SAQI
The South African Quality Institute

e - Quality Edge

bringing quality information to South Africans since 1996

Tel: +27 12 349 5006
Fax: +27 12 349 1232
www.saqi.co.za

CONTENTS

No 220 • May 2018

Welcome to our May edition of our e Quality Edge

In this edition our overseas associate, *Peter Fraser*, gives us more food for thought on the power of ten when looking at process management essentials. This will be the second part of a two part article. *Alastair Walker* continues his series on the IT sector by publishing an informative article on "*Getting to grips with software release and deployment*".

Steve Nicholls from the National Business Initiative (NBI) shares an article on Carbon Tax regulations. *Terry Booysen* informs us on why all organisations should publish a meaningful integrated report.

Finally *Richard Hayward* advises us on "*Finding the right school*"

We welcome feedback from our readers and we would be particularly interested in receiving comment on Peter Fraser's somewhat contentious articles. We were surprised that there was no comment on Peter's previous article. Does this mean that everyone agrees with him?

Have a great Quality month!

Paul Harding
SAQI MD

PROCESS MANAGEMENT ESSENTIALS TO THE POWER OF 10

Part Two

By Peter K Fraser

INTRODUCTION

Many of the fundamental concepts in the ISO9001 quality standard use definitions which are contradictory or confusing. Moreover, the guidance offered by the authors of the standard, and by other "experts" in the UK and US, is often illogical and unhelpful.

At the very least, I hope that the following paragraphs in part 2 of this article give you some cause for thought, and perhaps encourage you to take a more critical look at the subject.

TEN QUESTIONABLE CLAIMS IN ISO9001:2015 / ISO / GUIDANCE ON MANAGEMENT SYSTEMS

1 ISO 9001:2015 is an example of a Quality Management System

This is nonsense. It is a standard against which to assess a management system.

ISO9000:2000 defined a management system as a "set of interrelated or interacting elements to establish policy and objectives and to achieve those objectives". Expanding on this definition, perhaps the clearest interpretation of this is that a (business) management system is "the structure, processes and resources needed to establish an organisation's policy and objectives and to achieve those objectives".

This view implies that an organisation has one management system (whether or not it needs, or chooses, to comply with any external standards). It also emphasises the link between i) where you want to get to and ii) how you intend to get there. "Ownership" of the system will, by implication, lies with those who will be held accountable, i.e. top management.

Put another way, running an organisation requires objectives and strategy to be defined, processes put in place, resources allocated and risks identified, all of which are the basic building blocks of preparing and implementing a business plan.

http://integrated-standards.com/articles/what-is-integrated-management-system/

2 The organization shall establish, implement, maintain and continually improve a quality management system, including the processes needed and their interactions.

Not only does this not recognise that an existing organisation must already have established and implemented its processes, but it trivialises the impact of processes on other processes. ISO9001:2015 Section 4.4.1

3 An integrated management system (IMS) combines multiple management system standards to which an organization is registered [ISO 2016]

This is also nonsense. How can a management system "combine" external standards?

Current talk of "integrating" management systems, especially when seeking combined certification against more than one external standard, is based on an external assessment of a single system description. But the term itself, which suggests that you are taking discrete systems and somehow combining them, can obscure the fundamental principles involved in running a business.

"Integrated management" should be synonymous with (good) "management" – directors and managers alike must manage their operations, resources, staff, impacts, and a myriad of risks which can cause more problems to fix than to avoid.

https://www.qualitydigest.com/inside/iso/102616-what-integrated-management-system.html

4 An IMS enables an organization to monitor, measure, and evaluate its effectiveness in meeting its objectives by adopting a process approach.

This is also nonsense. It does not require any specific "approach".

https://www.qualitydigest.com/inside/iso/102616-what-integrated-management-system.html

5 Fundamentally, management systems employ a process approach, which is itself a compliance system.

According to ISO9000/9001, processes were only "discovered" in 2000! And why does "a process approach" require compliance with anything?

...continue on page 3

http://blog.thecqi.org/index.php/the-process-approach-in-iso-90012015/

6 The purpose of each department needs to be understood.

The purpose of a department is to manage budgets and consolidate expertise. Why is this essential for managing quality?

http://blog.thecqi.org/index.php/the-process-approach-in-iso-90012015/

7 PDCA ... forms a basis for the process approach.

Rather than trying to apply the Deming "PDSA" cycle to the definition of corporate strategy, it makes more sense to follow an APA (Assess / Plan / Act) process to emphasise:

i) the importance of the first (Assess) stage;
ii) the fact that it is not a continuous cycle but a repetitive process carried out at intervals. Whether you are a start-up company deciding on your key priorities or a long-established business facing changing market conditions or planning to expand, there will be times when you as senior management need to:

Assess: consider your current position and capabilities (where do you want to be in your chosen market "space", what are your "core competences" (see below), what is the strategic fit?), gather information, identify risks and other factors that might influence how you will operate, clarify overall objectives, consider available options which will take you where you want to get to;

Plan: define a detailed and costed action plan to deliver the selected option(s), formulate policies, and decide how to mitigate risks;

Act: put your plans into action.

From time to time, and certainly when significant change (internal or external) is foreseen, you should revisit each to: Review progress, assess the significance of changes which have occurred since the plan was put in place / Revise the plan accordingly / Refine how you put the plan into action.

http://blog.thecqi.org/index.php/the-process-approach-in-iso-90012015/

8 The organization shall ... continually improve a quality management system, including the processes needed and their interactions.

Why should this (always) be necessary? Some organisations are created to deliver a specific project whereby delivering to the agreed plan is their only aim.

In a survey undertaken by IBM, 765 CEOs from 20 industries were asked to suggest where their growth was coming from. They consistently claimed that they were getting growth from discontinuous business model innovations, and not from the more mundane improvements they were making in operations or in products and services.

It is not that process improvement efforts don't have value, but process improvement only helps if the overall process is right in the first place. Making a bad process more efficient doesn't help anyone. In fact, it causes harm, since you are wasting money improving a process that isn't doing what it should do in the first place. ISO9001:2015 Section 4.4.1

9 Examples of improvement can include correction, corrective action, continual improvement, breakthrough change, innovation.

"Correction" does not mean "improvement" - at best it is a return to the status quo. And there is no certainty that "innovation" will result in "improvement". [And is it really adding value to say that "continual improvement" is "improvement"?] Perhaps "managing change" should be given more focus in management system standards? ISO9001:2015 Section 10.1

10 "Integrated Management".

Integrated Management is the understanding and effective direction of every aspect of an organisation so that the needs and expectations of all stakeholders are equitably satisfied by the best use of all resources.

I would call this "management"... An Integrated Management System is a single integrated system used by an organisation to manage the totality of its processes, in order to meet the organisation's objectives and equitably satisfy the stakeholders.

A management system need not "equitably satisfy the stakeholders" – it depends on the organisation's objectives.

In more recent times integrated management systems have

...continue on page 4

been classified as either fully or partially integrated. A fully integrated management system is an "Integrated management system that addresses the totality of the organization's structures and processes with the exception of arrangements that need to be covert."

A management system does not "address … structures and processes", they are an intrinsic part of the system. Any "arrangements" that are "covert" will still be part of the system, even if they are not generally publicised. This sounds as though we back to the idea that a management system is a description of something.

http://cqiimsig.wixsite.com/imsig/what-is-ims

TEN REASONS WHY PROCESS MAPPING / MANAGEMENT IS OF VALUE

1 **It clarifies roles and responsibilities,**

especially if deployment flowcharting is used with the RACI methodology (Responsible, Assists, Consulted, Informed).

2 **It helps teamwork.**

People can see where they belong in the overall process.

3 **It highlights duplication and waste.**

Individual paragraphs in narrative procedures can sound convincing, but they do not show a concise presentation of the end-to-end process.

4 **It helps you to focus on business objectives,**

- and on policies that affect individual tasks.

5 **It is not difficult to define and communicate key processes,**

- especially if suitable software is used.

6 **It is relevant to SMEs, large corporates and departments within global operators alike.**

The same principles apply.

7 **It will save time, money (and possibly lives),**

- by providing a clear appreciation of the operational, financial and other risks associated with running an organisation.

8 **It saves paper,**

- (if you must print anything), and a good process map is far more concise than narrative.

9 **It enables role involvements to be extracted automatically from the basic process descriptions,**

- (if suitable software is used) as well as risks, skills and knowledge requirements, standards compliance etc.

10 **Induction and training is enhanced.**

New staff can see exactly where they "fit in".

TEN POINTS TO REMEMBER WHEN DEFINING A PROCESS

1 **Decide where it starts.**

2 **Decide where it ends.**

3 **Be clear about its objectives.**

4 **Be clear WHY you are defining it.**

5 **Be clear HOW users will access the definition, and the level of detail they need.**

6 **Know where the process fits within the overall management system.**

7 **Ensure that the people who will be using the process description are competent – or train them.**

8 **Describe tasks in verb – noun format.**

9 **Identify logical stages within a process (if relevant) to**

...continue on page 5

make the description more readable.

10 **Clarify who is RESPONSIBLE for each task, and who else is INVOLVED ("RACI") - unless you are defining a process at a high level.**

TEN MISTAKES TO AVOID WHEN DEFINING A PROCESS

Don't:

1 **assume that a good process description on its own will make the process work;**

You still need to manage people.

2 **go into more detail than is needed;**

Know your audience.

3 **repeat yourself;**

- or say the same thing twice(!)

4 **use passive tense for tasks;**

All tasks are actions, so "verb-noun" works best.

5 **consider the "what ifs" and exceptional conditions at the outset;**

Concentrate on the normal flow.

6 **use different terms for the same role, or document;**

You may need to rationalise your job titles and tidy up your document register.

7 **make a process description too long;**

Refer to supporting documents or to a sub-process if more detail is required.

8 **be inconsistent;**

Apply a few basic standards and simple conventions, and stick to them.

9 **use technical language or jargon;**

Refer to a glossary if necessary.

10 **assume that everyone knows the (business) objectives which the process should satisfy**

They may not even appreciate why they do what they do within the process.

TEN OBJECTIVES WHEN CREATING A PROCESS DESCRIPTION

1 **Be clear WHY you are defining it - and who will use the resultant description.**

2 **Decide on the best medium to use - eg brown paper, Post It notes, pen and paper, diagramming software, specialist process mapping / management system software.**

3 **Ensure a consistent presentation format (if you are defining a number of processes).**

4 **Ensure that you can display and/or print a process description in enough detail for a user to follow the process.**

5 **Refer (and link?) to all related information required for a user to understand what to do.**

6 **Clarify who is responsible (and who else is involved) in each task.**

7 **(If relevant) identify risks, timings, competency requirements and other measures against each task.**

8 **Ensure that you use the same names for roles and documents every time you refer to them.**

9 **Recognise that the performance of a number of other processes can be a key influence on a specific process.**

10 **The process description should simplify, condense and visualise procedures.**

Peter K Fraser of Process Principles Limited can be contacted at pkfraser@deethebusiness.co.uk

SAQI encourages comment on this article from its members and associates.

back to contents page

Getting to grips.. with Software Release and Deployment

By Dr Alastair Walker

I have just returned from a week of plenary meetings of the international ISO subcommittee on Software and Systems Engineering standards that took place over the period 6 – 11 May in New Delhi, India.

One of our meetings is set aside specifically to peer into the future and evaluate the potential of new and emerging areas for standardisation.

Where the committee believes there may be potential for new standardisation activities, a study group is established with defined terms of reference. In the following year, the study group is asked to report back on their findings.

Having identified in the February issue of the SAQI newsletter the topic of 'Getting to grips .. with software release and deployment', I decided it would be helpful to the readers of this newsletter to be provided with some insight into a field of activity called 'DevOps'. In effect, what is taking place in the software world is a 'collapsing' of activities that have been, until very recently, quite disparate and separate. No more!

DevOps and Agile are rapidly overtaking “traditional” life cycle models such as Waterfall and Iterative as the most popular methodologies in our industry. When implemented appropriately, they offer the ability to rapidly release working increments of software to customers, often with higher quality present. In contrast, when they are implemented without adequate guidance or controls, these methodologies can negatively impact on an organization's ability to meet its own user, system, organizational or regulatory requirements. Evidence suggests that many organizations in our industry do not understand how to implement these methodologies, resulting in poor quality systems and stakeholders that do not trust these emerging methodologies.

DevOps is a set of principles and practices emphasizing collaboration and communication between software development teams (Dev) and IT operations staff (Ops – i.e. staff responsible for systems in production). By ensuring development and operations staff work closely together on the development, testing and maintenance of software and systems, DevOps improves system reliability before deployment to production. When issues do occur in production, DevOps enables more effective and responsive action by development and operations staff, leading to a cycle of highly effective development, testing, deployment and correction of production systems.

In DevOps, operations staff work in parallel to developers, provisioning the environments and containers as the development team progresses from development to production release, managing the binaries, acting as first-line application support, distributing across various nodes (for disaster/recovery or for geo-load balancing) and conducting periodic infrastructure upgrades without disrupting development cycles. Operations also plays a key role in the tool selection, scripting the automation and in the chaining of life cycle processes. Furthermore, agility in development without agility in operations and environment management can lead to long waits for moving a developed solution to production.

In some organizations, development and operations staff sit together (or at least meet daily), collaborating throughout the day on product development. This allows developers to consult with operations staff on the nature of defects that have occurred in production, which helps to avoid building software with such defects in future. In some cases, the same staff that develop systems may also be directly responsible for maintaining those systems in production. This blurring of lines between development and operations gives rise to the need for stronger controls around what developers can and cannot do in production, particularly when software is safety or mission critical – these controls can be achieved via the implementation of automated deployment and testing.

...continue on page 7

Automation is a key feature of DevOps. This includes Continuous Testing, whereby fast, automated feedback can be achieved on every integration and deployment. Automation can also include the ability to back out unsuccessful deployments to enhance a team's ability to respond to failure. The process of building each environment (including test and production environments) is enhanced by scripting integration/build/deploy/test processes (i.e. automated one-click integrate/build/test/deploy) leading to "infrastructure-as-code" and "production-as-code." These factors reduce risk and improve efficiency, particularly in production deployment.

Another key aspect of DevOps is "systems thinking"; that is, the ability to consider the requirements of each system as a whole, which drives the need for improved collaboration and communication between Dev and Ops. DevOps seeks to simplify the traditional development and operations interface, preferring to identify common platforms and technologies that provide efficiency in business operation. DevOps typically focuses on automating and streamlining the software and systems delivery process. In some DevOps environments, organizations establish a culture where building, testing, packaging and deploying software can occur as often as desired to deliver business functionality while still maintaining highly reliable production services.

Two other central and essential concepts are continuous integration and continuous deployment, with both requiring the support of various techniques and tools.

Adapting the organization to suit Agile and DevOps

Agile and DevOps introduce many principles and practices which need to be implemented in a manner that aligns with the organization's culture and existing processes.

This can be very challenging in practice as it is the nature of process improvement to identify issues that require stakeholders to change the ways in which they are working. Organizational change, including process improvement, can be disruptive in that it can impact entire organizations. It is common for there to be resistance to change and often some degree of defensive behavior, intended to maintain familiar existing approaches. The Agile and DevOps transformation can be disruptive in many ways.

One important area of consideration relates to establishing effective IT controls. This is a key consideration for standards organizations as those who look for industry standards often are charged with establishing IT controls that meet audit and regulatory requirements, while still allowing developers to work rapidly in developing complex software and systems. One area of contention is in maintaining a segregation of duties between development and operations staff.

Some thought leaders have suggested that Agile and DevOps reduce the need and focus on IT controls for regulatory compliance. For example, there has been much discussion on whether Agile and DevOps reduce the need for a segregation of duties. Predictably, some technology leaders have tried to utilize this discussion to justify allowing developers access to production environments. In practice, Agile and DevOps do not change regulatory and audit requirements in any way. It is equally true that audit and regulatory requirements do prevent the full adoption of Agile and DevOps.

Another important aspect is that testing and quality assurance must be able to identify and report on serious issues which could result in risk, including risks that could lead to serious issues in production systems. While Agile may deploy testers to the "scrum" (reporting to a development or delivery manager) and DevOps focuses on effective cross-functional teams, testers, quality assurance and other members of the team must feel "safe" when reporting potential risks and other issues to management. Organizations must be structured to ensure that QA and testing staff can report defects and risks without concern for consequences to the professionals delivering what may be perceived by some as "bad news". Effective practices may need to be adapted to the unique needs of each situation and the organization itself. The most practical approach to adapting the organization to adopt Agile and DevOps is to focus on continuous process improvement, while being mindful of the regulatory and compliance/conformity requirements inherent in the business sector within which the organization operates.

References

[1] ISO/IEC JTC 1/SC 7 Software and systems engineering, N7567, 'Study group report on DevOps and Agile Practices'

ImproveIT Special Interest Group contact point

Make contact with the ImproveIT SIG by send an email to improveit@saqi.co.za

About the Author:

Dr Alastair Walker can be contacted at:
SPI Laboratory (Pty) Ltd, South Africa
Tel: +82 453 0933
spilaboratory@gmail.com

back to contents page

South Africa's Carbon Tax Bill

By Steve Nicholls NBI

This article originated from a fascinating presentation given by Dr Laurraine Lotter from Business Unity South Africa (BUSA) recently at a National Business Initiative (NBI) member event in Sandton, Johannesburg.

Globally, there are two primary policy instruments being used to drive down carbon emissions: a carbon tax and an emissions trading scheme. Countries like the UK, Netherlands and Finland have put in place a carbon tax whilst others such as China, the European Union and States within the USA have been using an emissions trading scheme. The end goal for these policy instruments is to reduce absolute carbon emissions per country, in line with their Nationally Determined Contributions (NDC) submitted to the UNFCCC.

In South Africa, government has decided upon a carbon tax as well as a carbon budget approach per sector, with the carbon budgeting process currently voluntary for key emitters. In December 2017 National Treasury published an updated draft Carbon Tax Bill for public comment, with the deadline of 9 March 2018. Published expectations are that the revised Carbon Tax Bill will be formally tabled in Parliament in mid-2018, and come into effect from 1 January 2019.

The key design features of the carbon tax bill include the following:

- The tax will be phased in over a period of time to allow for smooth transition in adopting cleaner and more efficient technologies and behaviours. The first phase will run from implementation up to 2022.

- The initial marginal carbon tax rate will be R120 per tonne of CO2e (carbon dioxide equivalent), which will increase at CPI + 2% until 2022. Taking into account the thresholds mentioned below, the effective tax rate is much lower and ranges between R6 and R48 per tonne.

- To allow businesses to adapt and transition to low carbon alternatives in the first phase a basic percentage based threshold of 60% will apply below which tax is not payable. The following additional tax-free allowances apply:

  - An additional 10% for process emissions;

  - An additional allowance for trade exposed sectors, to a maximum of 10%;

  - An additional allowance of up to 5% based on performance against emissions intensity benchmarks. These benchmarks will be developed in due course;

  - A carbon offsets allowance of 5 to 10% per cent, depending on sector; and finally

  - An additional 5% tax-free allowance for companies participating in phase 1 of the carbon budgeting system.

- The combined effect of all of the above tax-free thresholds will be capped at 95%, depending on the emissions activity in question.

- Due to the complexity of emissions measurement in the waste and land use sectors, 100% thresholds have been set i.e. these sectors are excluded from payment of the carbon tax in phase 1.

- The tax base comprises emissions from fossil fuel

...continue on page 9

combustion, emissions from industrial processes and product use, as well as fugitive emissions.

- The greenhouse gases covered include carbon dioxide, methane, nitrous oxide, perfluorocarbons and sulphur hexafluoride.

- The carbon tax on liquid fuels (petrol and diesel) will be imposed at source, as an addition to the current fuel taxes.

- For taxation on stationary emissions, reporting thresholds will be determined by source category as stipulated in the National Environmental Air Quality Act. Only entities with a thermal capacity of around 10MW will be subject to the tax in the first phase. This threshold is in line with the recent DEA Greenhouse Gas (GHG) emissions reporting regulation requirements and the proposed Department of Energy (DoE) energy management plan reporting.

- The carbon tax will be administered by the South African Revenue Service (SARS).

Dr Lotter mentioned that in principle BUSA is not against a carbon tax, but had various concerns around the current draft which should be addressed prior to promulgation. In addition to their concerns about needing better clarity on future phases of the tax, there immediate concerns are:

Firstly, there needs to be better alignment between the Department of Environmental Affairs (DEA) and SARS in the calculation of an organisation's tax liability. For example, some of the calculations in the Bill differ greatly from the DEA reporting guidelines, thus producing an inconsistent emissions figure that will be taxed.

Secondly, there needs to be greater clarity regarding how allowances and carbon offsets will be dealt with, for example the allowance on trade exposure and who would be subject to it?

Thirdly, ensuring the systems link between the Carbon Tax Bill (SARS) and the DEA GHG reporting regulations which will be used to gather information on GHG emissions. The reporting entity to SARS has to be the same registered entity in the GHG reporting system, in order for this alignment to be achieved.

Lastly, alignment is needed between the implementation of the carbon tax and the intended use of a mandatory carbon budgeting system in future. For example, under the current plans there will be an overlap in one year where a company is penalised under both systems. Various proposals on the best means to align the carbon tax and carbon budgets have been tabled, with government expected to make a decision in this regard in due course.

What is clear, is that the carbon tax, along with other additional compliance regulations (for example pollution prevention plans, mandatory GHG reporting) will increase the reporting burden as well as taxation costs on a company. Therefore, it is important to be pro-active by:

- Ensuring that data gathering processes are robust;

- Setting an internal carbon price for decision making and informing the business case on investments;

- Setting a science based target in order to set long term plans to be more efficient whilst growing;

- Taking environmental considerations into account in the strategy of the business, and not seeing it as a mere reporting function; and

- Understanding the carbon tax, the strategic need for carbon pricing and the design and short term impacts of the tax, and actively engage with BUSA through your industry associations.

For more information please contact:

Steve Nicholls
SteveN@nbi.org.za

Business Action for Sustainable Growth
www.nbi.org.za

back to contents page

Why All Organisations Should Publish a Meaningful Integrated Report

By Terrance M. Booysen and peer reviewed by Michael Judin (Director: Judin Combrinck Inc.)

Most modern, well-governed organisations are acutely aware of the need for their businesses to be run in an ethical and socially-conscious manner and for this ethos to be communicated to their stakeholders. This being the case, it is well documented that the influential set of so-called Millennials -- unlike their older generational 'Baby Boomers' and Xennials -- actively support organisations whose tenets are based upon transparency, including the preservation of society and the environment. Moreover, it is common knowledge that the legitimacy of an organisation is not solely linked to its purpose of creating returns for shareholders and investors. If this were true, the long-term sustainability of the organisation would be brought into question, and its viability in the context of the community and environment in which it operated would be reduced.

What is increasingly important is the way in which an organisation does business in the context in which it operates; not merely that it creates returns for its shareholders. In addition to the profit which an organisation has generated in a given period, stakeholders require information on what the King IV Code on Corporate Governance for South Africa, 2016™ ('King IV™') refers to as the interdependent triple context, or the combined context of the economy, society and environment in which the organisation operates.

Communication is key

Informed, modern stakeholders -- and especially the Millennials whose views and voices are increasingly heard through social media platforms -- put a high premium on transparency and need to be connected with in honest and meaningful ways.

The only practical way for stakeholders to know whether or not an organisation is living up to the standards and responsibilities required of it, is for them to receive this information in the form of a publicised report. In several of the principles set out in King IV™, the importance of engagement and communication with stakeholders is reiterated.

Principle 5 of King IV™ states that *"the governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects"*. The best way for this mandate to be fulfilled is for the governing body (the board) to report to their stakeholders -- in a true and open manner -- the manner upon which they have directed and controlled all aspects of the organisation, sharing both the positive and negative aspects of the business, and being completely transparent in their reporting to those who demand it.

> *"The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short, medium and long-term prospects".*
>
> ***- King IV Code on Corporate Governance for South Africa, 2016™***

A holistic representation

Over the course of history, the means of reporting to an organisation's stakeholders has evolved and matured beyond merely financial reporting. In today's times, an organisation is increasingly expected to take cognisance of the non-financial aspects of its business, which have developed over time to include the organisation's impacts on *society* and the *environment*, as well as the *economy* in which it operates. To this extent, the integrated report has been identified globally as the benchmark for reporting these three elements in an inclusive, sustainable capital market system.

Notably, the King Code on Governance for South Africa, 2009 (King III™) introduced the concept of an integrated report as "a holistic and integrated representation of the company's performance in terms of both its finance and its sustainability". The integrated report, as espoused in King III™, would provide stakeholders with a concise and global view of the organisation's current performance, as well as details of its strategy to maintain its sustainability. The concept gained widespread momentum and the Integrated Reporting Committee ('IRC') of South Africa was formed in May 2010, becoming the first body to develop guidance on integrated reporting. On an international level, the International Integrated Reporting Council ('IIRC') was formed, and the International Integrated Reporting <IR> Framework developed.

With the introduction of King IV™ -- which reflects the International <IR> Framework to a large extent -- it refers to the manner in which the resources or 'capitals' used by an organisation constantly interconnect and interrelate, thereby creating value over time for the organisation and all of its stakeholders. Six specific capitals have been identified and are referred to in the International <IR> Framework and King IV™. They include financial, manufactured, intellectual, human, social & relationship, and natural capitals.

Ultimately, the purpose of an organisation's integrated report is to draw out the value creation aspects of the organisation's activities, enabling it to present stakeholders with a holistic view of how the organisation is leveraging the inputs from the six identified capitals to implement its business model. This

...continue on page 11

business model should be founded on strong strategies and proper governance, to produce certain outputs which, in turn, may lead to positive or negative outcomes for the six capitals within an organisation. According to King IV™, each of the capitals used by an organisation are interconnected and interrelate and an organisation's reporting should accurately represent how its activities affect, and are affected by, the six capitals it uses and the triple context (economy, society and environment) in which it operates.

> *"The triple context and the six capitals are concepts which are used in King IV™ as alternative lenses. Both are pathways to integrated thinking and sustainable development."*
>
> ***- King IV Code on Corporate Governance for South Africa, 2016™***

In addition to the manner in which the six capitals have contributed to an organisation's value-creation proposal and reality, stakeholders require an understanding of the risks, opportunities, impacts and implications of various other elements of an organisation's business. These include the organisation's financial performance, its sustainability goals and impacts, the manner in which it is governed and the extent to which it complies with relevant legislative and regulatory requirements, among others. Detailed information of this nature may find expression in the likes of the organisation's financial statements or sustainability report, which will feed into a holistic picture and, in turn, draw out the material elements of the 'organisational story' in an integrated report. This will ensure that stakeholders are able to discern the ability of the organisation to create value in the short, medium and longer term.

Informed stakeholders want to know whether or not the organisation is one with which they wish to be associated, and whether or not it is one in which they wish to invest? Done correctly, an integrated report is expected to provide assurance to stakeholders regarding the organisation, not least also provide them the answers to these questions in a clear, concise and understandable form.

Integrated reporting in practice

Once an organisation has identified the necessity for integrated thinking, in terms of which it actively considers the relationships between its operating and functional units and the capitals that the organisation uses or affects, it needs to be cognisant of applying this thinking to the publication of its integrated report.
It is likely that the translation of this ideal into reality will provide a stumbling block for many organisations, and especially those only embarking on the evolutionary journey of integrated reporting for the first time.

Boards of directors and those in management positions, who are tasked with the publication of the organisation's annual integrated report, will need to have a bird's eye view of the organisation, as well as a detailed and working knowledge of every key aspect of the business and its governance components. In order to produce this report; the writer's will need to understand various matters ranging from the organisation's strategy, operational performance and internal controls, IT governance, the manner in which key legislation and regulation is being complied with, right through to the executive's performance, group wellness and skills, stakeholder engagement and communication, to name but a few areas.

Through the likes of an organisational-specific and digitised *Corporate Governance Framework®*, which facilitates complete transparency, monitoring and oversight, those compiling and publishing an integrated report will have access to the up-to-date, relevant and insightful information needed to satisfy the reporting requirements of their stakeholders. Once all the relevant information is at hand, the content requirements and guiding principles for an integrated report can be sought through the guidance papers of the IRC of South Africa and IIRC's International <IR> Framework. In acknowledging that the process of compiling and publishing an integrated report is individual to each organisation, both the IRC of South Africa and the IIRC provide organisations with a globally-accepted framework and set of standards for the publication of integrated reports.

Benefits beyond the integrated report

While integrated reporting is not currently mandatory for most non-listed entities in South Africa, they will face increasing pressure from internal and external stakeholders to comply with the governance principles of King IV™ and to reflect the manner in which they have applied its principles, amongst other matters, in an integrated report. In addition, there are numerous positive spinoffs from the reporting process, which should be seriously considered in deciding whether or not to publish a report of this nature.

The process of compiling and publishing an integrated report will provide an opportunity for organisations to conduct a deep-dive analysis and assessment of all aspects of the business on a regular basis, providing them with a means to ensure that they take steps to remain strategically and operationally self-aware, sustainable, viable, and most importantly, legitimate.

Should an organisation get the contents of their integrated reporting wrong, or such that it can be proved that the information contained in the report is misleading, or that the organisation's activities are in fact harmful to the eco-social issues -- which include matters such as animal handling, land practices, and water, energy and waste management -- there's no doubt that the stakeholders and indeed those of the Millennial generation will take great exception to the organisation's practices and they may even boycott the organisation outright!

For further information contact:

CGF Research Institute (Pty) Ltd

Terrance M. Booysen (Chief Executive Officer)
Tel: +27 (11) 476 8264 / Cell: 082 373 2249
E-mail: tbooysen@cgf.co.za
Web: www.cgf.co.za

Judin Combrink Inc.

Michael Judin (Director)
Tel: +27 (0) 83 300 5000
E-mail: Michael@elawnet.co.za
Web: http://www.elawnet.co.za/

back to contents page

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 Dr Richard Hayward

Finding the right school for your child

About this time of the year many families are making a big decision. Many have already made that choice. They've chosen the school for their child for next year.

Sometimes the school nearest one's home could be the best. The school has a good reputation based on "word-of-mouth" comments from children and parents; its' prospectus and website are excellent. Yet there are times when the closest school isn't the best for a particular child.

When choosing a school, it is to remember that the school with the "best" reputation isn't always the ideal one for your own child. A school with an outstanding academic track record could be too demanding, too rigorous. Then there is the school that's sport-obsessed. One belongs and fits-in or is marginalised on the basis of one's sporting ability.

I know of a family where their three children go to three schools. It's really hectic for mom's taxi service. Yet all three children love going their different ways in the morning. In their separate schools, they shine and excel.

A good starting point in selecting the right school is to ask a seemingly simple question. Where would my child be happiest? If your child is happy at school, it usually follows that your child will be an achiever. We work best when we're in a happy, supportive place.

There are a few absolute basics that need to be ticked off before making the final choice. Firstly, the school should give high priority to a child's physical safety. There should be tightly controlled admission on to the school property. Buildings and grounds should be in a state of good repair. Accidents happen in all schools but the consequences can be that much worse when equipment is faulty. (A recent incident was where a soccer post fell on a young boy's head resulting in extensive long-term surgery.)

Secondly, the school needs to give a high priority to a child's emotional safety. Bullying is an unpleasant but true reality in the best of schools. It can never be totally eliminated but sound school leadership can get it close to nil. Be mindful that bullying isn't only amongst the children. It also happens between children and teachers. There are teachers who bully children and vice versa. Ask questions and read the school anti-bullying policy.

Incidents of ill-discipline and rejection of reasonable rules occur in all schools. In some schools, the miscreants run the place. It's a blackboard jungle. In others, the staff ensure that there's discipline that's both firm yet fair. Unruly elements are dealt with assertively and brought into line.

Part of a child's well-being is an acceptance and respect of one's unique self. Does the school value curiosity and individuality? Does the school give opportunities for the child to be creative, to be nurtured not only intellectually but in every aspect of being a growing young person?

Certain Quality principles used in the business and commercial sectors also apply to a school. Is the school, "Value for money?" Higher school fees doesn't necessarily result in higher quality education. There are those state schools that offer better education than their neighbouring private institutions where their fees are 50% and more higher.

Another quality principle is that of continuous improvement. Is the school expanding and improving its' facilities? Is the school adapting its' curriculum to the demands of the fourth Industrial Revolution?

Try to pay a visit. Attend Open Day. Realise though that the occasion is a Show Day. Everyone's behaving beautifully, smiling serenely and putting on delightful displays for the visitors. Ideally, it would be to pay a visit on a normal working day. Either way, the family can sense what the school is like. Often a sixth sense, intuition or a "gut" feel will guide you.

Quality schools – like all quality organisations – have a similar set of values. They're caring, compassionate, honest, kind and resolutely work at helping everyone reach their full potential. May you find such a school for your child.

back to contents page

SAQI Training Programme for 2018

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. SAQI reserves the right to change details of the programme without prior notice. **click here** for all course synopsis.
2. The courses listed below form part of a specific Certificate and all modules should be successfully completed to qualify for the Certificate.
3. Training is presented on the CSIR campus in the east of Pretoria.
4. All courses completed previously will receive credit when proof of successful completion is received.
5. All prices **include VAT @ 15%.**

Code	Course	Days	Cost	May	Jun	Jul	Aug	Sep	Oct	Nov
L2	**Certificate in Quality Control for Manufacturing**	**10**	**22,790-00**							
B41	Introduction to Quality Control	2	5165-00		25-26				29-30	
B90	Introduction to Statistical Techniques	3	6230-00		27-29				31-2	
B91	Introduction to Statistical Process Control (SPC)	3	6230-00			23-25				19-20
B79	A3 Problem Solving	2	5165-00			26-27				21-23
L2	**Certificate in Quality Control for Services**	**10**	**21,725-00**							
B30	Introduction to Quality Control	2	5165-00				27-28			
B31	Introduction to Statistical Techniques	3	6230-00				29-31			
B33	Introduction to Quality Circles	2	5165-00					18-19		
B34	A3 Problem Solving	2	5165-00					20-21		
L3	**SAQI Certificate in Quality Assurance***	**13**	**29,020-00**							
B48	ISO Requirements 9001:2015	3	6230-00					5-7		
B24	Knowledge Management	2	5165-00						8-9	
B16	Internal Quality Auditing	3	6230-00						10-12	
B92	Advanced QualityTechniques	3	6230-00	14-16					22-24	
B77	Advanced Product Quality Planning (APQP)	2	5165-00	17-18					25-26	
L4	**SAQI Certificate in Quality Management***	**3**	**31,610-00**							
B38	Development of a QMS	3	6230-00	28-30						
B01	Cost of Quality	2	5165-00			9-10				
B58	New SA Excellence Model	2	5165-00			11-12				
B74/B76	Lean for Manufacturing/Service Industries	4	9885-00		19-22					
B93	Policy Deployment (Hoshin Kanri)	2	5165-00			30-31				

Construction specific

L1	**SAQI Certificate in Quality Awareness for Construction**	**4**	**10,300-00**							
B101	Quality Awareness in Construction	1	2575-00	7			20			
B102	Introduction to Data Dossiers	1	2575-00	8			21			
B103	Introduction to Inspection Documentation	1	2575-00	9			22			
B104	Subcontractor Awareness	1	2575-00	10			23			
L2	**SAQI Certificate in Quality Assurance for Construction**	**10**	**22,790-00**							
B105	Introduction to Quality Control	3	6230-00	21-23		16-18		10-12		
B106	Introduction to Statistical Techniques	2	5165-00	24-25		19-20		13-14		
B107	Root Cause Analysis	3	6230-00		11-13		13-15		1-3	
B108	Technical Quality Documentation	2	5165-00		14-15		16-17		4-5	
L3	**SAQI Certificate in Advanced Quality Assurance for Construction**	**10**	**22,775-00**							
B109	ISO 9001: 2015 Requirements	3	6230-00						15-17	
B110	ISO 14001: Requirements	1	2575-00						18	
B111	OHSAS 18001 Requirements	1	2575-00						19	
B112	Integrated SHEQ Internal Audit	3	6230-00							5-7
B113	Cost of Quality	2	5165-00							8-9

For a list of other courses provided, please visit www.saqi.co.za
Inhouse courses provided to 10 or more delegates. Enquire from vanessa@saqi.co.za