves the right to change details of the programme without prior notice. Click on the course code for a synopsis or click here for all course synopsis.
3. The courses listed below form part of a specific Certificate and all modules should be successfully completed to qualify for the Certificate.
4. Delegates are advised to start on Level 2 before moving on to Level 3.
5. All courses completed previously will receive credit when proof of successful completion is received.

ALL PRICES EXCLUDE VAT

Code	Course	Days	Cost	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
L2	**SAQI Certificate in Quality Control***	**10**	**R 18,874**										
B41	Introduction to Quality Control	2	R 4,277			22-23		24-25		18-19	16-17		
B90	Introduction to Statistical Techniques	3	R 5,160			24-26		26-28		20-22	18-20		
B91	Introduction to Statistical Process Control (SPC)	3	R 5,160				19-21		14-16		2-4	13-15	
B79	A3 Problem Solving	2	R 4,277	1-3			22-23		17-18		5-6	16-17	
L3	**SAQI Certificate in Quality Assurance***	**13**	**R 24,034**										
B48	ISO Requirements 9001:2015	3	R 5,160	22-24						4-6			
B24	Knowledge Management	2	R 4,277	30-31						7-8			
B16	Internal Quality Auditing	3	R 5,160		10-12					27-29			
B92	Advanced Quality Techniques	3	R 5,160			8-10					30-1		
B77	Advanced Product Quality Planning (APQP)	2	R 4,277			11-12						2-3	
L4	**SAQI Certificate in Quality Management***	**15**	**R 31,706**										
B38	Development of a QMS	5	R 10,693				5-9						
B01	Cost of Quality	2	R 4,277				29-30						
B58	New SA Excellence Model	2	R 4,277					13-14					
B74/B76	Lean for Manufacturing/Service Industries	4	R 8,182						1-4				
B93	Policy Deployment (Hoshin Kanri)	2	R 4,277					11-12					
GB	**Six Sigma Green Belt**												
GB1	Sig Sigma Green Belt Week 1 + Week 2	8	R 20,000		3-6	15-18		3-6	21-24		9-12	20-23	

* Must successfully complete all modules listed to qualify for the certificate.

DOWNLOAD TRAINING REGISTRATION FORM

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Above and beyond the courses listed on the left, we can also provide your company with inhouse training on the following topics.

- Incident and Accident Investigation (B82)
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- Inventory and Warehouse Management (B86)
- Lean Six Sigma Yellow Belt (YB)
- Lean Six Sigma Black Belt (BB)
- Production Planning and Scheduling (B85)
- SHEQ Internal Auditing (B49)
- Supply Chain Management (B84)
- IT Process Improvement courses

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Inhouse courses provided to 10 or more delegates