e - Quality Edge

SAQI
The South African Quality Institute

bringing quality information to South Africans since 1996

CONTENTS

WWW.SAQI.CO.ZA

Welcome to our August edition of our e Quality Edge

Paul Harding

This is my first newsletter since my official retirement as Chairman of the SAQI Board, but I hope to continue with the newsletter for some time to come.

We have a variety of articles to share with you. We start with our international colleague Prashant Hoskote who informs us that Quality Matters from the shopfloor right up to the Boardroom. We then announce our National Quality Week theme for 2022. Giving the game away the SAQI team have put together an update of what SAQI is all about entitled "Let's Put Quality First".

I then reflect on my life in retirement as I discuss 4M Problem Solving in the laundry.

We then take the opportunity to reveal the recent changes to the SAQI Board.

Our regular contributor Terry Booysen writes about measuring the organisation's governance efforts. Finally, Richard Hayward asks should we be applying restorative or retributive justice?

During the last two years with the impact of Covid 19 our newsletters have become less frequent. We are pleased to say that SAQI survived the disruption and is now back on track to issue a regular newsletter. To do this we need the support of our local members as well as our international friends. If any of you would like to contribute to future newsletters, please contact me on my new email address paulhoshin@gmail.com

Feel free to pass on our newsletter to your network and we look forward to input from you for our next edition and stay safe.

Sincere wishes

Paul Harding

Paul Harding

Quality:
helping South Africans live, learn and work better

Quality Matters
From the Shop Floor to the Board Room
by By Prashant Hoskoté — President and Lead L&S Custodian — Striking Ideas LLC

Almost a century ago, we began our modern approach to Quality with rows of quality inspectors spot-checking random samples of manufacturing production and throwing unsuitable material into the scrap heap. Many organizations today (especially new and small businesses) struggle with reducing errors, minimizing waste, and speeding up costly delays.

In the quality profession, we take pride in solving such issues. We have the skills and methods that highlight the problematic elements of processes and lead us to changes and improvements that create efficient and cost-saving approaches. This is important, but in terms of what Quality is today and how it can help an organization succeed, this focus is on the wrong end of the real organizational challenges and opportunities. As W. Edwards Deming, the great quality guru of the twentieth century, said, "Putting out fires is not an improvement."

The point of this article is that the solution to operational problems lies in the head of an organization, not its execution. If we let the tail wag the dog, we will always have interruptive and costly operational issues. It is problematic enough that a changing competitive landscape and the challenges of operational execution require us to step in and apply the tools of our craft but to prevent as many problems as we can is a far more profitable approach.

If we don't understand what Quality does, we can't make our organization successful and sustainable. And this is perhaps why CEOs still see Quality as only an overhead cost—a tactical initiative, not a strategic one that can drive business results.

Let me begin by stating that there are three types of Quality—well, two little q quality, and one big Q Quality.

First, there is attribute quality—what the customers, patients, and students see. This is what the twentieth-century quality guru Joseph Juran called fitness for use. If the customers see attribute quality, they will be happy with what you give them and ask for more. The customers will define this Quality for you. This is an outcome, not where you start. But it can and must be measured.

Second, method quality is how we attribute Quality—how we do the things we do. Here we not only have processes but methods to manage, measure, and improve those processes. Method quality is driven by strategy. It's primarily about efficiency (doing things right) and is dependent on what your customers want and what you need to accomplish.

Do not think that I am dismissing the importance of attribute quality and method quality. I'm not. They are essential to the success of any organization. Within them is the voice of the customer, the cost of operations, and the deployment of the strategy.

But suppose this is all that we think Quality is. In that case, we are missing the opportunity to do these things better and allow cost and operational functions to define our organizations. We are blinded from doing better things.

Here's the mistake we make in trying to understand and apply Quality.

Many leaders see organizations as unavoidably complicated structures. They become overwhelmed and frustrated by the weight of what they are trying to manage. They think of Quality as simply a cost of measurement, checking, and rechecking. They may establish quality departments, which provide complicated reports that they often don't understand or read. Smaller organizations, confused by quality jargon, avoid costs by not using quality methods and measures until there's a real problem. Small and new organizations are often led by the gut instincts of an entrepreneur, which may not address the inherent complexities of their organization, their target markets, or their customers.

Organizations should begin by focusing on crucial operational structures rather than learning Japanese quality jargon, using the Taguchi Method, Kanbans, or worrying about Lean, Six Sigma, and Poka-Yoke.

For lack of a better term, organizational Quality is how we think about, build, and operate our organizations.

This is the only way to develop a holistic strategic plan incorporating feedback from all of our stakeholders (including vendors, partners, lost customers, and employees), understand current customers and markets, engage employees, measure our effectiveness, drive excellence, and prepare for the future. I realize

that's a lot in one sentence, but it is the most important thing that we can do. Nothing else makes any difference if you don't begin here because this is not about efficiency and doing things right; this is about the effectiveness and doing the right things. My point is, even the most efficient organizations can fold if they are not effective. I will try to explain how to begin this journey.

What's most important to understand is that organizational Quality is a systemic view of an organization. The problem with attribute and method Quality is that they cause us to see operations and their associated issues separate from the whole.

Before your doctor treats a complaint, they look at your vital signs, your lifestyle, and other aspects of your body that may affect your pain. Your doctor knows your body is a system that must work effectively as a whole, or you will indeed have problems. So too are our organizations.

To be sure, organizational Quality has to be measured, but what it requires is results-focused measures of effectiveness, not operational measures of efficiency. Effectiveness measures tell us if we are on the right trajectory and if what we are doing is sustainable. These measures tell us what to do better and where to focus our attributes and operational quality skills.

There are several approaches to implementing organizational Quality, but I will give you my perspective about some key elements. We can look at other options and resources you can use at the end of this article.

CHANGE FAST AND OFTEN

In their brilliant little book, Our Iceberg Is Melting: Changing and Succeeding Under Any Conditions (Kotter and Rathgeber, 2005, 2017), the authors describe a universal problem of human nature. As Kotter and Rathgeber point out, all too often, people and organizations don't see the need for change. But we must transform ourselves, or we will surely perish on our melting iceberg.

INNOVATE OR DIE

As H. Fred Walker and Justin Levesque explain in "The Innovation Process and Quality Tools" (Walker and Levesque, 2007), "It takes product or service innovation to create competitive advantage in a global marketplace." In today's marketplace, practically everything is a commodity. What truly distinguishes the successful from the mediocre is uniqueness - standing out from the crowd and getting to market quickly. For a good reason, ISO standards have now embraced an innovation standard.

LEAD WITH PASSION

More has been written about leadership than any other quality topic. Deming used to say, "A leader is a coach, not a judge." In a nutshell, that's exactly what a leader does - coaches the organization. They have a vision of the future and lays out the road map of how to get there. Leaders set vision and values and ensure that everyone understands them.

Leaders promote and foster ethical conduct, high performance, workforce learning, and customer focus. They set expectations and ensure good governance. All of this must encourage passion and a sense of urgency.

PLAN AND EXECUTE

As Lord Krishna alluded to in several ways in the Bhagawad Gita, "In preparing for battle, plans are useless, but planning is indispensable." Strategic planning is the simplest of ideas that we tend to make incredibly complicated. It's little more than a road map to get from where you are to where you want to be. Regardless of size, all organizations have objectives, complexity, and challenges. Strategic planning makes work easier by dividing it into smaller parts.

UNDERSTAND CUSTOMERS, STUDENTS, AND PATIENTS

The great management writer Peter F. Drucker observed that financial people believe that businesses make money. Still, in reality, they make a product or service that a customer needs - money may follow. Businesses, schools, and hospitals (or any organization providing products or services) can't survive if they don't understand the needs of their customers and markets. This requires developing ways to gather customer data and use the information to change and improve value creation and delivery processes.

MEASURE, ANALYZE AND SEEK, AND USE OUTSIDE KNOWLEDGE

There's a sound basis to the old saying, "What doesn't get measured doesn't get done." Internal organizational measurements are critical to performance improvement. How an organization aligns, reviews, and improves performance depends on what it measures and learns from within and outside the organization.

FOCUS ON THE WORKFORCE

Regardless of what else is done, nothing can be accomplished without the enthusiastic engagement of employees, teachers, medical staff, volunteers, and other organizational support personnel.

However, research from Gallup indicates that employees are typically disengaged in the workplace. The cost to productivity, innovation, improvement, and the bottom line is staggering.

UNDERSTAND AND IMPROVE PROCESSES

Value creation is simply a step-by-step approach for converting a market need into something that a customer, patient, or student would want more of; in other words, it's a process. Most people involved in doing specific jobs believe that they understand their processes, but generally, they don't.

EVALUATE RESULTS FOR EFFECTIVENESS

The goal of most popular organizational improvement methods (e.g., Lean or Six Sigma) is cost reduction and capacity creation—or being more efficient. That's important. However, it's more important to do the right things that impact the organization's higher goals. Effectiveness is driven by integrating everything the organization does and ensuring it's all working together as an operational system. Effectiveness, then, is a measurement of all of the organization's high-level goals. It answers the simple question, "Are we improving?" Improvement drives organizational success and sustainability. These are just a few critical elements of organizational quality.

SO WHAT DOES THIS HAVE TO DO WITH THE BOARD ROOM?

Organizational quality, at the level described, should be of primary interest to a board of directors. One of the critical objectives of a board is corporate sustainability. By reviewing the metric and the results thereby produced by this high-level approach, a board can be assured that the organization is moving in the right direction and can challenge the organization's success in each important area. Too often, there are many boards with a high degree of focus only on financial success, but financial success can be achieved at the expense of long-term sustainability. By now, some of you may have realized what I described as organizational quality is given more detail for execution and implementation in global excellence models. Whether your organization is large or small, new or old, if you are interested in a holistic approach to problem prevention and organizational sustainability, you should find one of these models that you are comfortable with and use it to transform your organization. They all describe how to implement high-level organizational quality. They all will help you elevate the subject of quality from the shop floor to the board room.

A FEW RESOURCES

1. The EFQM—The European Model
   http://www.efqm.org/ the-efqm-excellence-model
2. The Canadian Model For Quality, http://excellence.ca/en/about-us/
3. The Baldrige Excellence Framework
   https://www.nist.gov/ baldrige/publications/baldrige-excellence-framework
4. The Dubai Excellence System
   https://www.dgep.gov.ae/en/ government-excellence/main-features
5. And the most important resource in any organization: The Executive Guide to Understanding and Implementing Employee Engagement Programs: Expand Production Capacity, Increase Revenue, and Save Jobs, by Patrick L. Townsend and Joan E. Gebhardt (Quality Press, ASQ Quality Management Division Economics of Quality Book Series, 2007)

SAQI National Quality Week Theme 2022

SAQI takes great pleasure in announcing its theme for
National Quality Week that takes place from the **7th to the of 11th of November 2022**
with **World Quality Day** falling on the **10th of November 2022**.

Let's Put Quality First SAQI©

Although many organisations profess to have a focus on ensuring Quality in their products or services is this always the case?

A well-known food retail outlet professes to only sell Quality products but has no problem in only opening half of their pay points and keeping customers waiting in long queues. Can they really claim to be a Quality organisation when they are putting perceived cost saving and profit before customer inconvenience?

How many times have you been kept on hold on a telephone answering service to be told "We value you as a customer and your call will be attended to shortly?" What is an acceptable time to wait? Is it ten minutes or maybe twenty minutes? Recently I was put on hold for 45 minutes and this is not unusual.

I once presented at a health care conference where one of the invited speakers spoke about procurement in the healthcare industry. For forty-five minutes the speaker discussed cost reduction and improving the bottom line. Not once was any reference made to the quality of the product being procured. He was bombarded with questions from angry medical practitioners about cheap products failing and causing life threatening situations.

So, this year's message during Nation Quality Week is "Let's Put Quality First" We understand that the bottom line is also important but rather let us look at the bigger picture. Compromising on Quality is not a good long term strategy in any organisation.

QUALITY FIRST

SAQI

Let's put Quality First

by Team SAQI

Quality is never an accident; it is always the result of high intention, sincere effort and skilful execution. It represents the choice of many alternatives within an organisation. Unfortunately, many organisations only pay lip service to achieving a quality product or service and do not put quality as their main priority.

Quality in South Africa is truly a fusion of the vibrant "fit for purpose" entrepreneurial spirit of its people and the carefully measured quality standards accepted by the developed world.

The South African Quality Institute together with its members and several strategic partners, is a bridge that brings about that fusion.

Quality is a powerful lever for prosperity and growth. It satisfies customers and brings them back for more; it is probably the last trade barrier left and can open export markets all over the world. South Africa also has the potential to exploit its tourism industry, but tourists expect world class services and facilities. That is why quality certification in emerging markets is seen as a tool for achieving a competitive economic position, but for us in South Africa it is much more than that.

It has the added dimension that it can alleviate poverty and create much needed jobs.

It brings people hope, develops their skills and improves their quality of life, that is what the preamble to our South African Constitution declares: to improve the quality of life of all citizens and free the potential of each person.

The first time Quality standards were applied in modern-day South Africa was almost 100 years ago when gold was discovered, and mines were established on the Witwatersrand.

It soon became evident that standardization was a vital factor particularly in the safe and economic operation of deep level mines.

Today thousands of South African companies in every sector of the economy have achieved ISO 9001 certification. Many more, successfully run their organisations based on Quality Management Systems and meeting world standards. However, we must realise that passing an audit at a particular moment in time does not guarantee lasting quality performance.

About SAQI

Driving this Quality effort is the South African Quality Institute; as the national body whose mission is to create awareness of quality and promote a national culture of quality at all levels of government, in every business enterprise – big and small - and in our society at large. At SAQI we believe that commitment to Quality is the principle that brings about the transformation of our Country from indifference to prosperity for all.

In 1993 The South African Quality Institute was given the mandate to create quality awareness and help to implement its principles. Although SAQI is no longer funded by Government we still see as our main priority a need to influence and develop a culture of quality at all levels of society.

The business of Quality in South Africa has come a long way since the days of standardization and basic quality control. The kind of quality we talk about moves beyond just conformance and adhering to basic standards.

Yes, these are a necessary part of our quality program, but they are only just a part. We want to propel quality to a system thinking approach that embraces the products people make, the services they provide, and the impact quality makes on the image of their organisation and their bottom line. However, far to many organisations only focus on the short term impact on the bottom line and loose focus of the long term benefit of a structured quality program.

We want quality to be on the agenda at strategic board meetings of important organizations; we want financial directors to build quality into annual budgets and chief executives to see it as their personal responsibility and strategic intent.

At SAQI we are committed to increasing awareness of Quality in education through our quality in schools' program. It is every child's right to have Quality on his/her curriculum.

We want to break away from the thinking that Quality is only the responsibility of the Quality Department! Quality is everyone's responsibility particularly starting at the top of the organisation. Today Quality Management should be a business imperative and our vision is to give Quality the recognition it deserves by being embraced by all business leaders.

There is an urgency to get Quality into every corner of this land, into industry, into government, into education and especially into the small business sector.

SMMEs

SAQI works closely with small and micro businesses to achieve profits and ongoing business success through the use of quality methods that have been tested. We help them understand the value of quality service and that customer satisfaction is a key to making profits.

SAQI has developed a career path development program in conjunction with the QCTO and the Services Sector Education Training Authority to take our potential quality practitioners through a complete program from basic Quality Control through to advanced Quality Management. We believe getting quality principles into the

hands of these small entrepreneurs is one of the urgent tasks that faces this Institute.

SMMEs are a huge economic resource in this country's drive to create jobs and reduce poverty. Imagine if we could multiply this effort through the application of Quality principles like getting it right first time, understanding the cost of poor quality, continuous improvement and obtaining *client satisfaction*.

All these are principles that bring financial gains, growth and lead to prosperity.

SAQI membership

One of the important aspects that really drives SAQI forward is its membership base of large and small organisation as well as many emerging quality practitioners as well as established quality professionals. These are quality practitioners who work in different industries and sectors of the economy. Some represent their organisation and others are members in their individual capacity.

We believe the body of knowledge of South African quality resides in the collective professional qualifications and experience of our members. They are our Quality role models and leaders both within their own organisations and beyond. At SAQI we see them as our principal partners in our mission to promote quality in this country by putting Quality First.

From their side being members of SAQI does bring some unique benefits such as the opportunity to access our quality training programs at discounted prices, networking with other organisations and individuals who have got their quality issues right – or indeed who are prepared to share lessons leant from their mistakes.

Being kept informed on local and international quality trends is another important benefit. This is done on an ongoing basis through the various SAQI publications, its Facebook page and its website.

Strategic Partners

The SAQI team itself is not more than a few individuals led by a competent board of directors committed to quality. However, our network of partners and associates in business and government gives us the capacity we need to promote Quality across all sectors of the economy. Indeed that network extends even beyond our borders to several African countries, and we are very aware that Africa's renaissance is based on peer review, a very unique and powerful quality standard. Beyond Africa our affiliation with other quality bodies extends to many other Quality Institutes operating in many parts of the world.

Government

One of SAQI's close partnerships is with government particularly through the department of trade and industry and cooperation. It makes good business sense that the national body that drives Quality is working alongside the government ministry that promotes trade.

Without Quality South African exports can't compete on world markets nor can local business withstand the competition that comes from outside our borders. Over the past number of years SAQI has also had the pleasure of working in cooperation with UNIDO particularly in the development of South Africa's essential oil producers.

Big business

The support we receive from big business is significant. Most large corporates are keenly aware of the role Quality plays in their performance, not only in achieving their bottom-line goals but nowadays more and more in the area of corporate governance as well as safety, the environment and risk management – all aspect of quality that impact on company growth and share price.

Such companies work with us in several ways:

♦ They support and mentor their small suppliers and help them develop quality systems.
♦ They readily share information on lessons learnt;
♦ They host Quality Forums and events during National Quality Week;
♦ They provide case studies for publication
♦ They use SAQI to train their teams for ISO 9001 implementation, as well as participate in our Quality career path development program.

We rely on their support and partnership and find them invaluable particularly during National Quality Week each year.

National Quality Week

National Quality Week is a serious national campaign spearheaded by SAQI each year to get South Africans to join other emerging and developed nations in acknowledging and celebrating quality in the workplace; to show how quality can make a difference to the economy and to people's lives.

The Week is timed around World Quality Day, and is always during the second week in November, so that South Africa can participate with other nations around the world in this quality awareness.

Currently many South African companies go out of their way to have inhouse events that showcase their successes and recognize the talents of their people.

In the months leading up to National Quality Week and especially during this time the SAQI team engages with business and government and provides guidelines to set up events that focus on quality and create awareness of it.

To sum up...

Quality keeps important things important.

As a nation we need to develop the culture that quality is as important as literacy and numeracy and that it changes things for the better.

The SAQI mission echoes the words of the Constitution "*To improve the quality of life of all citizens and free the potential of each person*".

4M Problem Solving in the laundry

by Paul Harding

Since my retirement from SAQI I have taken on the responsibility of handling the household laundry. You might ask what this has to do with 4M problem solving. As you may know the 4M method breaks down potential causes into four categories being Man (Mankind), Machine, Material and Method. Sometimes this is expanded further but we will stick to Ishikawa's original 4M (*see the diagram below*).

CAUSE AND EFFECT DIAGRAM
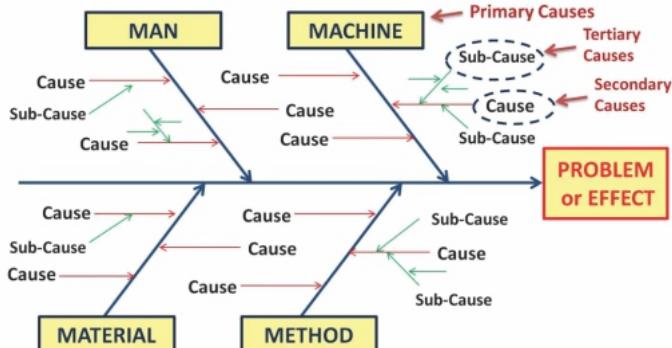
Problem 1

The first problem I encountered in doing the laundry was when the washing machine kicked out and tripped the earth switch in the distribution board whilst washing a large load of bath towels. I didn't immediately know that the power failure was in fact caused by the washing machine. So I turned off all switches in the DB and then turned them back on one by one until I was able to isolate the set of power points giving the problem and realised it was the plug at the washing machine. This is a trick I learned from an electrician friend of mine. On inspection of the washing machine I found an excess of soapy foam in the machine that had appeared to have overflowed into the motor. The short term solution was to isolate the machine at the plug and leave it for a couple of hours to dry out.

So what was the root cause of the problem? I decided to use the 4M principle. If we look at the **Machine** it could not contain the excess foam from wetting the motor. If we look at the **Man** he had not read the instruction on the washing powder packet and used the wrong Method by overloading the machine. So was there a problem with the **Material**? It turned out the modern detergents are more powerful than they used to be so a much smaller quantity is required to complete a wash. So in this case the problem was seen to be a combination of the **Man** not using the **Material** as indicated so the **Method** was wrong and the **Machine** was not able to contain an overload of foam.

Problem 2

Having solved the problem of the washing machine tripping the power I was now able to continue with my laundry duties. After hanging out the washing for a number of weeks on the outside washing line one of the blue plastic pegs broke. As I had a fair supply of pegs this was not a major problem. Some weeks later another plastic peg broke and coincidently it was also a blue peg. A few more weeks went by and yet another blue plastic peg broke. The yellow pegs that were purchased at the same time were all intact. This set me thinking about the **4M** problem solving principles.

The obvious solution would be the blue plastic **Material** was faulty and was more susceptible to cracking in the heat of the African sun. However, in a previous life I worked in the plastic injection moulding tool industry and had some idea of the plastic injection moulding process. So I imagined that the blue pegs would all be produced in one particular setting. The setting would then be changed to accommodate the material for the yellow pegs. So although there was a **Material** change we could not rule out a **Machinery** change as the working temperature of the plastic injection tool could have differed from one setting to another. The **Method** could also have been influenced by the water cooling system that regulates the moulding tool temperature. I am still monitoring the situation and am waiting to see if more blue pegs break in the coming weeks and whether other coloured pegs also break.

There is of course a plan B. There is an abundant supply of good old fashioned wooden pegs. These are produced by a totally different process and have stood the test of time over a number of decades. Our wooden pegs are a number of years old and so far none of them have broken. They are just as functional as the plastic pegs and are much more environmentally friendly.

Conclusion

Does the manufacture of plastic washing pegs have built in obsolescence like many of today's domestic appliances? Should the man have done more research on the strength of machine washing powders?

The **4M** problem solving methodology is a very useful tool to have but we must be careful when we use it and maybe use in conjunction with also asking the **5 Whys**. This methodology need not be restricted to the workplace environment and can be just as easily used in a domestic environment.

About the author

Paul Harding worked in the tooling industry for many years before starting a career in Quality Management that spanned more than 30 years. He can be contacted on his new email address **paulhoshing@gmail.com**

SAQI Appoints a new Chairman of the Board

After serving on SAQI's Board of Directors for 16 years first as a non-executive director, then as Managing Director and finally as the Board Chairman Paul Harding has now called it a day and retired as SAQI Board Chair.

After a unanimous vote SAQI is pleased to announce the new Chairman of the Board as **Arno Boshoff** of WBHO who has served as vice Chairman of SAQI for the last couple of years.

The photo below shows Paul and Arno handing over the responsibilities following Arno's appointment at the last SAQI Board meeting.

At the same meeting the Board accepted the resignation of Professor Nita Sukdeo who represented the University of Johannesburg on the SAQI Board. The Board thanked Nita for her service to SAQI. Nita's position was put up for voting at the meeting and we are pleased to announce that **Dr Victor Mofokeng** will represent the University of Johannesburg in place of Nita. Arno's previous position of Vice Chair was voted on and was accepted by **Thembi Mthimunye** of Grinaker LTA following the Board's vote.

SAQI wishes Arno and Thembi well in their new positions and thanks Paul for his loyal and dedicated service over the past sixteen years.

About Thembi Mthimunye

Grinaker-LTA is a multi-disciplinary engineering and construction company with a combined business and industry experience of over 120 years. The business is driven by a diverse and capable management team across its various operations.

Grinaker-LTA has undertaken some of the most iconic and award-winning complex projects seen in Southern Africa, with an unparalleled track record in Building, Civil Engineering and Mechanical and Electrical (M&E) Construction.

The company's performance is driven by its commitment to produce quality work and solutions in a safe and sustainable manner and this commitment is upheld by its management and work teams. Thembi Mthimunye has had the opportunity to be part of this management team and in her role as Group Risk and Sustainability Manager oversees the Safety, Health, Environment and Quality (SHEQ) portfolio.

Leading and managing by the company's values of operational excellence and stakeholder accountability, Thembi draws from her diverse set of skills and experience gained from a 10-year exposure in the construction and engineering industry and additional experience in the telecoms and consulting markets. Through the gained experience and studies, she's developed as a leader, embracing Quality as the golden thread in business value provision and continuity, embracing a collaborative approach in the work environment focused on realising customer satisfaction and sustainable development.

About Dr Victor Mofokeng

Victor comes from Virginia, Free State. He has worked in Business advisory, mining, manufacturing and the construction industry. He spent time working in Germany at the Mercedes Benz plant in Sindelfingen and has also worked in France, Switzerland and Finland. He has accumulated years of experience in various roles as an SME quality specialist in local economic development (LED) projects in the Mining, Manufacturing and Construction sector. He is currently lecturing in the department of Quality and Operations Management at the University of Johannesburg. His current focus is primarily industry partnership development. He also focuses. on work-integrated learning, finding work placements for students, leveraging corporate and industry relationships. We are sure that Victor will be a great asset to SAQI's Board.

MEASURING THE ORGANISATION'S GOVERNANCE EFFORTS

by Terrance Booysen and peer reviewed by Jené Palmer CA(SA)

For many years corporate governance has been a sensitive topic for many boardrooms. In reality, despite the writing of the various codes of corporate governance, the business and state environments remain littered with examples of failed governance.

Given that the South African business landscape still finds itself in deep trouble, one may argue that the introduction of the latest King IV™ Report on Corporate Governance for South Africa 2016 and its outcomes-based reporting has still not had the desired impact in driving governance change.

With South African business confidence indexes at an all-time low over the last three decades, the county's poor levels of governance have contributed toward multiple country downgrades, loss of foreign investment and the highest recorded levels of unemployment since World War II.

The enforceability of governance codes

Essentially the various reports on Corporate Governance for South Africa (King Codes) have only been recognized by the larger South African corporates and government organisations. Whilst the reports have changed dramatically over the last two decades, moving from a shareholder-centric to a stakeholder inclusive model, the recommendations for better governance found within the King Codes are exactly that; they are only *recommendations* and therefore not every company may feel it necessary to adopt or subscribe to them.

Whilst the King Codes have also been cited in South African case law, including a few other international jurisdictions, where boards have been found wanting in respect of not properly fulfilling their fiduciary obligations, at best, judges can only make reference to the recommended practices found with these codes. Exactly the same challenge applies to any other governance code produced anywhere else in the world, for example the UK Code for Governance (2018) and the German Corporate Governance Code (2019). None of these codes provide clear guidance on how to measure whether the application of these codes is leading to good governance within the organisation concerned. This makes it very difficult for a court of law to impose effective sanctions on an organisation or a director for practicing poor governance. Any sanctions which are imposed are largely subjective and the consequences attached to poor governance vary quite considerably from one judgment to the next. It is therefore not surprising that many regulatory bodies are also not more proactive in driving (and enforcing) good governance practices across all sectors and industries.

International standards and benchmarking

The introduction of ISO 37000 in the last quarter of 2021 presents an opportunity to change the landscape. Whilst ISO 37000 is very similar to the governance codes in that it also provides for *"principles and key aspects of practices to guide governing bodies (boards) and governing groups on how to meet their responsibilities"*, its

differentiator is that it is written to serve as a *universal standard* which will allow key stakeholders to more accurately measure and compare governance performance across all geographies and forms of business.

Now that the world's first governance standard -- ISO 37000 -- has been launched, measure your governance maturity!

- Link organisational purpose, values & KPA/KPIs to good governance
- Inter-connect the governance framework with the business strategy & operations
- Quick & easy oversight of all governance elements
- Rapid assessment of multiple governance indicators
- Validate generic & specific governance statements
- Determine governance maturity practices
- Assess governance analytics
- Apply governance assurance reporting
- Adjust the Corporate Governance Framework® to complement risk maturity
- Measure & compare GRC performance

CGF Research Institute (Pty) Ltd is an approved distributor of Praefectus™
More info:
+27 (0) 11 476 8261
info@praefectus.co.za

With ISO 37000 there are also some significant departures from a governance code such as:

1. Many governance codes are country-specific and have regional application whereas an international standard is applied as a 'universal language' irrespective of where the organisation is established or does business. It is broadly recognized and measured using the same requirements for compliance and certification across all businesses.

2. A governance code is mostly aspirational, and whilst many organisations may work towards the improvement of their governance practices, the 'act of improving the organisation's governance' remains largely subjective in nature. An international standard, however, identifies specific areas that must be assessed and measured by an independently approved and qualified assurance provider in order to obtain formal certification. In addition, for the organisation to retain its certification, the continued proper application of the standard must be regularly re-assessed and confirmed.
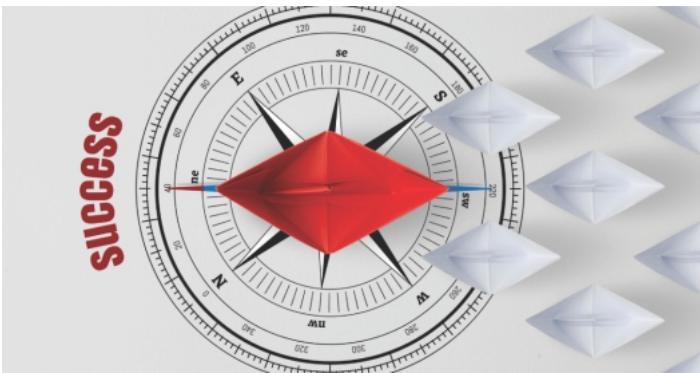
Following a governance code or being ISO compliant?

It is essential not to confuse a governance code -- such as King IV™ -- with ISO 37000. Each 'instrument' fulfils a very specific purpose within not only the organisation itself, but its key stakeholders too. Given that governance by its very nature is a complex topic, with myriad nuances, it is important to understand the practical benefits of using a widely accepted international standard which can be used as a common platform for all organisations (regardless of their type, size, location, structure or purpose) to guide and measure the application of good governance making use of comparable reporting indicators. That being said, organisations must also be cognizant of their respective jurisdictional regulatory and compliance obligations such as the JSE Listing Requirements which specify compliance with King IV™.

Many leading organisations subscribe to the renowned ISO standards such as ISO 27000 and ISO 14000 and there is no doubt that the independent assessment process involved in obtaining and retaining an ISO certification provides an additional level of comfort and assurance to key stakeholders, including investors and regulators. It is therefore likely that certified early adopters of ISO 37000 will be significantly differentiated from their peers. In this regard, the increasing pressure being placed by stakeholders on organisations to proactively and positively impact global sustainable development is also likely to fast track the implementation of ISO 37000. In addition, the adoption of ISO 37000 may also help multi-jurisdictional organisations to simplify the interpretation of different governance codes and apply a common standard of governance across geographies.

Boards will therefore need to carefully consider what makes sense in their business and organisational environment as they strive to ensure that their organisations implement robust governance frameworks which are strategically aligned to their purpose, vision and mission and which offer them a competitive advantage.

New meaning to governance

Although still in its infancy, ISO 37000 has established new benchmarks for assessing governance frameworks across the world. It has sparked vigorous debates and uncomfortable questions about measuring, auditing and comparing one organisation's GRC (governance, risk and compliance) inputs and outcomes to another, including assessing their aligned values, profitability and long-term goals.

In South Africa it is mandatory for JSE-listed companies to apply King IV™, however, one wonders how these current requirements may change as the benefits of adopting an international standard become more firmly entrenched? On the other hand, one also has to consider whether the introduction of ISO 37000 will really help in setting the stage for smaller and non-listed companies to willingly subscribe to the principles of ISO 37000 as the governance playing fields are leveled?

For many reasons, external stakeholders, in particular, are looking for an easy way to assess an organisation's governance status. In the face of mounting of pressure, organisations are going to have to consider how they actively demonstrate (as opposed to simply communicate) their GRC status. The old adage of *"what's not measured is not managed"* rings true for board members as calls for accountability strengthen. Future boardroom discussions will have to include an objective and quantifiable review of the organisation's actual GRC status (in every area of the business) compared to internationally benchmarked best practice or at the very least, to that of its peers.

For further information contact:

Terrance Booysen (CGF: Chief Executive Officer)
Cell: 082 373 2249 | E-mail: tbooysen@cgf.co.za

Jené Palmer (CGF: Director)
Cell: 082 903 6757 | E-mail: jpalmer@cgf.co.za

CGF Research Institute (Pty) Ltd
Tel: +27 (11) 476 8261 | Web: www.cgfresearchinstitute.co.za

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

Do you mete out restorative or retributive justice?
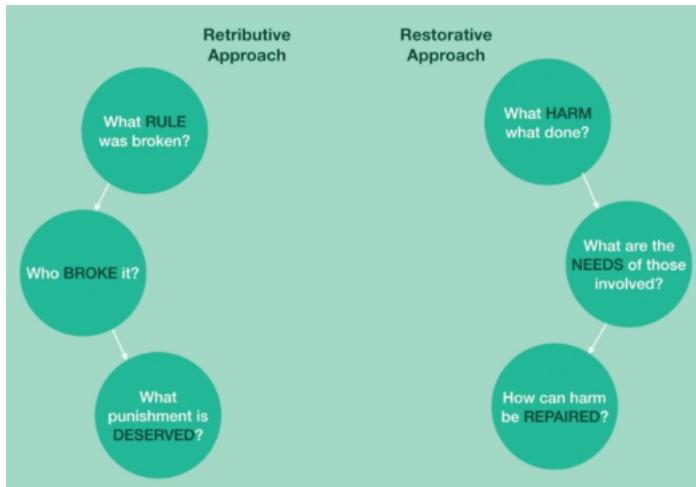
There's a difference between being truly sorry as against saying that one is sorry. A sincere apology is regret that one has caused harm to others. The sincere apologist wants to right the wrongs that have been done. The apologist hasn't lived up to their personal values. The other type of 'being sorry' isn't so sincere. Here the apology is focused on saving face. There's a desperate need to restore one's reputation in the eyes of others. What do others say and think of them after they've done something wrong? There's the fear of humiliation and ridicule from others.

When justice is meted out to those who've done wrong, it's often retributive in style. Public shaming is often the norm. Think of the character assassinations that you might have seen in the newspapers. On radio and TV programmes, the whole world gets to know of the crimes and evil done by others. Think of Vladimir Putin and the 2021 war in Ukraine. All this 'naming and shaming' publicity comes with a demand for some form of punitive punishment. Make sure that those who caused the hardships on others, suffer at least as much and hopefully more than their victims.

When a child misbehaves or doesn't live up to the expectations of others, too often the justice is retributive. The adult metes out emotional harm through in what is said to the child. There could be public shaming. Sometimes there's some form of physical punishment. Retributive justice contains the desire to give the child a sense of deep shame.

What is shame? Brené Brown (2021:137) defines it thus:

Shame is the intensely painful feeling or experience of believing that we are flawed and therefore unworthy of love, belonging and connection.

How does the shame-filled child respond? One extreme reaction is to hit out. Aggressive, violent and anti-social behavior come to the fore. The child reasons that if no one likes him, he'll do hateful, revengeful things to others. At the other extreme, is the child who totally withdraws and avoids interacting with others. Loneliness and depression follow.

Tragically every year there are children who take their own lives. Why? One common South African explanation is the sense of abject failure experienced by children who don't pass end-of-year examinations. They feel totally worthless as human beings. Such children are victims of the shame that is found within retributive justice.

Imagine a student who fails exams but is counselled by parents and teachers in a caring restorative way. Yes, the student has performed poorly and the reasons for the under-performance needs to be analysed. (I assume, in this example, that the learner attends a school which has sufficient physical teaching resources and a competent teaching staff.) The analysis might identify that the poor exam results are due to the student being on drugs and never doing any homework.

The student would feel shame and guilt. However, with restorative justice the focus is on the feelings of guilt felt by the student. A definition of guilt given by Brené Brown (ibid) is:

… an emotion that we experience when we fall short of our own expectations or standards … our focus is on having done something wrong and on doing something to set things right, like apologizing or changing a behaviour.

From your own childhood, you might have been on the receiving end of retributive justice when you 'stepped out of line' at home or school. The memories of the emotional and maybe even physical harm caused to you by those adults, still remain.

Choose restorative justice when dealing with children who need to be disciplined. Yes, focus firmly on what has to be done to restore behavior to accepted levels. Try to understand the reasons for the unacceptable behaviour. Discuss and determine how to right the wrongs that have been committed.

Yet in the midst of the whole process, don't take away the child's sense of self-worth. Believe in the innate goodness of the child. Discipline with compassion. Make sure that the child experiences it as you mete out restorative justice.

Reference

Brown, B 2021, *Atlas of the heart*. London: Vermilion.

back to contents page

SAQI TRAINING PROGRAMME 2022 📅

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 to 10 or more delegates. A special discount applies to SAQI members. For more information or to register contact Angel Chiloane on 012 349 5006 or **info@saqi.co.za**

1. SAQI reserves the right to **change details** of the programme without prior notice.
2. All training takes place at the **SAQI offices** on the CSIR campus in Pretoria.
3. The courses listed below form part of a specific Certificate and **all modules** should be successfully completed to qualify for the Certificate.
4. ALL delegates will **start at level 2**.
5. All courses completed previously will receive **credit** when proof of successful completion is received – please submit **copy of certificate and exam results**.
6. All prices include VAT @ 15%.

MANUFACTURING OR SERVICES

✓ If you are currently working in the **manufacturing** industry you will start your development programme with Level 2 (blue). After successful completion you can move on to Level 3 (orange).

✓ If you are currently working in the **services** industry you will start your development programme with Level 2 (yellow). After successful completion you can move on to Level 3 (orange).

Code	Course	Days	Cost	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
L1	**Short courses for Manufacturing**												
B80	Welding Inspector	2	5810-00										
B81	Mechanical Inspector	2	5810-00										
B82	ISO 3834 Welding Standard	1	3330-00										
L2	**Certificate in Quality Control for Manufacturing**	**10**	**25,620-00**										
B41	Introduction to Quality Control	2	5810-00									24-25	
B90	Introduction to Statistical Techniques	3	7000-00									26-28	
B91	Introduction to Statistical Process Control (SPC)	3	7000-00										14-16
B79	A3 Problem Solving	2	5810-00										17-18
L2	**Certificate in Quality Control for Services**	**9**	**24,430-00**										
B30	Introduction to Quality Control	2	5810-00							22-23			
B31	Introduction to Statistical Techniques	3	7000-00							24-26			
B33	Introduction to Quality Circles	2	5810-00								5-6		
B34	A3 Problem Solving	2	5810-00								7-8		
L3	**SAQI Certificate in Quality Assurance***	**13**	**32,620-00**										
B48	ISO Requirements 9001:2015	3	7000-00								19-21		
B24	Knowledge Management	2	5810-00									17-18	
B16	Internal Quality Auditing	3	7000-00									19-21	
B92	Advanced QualityTechniques	3	7000-00									31 - 2	
B77	Advanced Product Quality Planning (APQP)	2	5810-00										3-4
L4	**SAQI Certificate in Quality Management***	**14**	**39,670-00**										
B74	Lean for Manufacturing/Service Industries	4	11,120-00										
B01	Cost of Quality	2	5810-00										
B93	Policy Deployment (Hoshin Kanri)	2	5810-00							16-17			
B58	Operational Excellence	2	5810-00							18-19			
B38	Development of a QMS	4	11,120-00								13-16		
	Quality in Construction												
CMC1	Construction Quality Awareness Masterclass	1	2900-00										
CMC2	QCP Masterclass	1	2900-00							30			
CMC3	Method Statement Masterclass	1	2900-00							31			
CMC4	Safety File Masterclass	1	2900-00								9		
CMC5	SMME Construction QMS Development Masterclass	2	5810-00								28-29		

For a list of specialised quality related courses, or for inhouse training, please enquire from vanessa@saqi.co.za

SAQI is constantly striving to write new industry specific courses.
All new courses will be published here, make sure you check back regularly!