QB

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ISSUE 4 2019 | FEATURING:

AUSTRALIAN ORGANISATION FOR QUALITY   NEW ZEALAND ORGANISATION FOR QUALITY

In the Q

This fourth issue of QB for 2019 brings to an end the first cycle of editorial oversight with Martin Andrew and myself. Over one year ago, we stepped in after the tragic loss of Tony Pilli to produce the last QB issue for 2018. The editorial team clicked and I wish to thank Martin very much for being an energetic and level-headed co-editor. I also thank our designer, also new at the time, Chris Hunt, who demonstrated constant coolness as we threw at him the components of each issue. The "look" of QB is a testament to his professional design skills.

This issue features the recent APQO International Conference in Bali which had a strong contingent of ANZAC's as attendees and speakers. This event leverages to the 2020 conference which is to be hosted by AOQ in Perth in October next year. You should all be preparing to attend that event which will showcase AOQ (and by association and assistance, NZOQ) to the world.

We continue to acknowledge the contributions of our authors and writers. Jackie Graham continues her regular theme of practical advice and knowledge. This issue sees the very first republication of an article from China Quality magazine and we thank Janet Johnson for her translation from the original. To date China Quality has republished over ten QB article since 2016. This is our first reciprocal reprint. Republished articles from other quality bodies will be a future opportunity.

Martin and I are committed to co-editing QB for 2020 and beyond. The next issue of Quality Business will be in February 2020.

Dan Forsman
Vice-President & Chair & QB co-editor
New Zealand Organisation for Quality

Cover photo: *Australia with city lights from space at night - Johan63*

Quality Business is directly delivered to quality and excellence professionals, employers, quality organisations and academics in Australia, New Zealand and internationally four times a year.

quality**business** *In this issue:*

"100 Years of Quality"

Jeff Ryall
President, Australian Organisation for Quality

World Quality Day on November 14 explored the development of Quality over the past 100 years. While it's a somewhat self-indulgent posturing by the British CQI, it does perhaps prompt some reflect about where Quality has come from, where we are now, and where it's all going.

The forthcoming APQO-Qualcon Conference in Perth next October proposes that "The Future of Quality is NOW!"

Looking back, just defining Quality has been a challenge. In the July 2001 Quality Progress article "What is Quality?", the definitions of eight gurus of Quality were unpacked. Robert Pirzig stated it cannot be defined – perhaps unsurprisingly from someone who wrote 'Zen and the Art of Motorcycle Maintenance'. The rest – Crosby, Juran, Deming, Feigenbaum, Shewhart, Ishikawa – all point toward being able to specify characteristics that are perhaps proxies for Quality. In other words, specifications drawn from an understanding of customer needs, determined by the organisation or provided by the customers. The premise is that if we can develop some expression of characteristics, then we are able to measure and manage Quality. There is also the need to meet customer requirements. Juran expresses this quite beautifully as "Quality consists of freedom from deficiencies".

Taguchi's slightly mind-bending definition of Quality as "the loss a product causes to society after being shipped...other than any losses caused by its intrinsic function" is perhaps an outlier, not least because it defines Quality by its opposite!

Quality has evolved from meeting product specifications, to fulfilling customer requirements, to satisfying customers. Along the way there was the ultimately unproductive dead end of simplistically saying that because Quality is after all just good business practice, then we should retire the term altogether, and replace 'Quality' with the less-descriptive term 'business'.

All of these attempts to define Quality ultimately leave us wanting. Right now, I define Quality as 'giving customers the experience they want', which is very different from the starting point. But certainly not the end point; just the best I can do right now.

Over the last century, Quality management practices have evolved from just making sure products worked properly, by moving back through the control chain and expanding into the organisational processes: Taylor's separation of planning from execution, to inspection of final product, in-process inspection, quality control, quality assurance, and organisation-wide approaches based on, and incorporating fundamental quality principles, such as business excellence.

Various, usually useful techniques have been developed to assist Quality practitioners. Yet after a century of Quality, not only do we struggle to define Quality, but we also lack a coherent theory of Quality management.

AOQ's former Patron, Professor Kevin Foley JM, has explored this...deeply[i] "If a theory can be ascribed to quality management...the question remains: where does the theory of Quality management fit in the wider universe of management theory?"[ii]

Considered in that context, maybe the last 100 years has simply been the preparatory phase for the subsequence emergence of Quality, in greater richness. In a 1999 Quality Digest article, "A Century of Quality", Juran made the prediction that "historians in later decades will look back on the 21st century as the Century of Quality, much as the 20th century has been the Century of Productivity, largely following Frederick Taylor's model".[iii]

As we build on the legacy of the last 100 years, the fullness of Quality is maybe just starting to unfold. What a fabulous time to be working in Quality, exploring new dimensions, participating in the industrial scaleup of Quality, and perhaps seeing a coherent theory of Quality management emerge and take its place alongside other theories of management.

The Future of Quality is NOW!

[i] *Foley,K.; Hensler,D.; Jonker,J. 2007, Quality Management and Organization Excellence, Sydney, SAI Global Limited*

[ii] *Foley, K. 2004, Five Essays on Quality Management, Sydney:Consensus Books, p.96.*

[iii] *Paton,S., "A Century of Quality: An Interview with Quality Legend Joseph M. Juran", Quality Digest, February 1999, https://www.qualitydigest.com/feb99/html/body_juran.html accessed 8 November 2019.*

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Note: Jeff's term as President of AOQ Ltd has just completed at the AGM on 13th November 2019; Jackie Stone is the incoming President; her first column will appear in QB 2020 Issue 1

Quality is never an accident. It is always the result of intelligent effort.

- John Ruskin

Getting to know Felicity Walker

Felicity Walker
Administrative Officer | AOQ

You may not recognise Felicity's name at first but if you have had any interaction with AOQ in the past 18 months, you would likely have dealt with Felicity as the Administrative Officer. Felicity maintains much of the online face of AOQ, including newsletters, magazines, events, memberships as well as support for the Board and governance of AOQ.

Felicity had utilised many quality concepts in her career before formally accepting her current role with AOQ. Felicity loves solving problems and helping people, making her perfect for this role.

Felicity is most proud of the way AOQ/NZOQ bring people together, so they can learn from each other and grow professionally. She also grows as an individual by always seeking continuous improvement in her own life, having learnt early on to make notes and record learnings so that they can be revisited and improved upon.

Considered by her closest friends to be smart, funny and caring; she is usually found laughing. Felicity is also tenacious (and maybe a bit stubborn when it matters) with a respect for honesty in others.

When not working, Felicity spends her time reading for relaxation and generally has a few books on the go at once, both fiction and non-fiction, and is currently reading "Start with Why" by Simon Sinek, and "Highgate Rise" by Anne Perry, although, being a fast reader, she may have moved on several books by the time you read this. In another life, Felicity may have become a comedy writer.

When not reading, Felicity can be found enjoying local restaurants ("anywhere I don't have to cook") or watching movies ("Bohemian Rhapsody" most recently).

One thing that surprises people who meet Felicity – she's not a millennial, having two grown up kids. Sometimes it's assumed that if you can design a website or do computer "stuff" like social media, you must be much younger (having a daughter who is an Instagram star certainly helped her in the world of social media). You might also be surprised to know that Felicity is quite a good tap dancer.

Her favourite dinner guests would include Mel Robbins (television host, author and motivational speaker) and Taylor Swift (award winning singer-songwriter).

Although having travelled a lot in her younger years (through at least 50 countries), Felicity still has a travel bucket list which includes a ride on the Orient Express (being a huge Agatha Christie fan), which explains her most prized possession – the knowledge and memories in her head.

Next time you interact with the AOQ say hello to Felicity, the person behind the machine, keeping the wheels in motion.

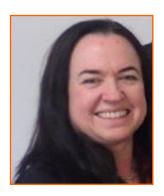Profile by **Louise Edgley |** Aurecon, AOQ

Practical Tools for improvement: Process decision program chart

Dr Jackie Graham
FACID, FAOQ,SMASQ

In my previous article in the last issue of *Quality Business* we focussed on the implementation of a goal or idea using one of the seven tools for planning, a systematic diagram. This issue we continue the theme by turning our attention to the process decision program chart, which is also one of the seven tools for planning, often acronymed as *PDPC.*
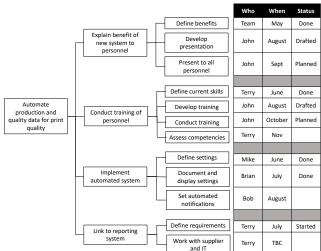
The aim of a process *decision* program chart is to anticipate issues and develop contingency plans when implementing a goal, thus increasing the chances of a successful outcome. Whenever a plan is implemented things can go wrong, the *process decision program chart* helps us understand what could go wrong and to help anticipate and act to prevent or overcome these issues.

A *process decision program chart* is best represented as a graphical output, this improves communication of the plan and makes it easier to see any flaws or gaps. The tool itself can be done in a table, but this is not recommended.

A *process decision program chart* is usually used when implementation is complex, large, or needs the support and input of a team. It is particularly useful if a new process is being planned as it helps build understanding and consensus on how the plan will evolve. The *process decision program chart helps* reduce uncertainty and increases confidence in a team that the plan will be successful. By using a *process decision program chart* as

a tool in the planning process the implementation of the plan should be more efficient, smoother and focused. The tool is usually used in the planning phase, although less used as a real time tool, it can still be extremely useful to get an implementation plan back on track and prevent further issues occurring.

To start a *process decision program* a plan is needed, often this is in the form of a *systematic diagram* or a *flow chart.* In the example included, the *systematic diagram* from the last article is being used, which shows us a plan to *"Automate production and quality data for print quality"*, it is shown in figure 1. One leg of the *systematic diagram* has been taken to demonstrate a *process decision program chart* which is "Conduct training of personnel".

Figure 1:

			Who	When	Status
		Define benefits	Team	May	Done
	Explain benefit of new system to personnel	Develop presentation	John	August	Drafted
		Present to all personnel	John	Sept	Planned
		Define current skills	Terry	June	Done
Automate production and quality data for print quality	Conduct training of personnel	Develop training	John	August	Drafted
		Conduct training	John	October	Planned
		Assess competencies	Terry	Nov	
		Define settings	Mike	June	Done
	Implement automated system	Document and display settings	Brian	July	Done
		Set automated notifications	Bob	August	
	Link to reporting system	Define requirements	Terry	July	Started
		Work with supplier and IT	Terry	TBC	

To be really successful, a *process decision program* should be completed by the team involved in the design and implementation of a plan. The aim is to review the steps of the plan and map out any conceivable event that could occur that would disrupt the plan, and then develop a preventative action or contingency. So, the wider the input into the process the better. Consider:

- What are the potential problems?

- What could prevent the plan being effective?

- What could cause inefficiencies?
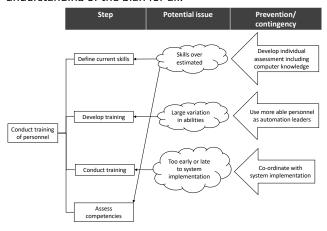
- What could cause delays?

There is obviously a balance in this tool between being too superficial and being overly complex; this is the most difficult aspect of the tool. If an overwhelming number of ideas occur as potential issues, prioritise them by considering their likelihood and the impact they would have on the plan. Always remember that time spent at this stage will reduce time later and will make the plan easier to implement. When planning, there can be a reluctance to bring potential issues into the light, however the whole point of this tool is to bring them into the light and deal with them.

For each issue ideally an action can be put in place to prevent its occurrence, but this is not always possible, and it may be necessary to develop a contingency instead. The aim is to nullify the potential issue in the most effective and efficient manner and keep the plan on track. This kind of review of a plan may cause substantial change as it will expose any flaws.

The completed example can be seen in figure 2. During the plan discussion the team became particularly concerned about the abilities of the shopfloor team, it is easy for people to indicate understanding when in fact they did not want to expose a lack of knowledge. Hence, a thorough individual assessment at the start of the process was seen as essential. It was also understood that some personnel would find the skills more difficult to learn. There was also concern that if the training was conducted too early the skills would be forgotten before the system was implemented; too late will also cause issues. So the timing of the training was seen as critical to the success of the plan

When completed the team should feel that the plan is comprehensive, that potential issues have been anticipated and that there are no gaps. The *process decision program chart* can then be used to show others the depth of planning that has been conducted and increase the

Figure 2:
understanding of the plan for all.

The *process decision program chart* ideally will be monitored during implementation and updated.

An extension of this tool is a *Failure Mode and Effects Analysis* which is used in new product development and in production processes.

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Dr. Jackie Graham is the managing director of Statistical Edge a business improvement consulting company. Her doctorate is in the application of quality management and statistics in the automotive industry. She has worked as a business improvement consultant in a variety of industries for the last 30 years. She was privileged to work with Dr. W. Edwards Deming over the last 5 years of his life.
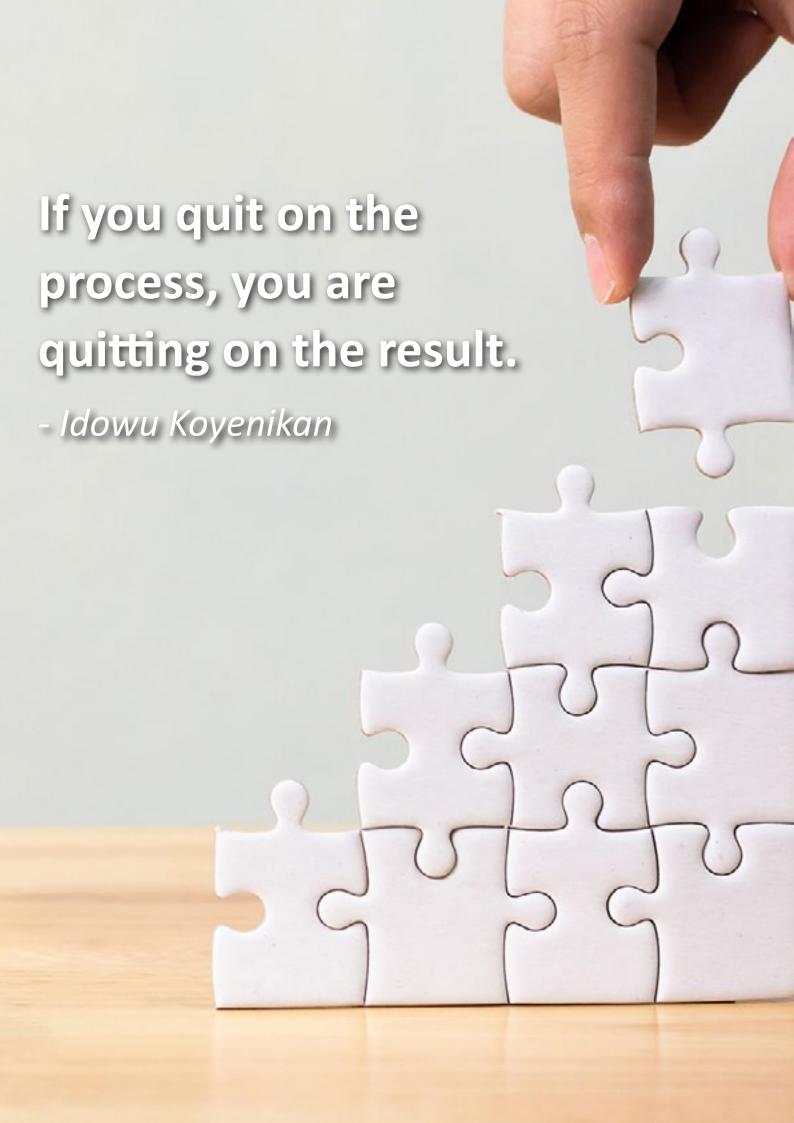
If you quit on the process, you are quitting on the result.

- Idowu Koyenikan

Maintaining certification after being certified

Authors: Liang Lijuan and Ai Zhonglin

CHINA ENERGY CONSTRUCTION GROUP SHANXI ELECTRIC POWER CONSTRUCTION THIRD CO., LTD.
Project Management Department

Article translated for Quality Business by Janet Johnson, QB China Quality Journal Editor, and republished by permission.

There is much excitement and enthusiasm when a business takes the decision to embark on the journey to become third party certified to one or more ISO Standards. The work leading up to achieving certification is both intensive and also self-energising. Everyone involved knows what's expected of them and the journey is relatively short. The scope of work is well defined and everyone takes personal pleasure in the opportunity to participate, learn and contribute to a project that will provide great benefit to the organisation. Once ISO certification is achieved the task of developing and maintaining it can become very different. The development and maintenance task can be more challenging in many ways as the energy and enthusiasm that filled everyone's hearts in the period leading up to certification is replaced with a more disciplined long-term formal program. This article tells of the post certification experience of a senior manager who works in a Chinese electric power infrastructure construction business. Some important and helpful suggestions are put forward that may assist other businesses who face similar challenges.

MAINTAINING CERTIFICATION AFTER BEING CERTIFIED

After reflecting on 31 years' industry experience as a manger in a Chinese electric power infrastructure construction business, I feel that it is more difficult to maintain ongoing certification than it is to achieve initial certification. Achieving ISO certification is crucial for success in this day and age in a market economy environment. It becomes a source of competitive advantage over those who are not certified. However, our experience, like many other companies, shows that after everyone's tremendous effort to obtain certification, there is a feeling that the task has been completed and the job is over. The desire to strive for ongoing standardisation gradually gets weaker and the enthusiasm slowly diminishes. Maintaining certification becomes more of a challenge.

Operating a business has become increasingly regulated and stringent in China. The facts tell us that once you have embarked on the journey to get ISO certified, you should do your very best to maintain it. "Quality is boundless". When confronted with Standard upgrades, changes on how businesses operate and adjustments to organisational restructures, it is always important to persevere and continuously improve in order to maintain the effectiveness of the management systems and retain certification. Otherwise certification may be lost or suspended. To avoid the above, it is crucial for us to retain our enthusiasm and drive. Managers need to continue to provide ongoing support to maintain certification to ensure management systems are compliant, practical, scientific, systemic and workable and to enable end-to-end processes to be effectively controlled.

Some things are easy to say but sometimes these things are more difficult to do. Many people question the benefit of ISO certification and whether we should retain it. I think ISO certification is an essential part of our business and would like to share my experiences with this topic. I have set out what I believe are the five critical areas that underpin our successful ongoing certification maintenance program.

1. VALUE IS THE KEY

As the saying goes: "The head of the train determines how fast and how efficiently the entire train will move". If the business leaders support and value something, the task in achieving that something becomes much easier. This especially applies to maintaining certification. If executive staff at all levels of the organisation take the lead, demonstrate commitment and are supportive, maintaining an ISO certified management system becomes much easier. So, what are the leaders' responsibilities in maintaining certification? In my view these are 3 main areas:

Firstly, leaders at all levels have to understand their responsibilities in relation to the businesses' management

systems. They need to demonstrate their commitment to develop and implement the key sub-systems that underpin ISO compliant Quality, Environment and Occupational Health and Safety outcomes. They also need to properly manage the complex relationships between ISO compliance, business operations and profitability. Secondly, good leadership is important to guide staff to work towards common goals, share common values and develop professional ethics. Leaders must understand that it's everyone's job to enhance customer satisfaction, strive for excellence and efficiency, and understand safety and environment legislative requirements. Thirdly, leaders need to provide the necessary resources and training required to maintain certification.

2. RAISING AWARENESS IS A PREREQUISITE

Process standardization is a complex and detailed task and relies on the participation and effort from all staff in an organisation. It is essential to raise staff awareness of the importance of the role they play and to develop and maintain their enthusiasm. It is also important to cultivate the right mindset. Everyone must understand that the goal is more than just getting certified. Staff need to understand the benefits of implementing and maintaining an effective management system. If a wrong or misguided mindset is let to flourish, it will have an adverse impact on standardised process control. Staff need to be trained and educated so they understand that maintaining an effective management system is a long-term commitment. It is an integral part of the business and is every one's responsibility, irrespective of their position in the company. They also need to understand that certification can be suspended or cancelled if systems are not managed and maintained effectively. Everyone has to make the effort to maintain certification and it is therefore a never-ending but fruitful journey.

3. REVISED AND IMPROVED SYSTEM DOCUMENTATION

Revised and improved system documentation is the foundation of a successful operation. Our management system documentation has been reviewed and updated eight times since 1994 and has now been certified to three ISO standards. An effective management system is not solely there to satisfy ISO requirements, it needs to be a user friendly and practical platform for everyone to use. Documentation needs to be constantly reviewed and updated in order to achieve the desired outcomes. If issues or gaps in operational processes are identified, they need to be addressed with each individual and each function so they understand their roles and accountabilities with respect of the core processes. Inter-relationships between the core processes at different levels can be streamlined by improving the interactions between functions which will in turn result in a significant improvement of the management systems performance.

STANDARDIZATION TRAINING IS IMPROVING OVERALL QUALITY OUTCOMES

Standardization should be founded on the concept of "start from education and finish with education". To promote the continuous effectiveness of the management system, it is essential for all staff to be adequately trained.

Quality awareness is the first key part of the training. Through quality awareness training, employees learn to understand just how competitive the electric power infrastructure market is. They also become aware that here are a number of ways that can enhance customer satisfaction, increase market share, business growth and profitability. Things that influence the above include scientific management, strict adherence to procedures, establishing and following the company's Quality, Environment and Safety policies, pursuing best practice, initiating quality enhancement projects, compliance with laws and regulations, saving energy and reducing consumption, clean production, green and environment protection, respecting everyone's wellbeing, civilized production, controlling or eliminating risks, etc. Through quality awareness training, employees are encouraged to care about the business, place emphasis on the quality of their project management activities and the need to always produce high quality outcomes.

System documentation is the second key part of the training. Training can be delivered either in the classrooms or on the job. Training is based on the principle of "what to manage, what to learn, what to follow". Training and guidance can also be provided while inspections are carried out. Through system documentation training, staff will be more familiar with standardised processes. Having system documentation deeply bedded into the business, employees are more willing to implement the system and

achieve the desired high-quality outcomes.

Technical skill is the third key part of the training. Successful outcomes in the electric power construction industry are dependent on a high level of the staff competency and their ability to perform jobs.

5. INTERNAL AUDITS ARE THE CORNERSTONE

Internal Quality, Environment, Occupational Health and Safety audits provide the ongoing process of self-systemic assessment of the management system's adequacy and effectiveness. Internal audits are an essential management tool to be used to assess process conformity and evaluate performance. They identify processes that require attention and improvement and are the mechanism to ensure the management system remains fully implemented and effective.

Strengthening internal audit effectiveness involves increasing the frequency of internal audits and placing a greater focus on value adding activities. A quality assurance and improvement program should also include internal assessments. Internal assessments should include ongoing performance monitoring of internal auditors. A well-designed auditing program should have experienced and technically competent internal auditors. The performance of an internal auditor can be improved by using a method called "going out and coming in". A self-assessment program is essential for internal auditors to evaluate

their own technical competency. It can also be used to encourage internal auditors to set personal goals in pursuit of continuous personal improvement.

Internal auditing activities must be carried out in a planned, organised and systematic fashion. Improved internal audit outcomes are not only achieved by increasing the frequency of audits. Improved outcomes are also influenced by strengthening the impact of internal audits and improving the quality of internal auditor performance. Internal audits require a certain level of depth and breadth. Based on the contents and characteristics of the audited area, internal audits are aimed at identifying problems, root causes, rectifying non-conformances and developing corrective actions to achieve closed loop management and a favourable circle of "establishment-implementation-maintenance-continuous improvement" so that the management system can always retain its suitability, adequacy and effectiveness.

I think the above five areas are the key elements for an organisation to focus on to maintain ongoing certification. It can be a challenging task to ensure all these elements are maintained and implemented after certification is initially achieved. With proper attention to each of the above areas, the task can be made much easier and achievable.

Getting to know Janet Johnson

Janet Johnson
QB China Quality Journal Editor

Janet was born in Shanghai and came to Australia in 2000 to further her education and progress her career. She has a Bachelor's degree in Chemical Engineering and a combined Master's degree in Business Administration and Information Technology. She has over 20 years' experience working in Quality and Management Systems with Global leaders in both the manufacturing and engineering consulting sectors. Janet currently occupies the dual role of Quality and Management Systems Business Partner and Global Audit Manager for Volvo Group Australia. The Volvo Group is a Global leader in the design, manufacture and distribution of high quality trucks, buses, construction equipment and industrial/marine engines. It operates in more than 190 countries and employing around 100,000 people.

Janet is a long-standing member of Australian Organisation for Quality. She is excited about her recent appointment as Journal Editor for the Australian/NZ and China Quality Business Journal. She looks forward to be able to contribute to both the Australian, New Zealand and Chinese Quality Communities.

QB Editor's note: China Quality is the prestigious publication of the China Association for Quality. Since Quality Business (QB) commenced publication in 2016 over ten QB articles have been selected by the China Quality editors and republished in Mandarin. This has allowed our authors to be widely read in China. The article above by Liang Lijuan and Ai Zhonglin and translated by Janet Johnson is the first reciprocal article from China Quality to be published in Quality Business.

We anticipate that this will be the start of a series of translated articles going forward. Our thanks to Janet Johnson, our QB China Quality Journal Editor, for facilitating the selection and translation of articles.

QB Co-editor. **Dan Forsman**

Quality is not an act, it is a habit.

- Aristotle

APQO Bali, 14-16 October 2019

AOQ and NZOQ are members of the Asia Pacific Quality Organisation. The 2019 APQO Conference was hosted by IQPMA, the Indonesian Quality organisation. It comprised two conference days, followed by a day of industry tours, and was preceded by the Core Council meeting of APQO on the Sunday.

The Core Council is the Board of APQO. AOQ and NZOQ are both founding members of APQO, and we take our involvement in Core Council seriously. We participate actively to influence Quality in this region.

There was a record attendance of international visitors (i.e. those from outside Indonesia) of 385, giving a total attendance of 790 – although the majority of those were participants in the ACE teams competition and the GPEA performance excellence competition. It was positive to see a healthy gender balance and many younger and mid-career people attending.

ACE teams are presentations by groups representing various firms throughout Asia, showcasing improvement projects they have undertaken. They are very competitive and enthusiastic, dressed in team uniforms. It would be great to see Australian firms participate.

Felicity Walker and new-found friends

Jeff Ryall with the APQO flag, with Martin Andrew (behind) and Mangalika de Silva the new APQO President.

The Global Performance Excellence Award (GPEA) is open to organisations that have achieved Business Excellence recognition in their own country. It's a showcase of excellence from across Asia.

There were nine participants from Australia and New Zealand including our two Presidents: Jeff Ryall representing AOQ and Abraham Fenn representing NZOQ.

The opening ceremony was spectacular, featuring Balinese dancers. The conference was opened by Mr Bambang Satrio Lelono, Director-General of Training and Productivity Development, Indonesian Ministry of Manpower who, after a short speech, struck the ceremonial Balinese gong. He was followed by two keynote speakers: Mr Wahyu Hidayat (Founder of the Excellence Forum of the State Owned Enterprise) who spoke on the value of business excellence, and Dr Charles Aubrey (Chairman of the APQO International Advisory Panel, and a co-founder of APQO) who spoke on 'Leadership, Teams and Measurements Pursuing Excellence', drawing on insights from his time at Anderson Packaging, a major US drug and associated paraphernalia manufacturer.

Abraham Fenn and Jeff Ryall at the APQO Core Council meeting, with Pat La Londe looking on..

There were numerous presented papers in two parallel streams, one of the highlights of which included a presentation by Patricia La Londe (the ASQ representative) who examined the four eras of quality corresponding to the four eras of industry development (steam era → cyber era).

Australia and New Zealand provided a major thought leadership presence at the conference, contributing five of the 16 concurrent stream presentations, in addition to Martin Andrew's (Adelaide) plenary presentation on 'Delighting Stakeholders' which drew heavily on a new (2019) publication "The Stakeholder Approach to Organizational Sustainability" Standards Australia Handbook 186 (which AOQ members Michael McLean JM and Darryl Yaniuk JM helped write):

• Diane Gibert (Melbourne) on a new standard for the recruitment industry (TES) which has been endorsed by JAS-ANZ;

• Greg Lemaire (NZ) presented a new approach work process stability and adaptability with a great diagnostic tool for assessing process integrity;

• Jeff Ryall's (Melbourne) paper unpacked the learnings from a case study on compliance management in Australian Local Government;

• Matthew Rathinam(Sydney) presented a very interesting paper on 'Value Proposition Centered EQMS Framework';

• Beryl Oldham's (NZ) presentation on the value of business excellence was also a great contribution.

Meanwhile Branka Malinovic (Perth; AOQ Board) actively participated, and as Co-Chair and local Perth lead for the 2020 Perth Conference, engaged closely to draw learnings from this event.

There were an additional five parallel streams for the ACE teams presentations. These were enthusiastically presented and included some excellent case studies. The energy of the ACE participants was particularly noteworthy. There was also one session of the conference devoted to short presentations by the seven GPEA performance excellence finalists which added real value to the conference.

Asians tend to do events well, and the Indonesians were no exception. The conference dinner was professionally hosted, and featured Balinese traditional dancers. The dinner was dominated by the presentation of the many awards (Individual, and various categories of ACE, GPEA and Best Practice).

Abraham Fenn and Bob Mitchell (Fiji; new head of APQO Awards) with friends.

Abraham Fenn and Jeff Ryall in local dress.

Felicity Walker (AOQ Admin) managed the AOQ booth in the foyer and encouraged people to register their interest for the next APQO (and Qualcon) Conference in Perth 18-21 October 2020. A draw was held for a free 2020 conference registration. This was won by Andre Lim from Sri Lanka – who was almost more excited to receive the Australian cricket team T-shirt that was also included!

The final event was the formal handover of the APQO flag from the Indonesian team to the Australian team. The dinner concluded with the screening of the promotional video for next year's conference which, as well as promoting Perth, included a short invitation to attend the next APQO/Qualcon conference, spoken in

each of the languages of APQO https://animoto.com/play/GARSs2WMuKBtELqV6lJXXw?autostart=1. That had real wow! factor – thanks to all who contributed to this production.

This conference was great. Next year's will be fantastic. Mark your diary (October 18-21, 2020, Perth) and stay tuned. Planning is well underway. We have particularly noted the many excellent features of the Bali conference and will be sure to incorporate them into Perth.

Martin Andrew, Jeff Ryall, Branka Malinovic and Felicity Walker

Members of the AOQ Delegation to APQO Bali

Save to date! Initial announcement of AOQ hosted APQO in October 2020 in Perth (& Qualcon 2020)

**Excellence
always sells.**
- Earl Nightingale

Delighting Stakeholders

Dr Martin Andrew BSc (Hons), PhD, FAOQ, GAICD
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Stakeholders have been a major focus throughout Martin's career, which has ranged over: University student politician (delivering value-for-money services from the student Union fee), national agricultural researcher (influenced by farmer advisory committees), higher education academic program leader (subject to industry-based course advisory committees), environmental consultant (undertaking stakeholder engagement), engineering services quality leader (improving processes to be more effective for the users; focussing on clients' needs), ISO consultant and auditor (Management System Standards in which the perspectives of my clients, and the needs of their stakeholders, are paramount), and a Company Director (where the focus is now very much on understanding the needs of all stakeholders).

Martin is a Director of AOQ Ltd, and an AOQ Life Member.

This paper is based on a plenary presentation delivered to the APQO 2019 Conference in Bali in October.

WHAT IS A STAKEHOLDER?
Wikipedia defines a stakeholder as "*a person or organisation with a legitimate interest* in a given situation action or enterprise". Note that:

• A stakeholder can be a person or an organisation

• It is the stakeholders themselves who decide if they have a 'legitimate interest'. Others may consider themselves to be your organisation's stakeholders that you have not recognised.

• ISO uses the term 'interested party', a term which better accommodates the 'self-identified' stakeholder.

There is a useful new Australian reference which I draw upon: *"The Stakeholder Approach to Organizational Sustainability"* (Standards Australia 2019).

TYPES OF STAKEHOLDERS AND THEIR NEEDS AND EXPECTATIONS
There are many different types of stakeholders, as this table shows.

Stakeholder Type	Comments
Shareholders / Owners	*In this past their interests were considered the most important*
Management	*Considered to have distinct needs and expectations from other employees*
Employees & other workers	*Australia-NZ WHS legislation and the ISO 45001:2018 Standard considers workers of all kinds regardless of their employment status*
Biophysical environment	*Considered to be a stakeholder since the rise of environmentalism i.e since the Rio de Janeiro U.N. Earth Summit in 1992)*
Local community	*Due to their proximity*
Customers	*Includes, e.g., the (fee-paying) parents of children at a school*

Suppliers	*Of goods or services*
Government regulators	*The organisation can choose whether to adopt the needs and expectations of all other stakeholders except this kind – organisations must obey the law!*
Collaborators	*Includes Joint-Venturers, Alliance partners, people in Co-working spaces*
Volunteers	*These are a special kind of collaborator. They are considered 'workers' in WHS Standard ISO 45001:2018*
Supporters	*Especially relevant for sporting clubs and some cultural organisations such as symphony orchestras*
Media	*An example of a self-declared stakeholder*
Industry & Professional Associations	*May have codes of conduct that members sign up to*
[Competitors]	*These are generally not considered stakeholders. They are part of the external context to which the organisation must respond.*

What are the typical needs and expectations of stakeholders?

Stakeholders' Needs and Expectations
Financial honesty
Knowledge & intellectual capital adequately protected
Environmental & social sustainability
Legitimacy – credibility & substance
Quality – product / service
Appropriate collaboration
Appropriate Innovation
Worker health & safety
Information security
Risks well managed
Social responsibility
Reputation
Ethics & morals
Planning & strategy
Independent 'Certification' to verify or validate the organisation's claims

These are self-explanatory; nevertheless a comment about 'legitimacy' is appropriate. The Australian Organisation for Quality Ltd (AOQ), with which I am closely involved, has as its Purpose *"to provide leadership in quality that drives a strong, competitive Australia",* as its Mission *"to make quality meaningful, compelling and satisfying"* and as its Vision *"to be recognised globally as the intellectual and practical heart of quality in Australia".* To have legitimacy, AOQ must have credibility in Quality and back that up with activities that validate this (such as organising monthly 'Café Quality' events around Australia; publishing a monthly eNewsletter; publishing a Quarterly magazine 'Quality Business' (jointly with NZOQ), and holding a biennial Australian Quality conference, Qualcon). Similar expectations apply to other similar Quality organisations.

Recently in Australia there was a Royal Commission into Australia's financial services in response to stakeholder outrage. As the result of his deliberations, the Royal Commissioner, retired High Court Justice Kenneth Hayne, set out six cultural norms that society expects financial services organisations to exhibit (Hayne 2019). They also nicely summarise the general needs and expectations of stakeholders:

1. Obey the law

2. Don't mislead or deceive

3. Act fairly

4. Provide services [& products] that are fit for purpose

5. Deliver services with care and skill

6. When acting for someone else, act in their best interest.

WHAT CAN HAPPEN WHEN STAKEHOLDER NEEDS AND EXPECTATIONS ARE NOT MET?

Our news and current affairs are full of examples of what can happen when companies don't meet the needs and expectations of their stakeholders. Recent and well-known examples include:

• Australian Banks abusing their customers' trust and misleading government regulators – this led to the Australian Financial Services Royal Commission (Hayne 2019), the findings of which are being adopted by government. These will make banking operations more difficult by subjecting them to more requirements and more oversight by regulators. Some former Banking CEOs and Directors have been removed and some may face jail time.

• Aged care and nursing homes abusing their patients – this led to the Australian Royal Commission into Aged Care Quality and Safety (currently in progress) which will lead to more stringent requirements and more regulatory oversight, and punitive measures against some operators.

• Volkswagon (VW, and other automobile companies) faking diesel emissions tests and hence abusing the trust of their customers and the regulators – which has led to massive fines, loss of market share, reduced company values and penalties for senior employees and board members.

• Short-sighted cost savings (examples include Boeing 737Max (e.g. Tkacik 2019), Takata airbag failures) – leading to reduced company values as well as direct penalties.

Development proposals (such as for major urban infrastructure) is another area in which I have observed the consequences of taking short-cuts in community consultation, meaning that the consultation is tokenistic – it 'ticks-the-boxes' but is not genuine. This can lead to community outrage, reputational damage of the development proponents (and of the government agencies that have accepted it) and ultimately to delays in development projects or to community resistance during their implementation. It is estimated that around $20 billion worth of infrastructure projects was delayed, cancelled or mothballed due to community opposition over the past decade in Australia (Infrastructure Australia 2019).
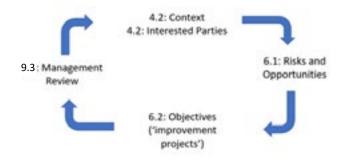
The key point is that ignoring stakeholders sometimes becomes an existential threat for an organisation.

STAKEHOLDERS IN GLOBAL FRAMEWORKS

Given the importance of genuinely taking the needs and expectations of stakeholders into account it is unsurprising that various global frameworks recognise the importance of stakeholders:

- ISO Management Systems:
    - The ISO 'High Level Structure' (HLS) is a set of 10 clauses that all ISO Management System Standards are required to use (i.e. Standards such as ISO 9001:2015 (Quality Management), ISO 14001:2015 (Environmental Management) and ISO 45001:2018 (Occupational Health and Safety Management)). These all begin substantively with understanding the context of the organisation (Clause 4). Clause 4.2 of the HLS is a requirement to identify an organisation's interested parties and to understand their needs and expectations. Thus stakeholder analysis is fundamental to each of the Management System Standards.
    - There is an elegant logic to this, which my experience informs me that not everyone understands. By beginning with a thorough understanding of organisational context (including the needs and expectations of stakeholders, Clauses 4.1, 4.2), the risks and opportunities facing the organisation can be determined comprehensively (Clause 6.1), which in turn means that improvement Objectives (i.e. improvement projects) can be identified that will reduce risks or pursue opportunities. And all of this is reviewed at least annually in Management Review.

- The ISO Quality Management standards also have a section dedicated to the control of a special kind of stakeholder: the external provider (formerly called 'supplier') of a process, product or service.

- PMBOK (Project Management Book of Knowledge; PMBOK® Guide – Sixth Edition 2017) – its Knowledge Areas include 'Project Stakeholder Management'.

- Business Excellence, e.g.,:
    - EFQM (EFQM, 2013) includes Eight core values (#1: Adding value for customers); Five 'enablers' including 'People' and 'Partnerships'; and Four 'results' criteria including 'People', 'Customers', 'Society'.
    - Baldrige (NIST, 2019) includes 11 core values (which include Customer-focused excellence, and Valuing people); and seven aspects of organizational management and performance including Customers and Workforce.

- International Association for Public Participation (IAP2, 2014) has a 5-step Public Participation Spectrum that ranges from merely informing stakeholders at the lowest end, through to empowering stakeholders at the highest.

- Corporate governance. Stakeholders are increasingly being recognised as central to organisational success. The Australian Corporations Act (2001) says Directors must exercise their powers and discharge their duties in good faith in the best interests of the company as a whole. In the past this has been narrowly interpreted to mean that the Board must primarily focus on the needs of shareholders. That is no longer the current view. Kenneth Hayne, the Australian Financial Services Royal Commission, stated that "The longer the period of reference, the more likely it is that the interests of shareholders, customers, employees and all associated with any corporation will be seen as converging on the corporation's continued long-term financial advantage" (Hayne 2019). In other words, the best interests of a company as a whole means for it to be sustainable, and to achieve this Directors must adopt a long-term view and take into account the needs of all stakeholders not just shareholders' short-term interests.

THE STAKEHOLDER APPROACH TO ORGANISATIONAL SUSTAINABILITY

The new Standards Australia Handbook on Stakeholders (Standards Australia 2019; mentioned earlier) sets out seven elements for incorporating the stakeholder approach to achieve organisational sustainability. These are summarised in this diagram taken from that handbook:

Figure 1 - Seven elements of stakeholder approach to organizational sustainability

A useful construct for identifying stakeholders and their needs and expectations is to create a stakeholder matrix where categories of stakeholder are crossed-tabulated with the strategic imperatives of those stakeholders.

DELIGHTING STAKEHOLDERS

Fundamentally, delighting stakeholders is a matter of mindset (supported by enabling processes, obviously). My experience is that you must:

- Be genuine, not tokenistic, in dealing with stakeholders:

- Put yourself in your stakeholders' shoes so you can see their world from their perspective

- Accordingly, don't take shortcuts. Remember the adages:
  - "You can be efficient with things, but you must be effective with people"
  - "Stakeholders don't care how much you know until they know how much you care"

- Obey the Platinum rule: "Do unto others as they want to be done unto!"
  The bottom line is that engaging with stakeholders genuinely and effectively is fundamental to organisational success. As Foley & Zahner (2009; cited in Standards Australia 2019) put it: "Organisations will achieve sustainable success if they behave in such a way that the expectations of interested parties … are satisfied … over the long term".

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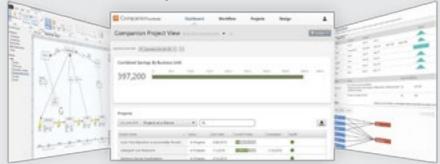NIST (2019) "2019-2020 Baldrige Excellence Framework and Criteria (Business/Nonprofit)". NIST

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To make progress we have to build a multi-stakeholder process, harnessing the appropriate energies.

- Mary Robinson

NZOQ Member Greg Lemaire Presents at APQO Conference

NZOQ MEMBER GREG LEMAIRE PRESENTS AT APQO CONFERENCE

Greg Lemaire from New Zealand presented a paper at the 2020 APQO conference in Bali last month.

An NZOQ member, Greg acknowledges to conference attendees the positive assistance of NZOQ in ensuring his presence at the conference

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