'Cradle to Success. Ups, Downs & Best Practice QMS'

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Abstract

The author discusses the history of the quality management standards/systems, where and how these were born and ups and downs of the quality management to date. He will provide worldwide, up to date, statistics of quality management systems (QMS). He explores the reasons for successes and failures of the QMS and outlines the way forward. He will outline how quality professionals can adopt and navigate through the ever changing brave new world of global business environment.

The author outlines the Integrated Business Management Systems Model that he designed and implemented in Australia that can be adopted anywhere in the world. He shows the successful KPIs, risk reduced, LTIR, environmental incident reduction and transformation of the business. Within the model the author will discuss how a Quality Professional can get the support of the Board, Executive and down the organisation. He will show how to form successful steering committee and seek commitment from stakeholders, while ensuring return on investment for the shareholders.

This presentation will discuss how to meet end to end business requirements to build a winning organisation with a harmonious workforce.

Cradle to Success: Ups, Downs & Best Practice QMS

INTERNATIONAL ACADEMY for QUALITY

World Quality Forum
of the International Academy for Quality

Budapest, Hungary
Hotel Kempinski
October 26 & 27, 2015

"Quality for Future of the World"

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Juran Medallist

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History of Quality Management Standards

Australia Lead the World in QMS/QAS 1975

- AS 1821 (Included Design)
- AS 1822 (Excluded Design)
- AS 1823 (Excluded Design and Production)

Followed by (1987)

- AS3901/ISO9001, AS3902/ISO9002, AS3903/ISO9003 based on 20 Elements + (Australian Quality Management Standards on Construction and IT)
- ISO9001 to Current ISO9001-2015 (Ready for Release)

Why International Quality Standards

- Global Trade
- Outsourcing Manufacturing to Asian Region for Economical and Environmental Reasons
- Put responsibility Where It belongs
- Government Policy/Reduce Inspectorial Staff
- Better Planning
- Have Level Playing Rules
- Kill Law of the Jungle/Multiple Certifications
- Independent Certification Accepted Globally
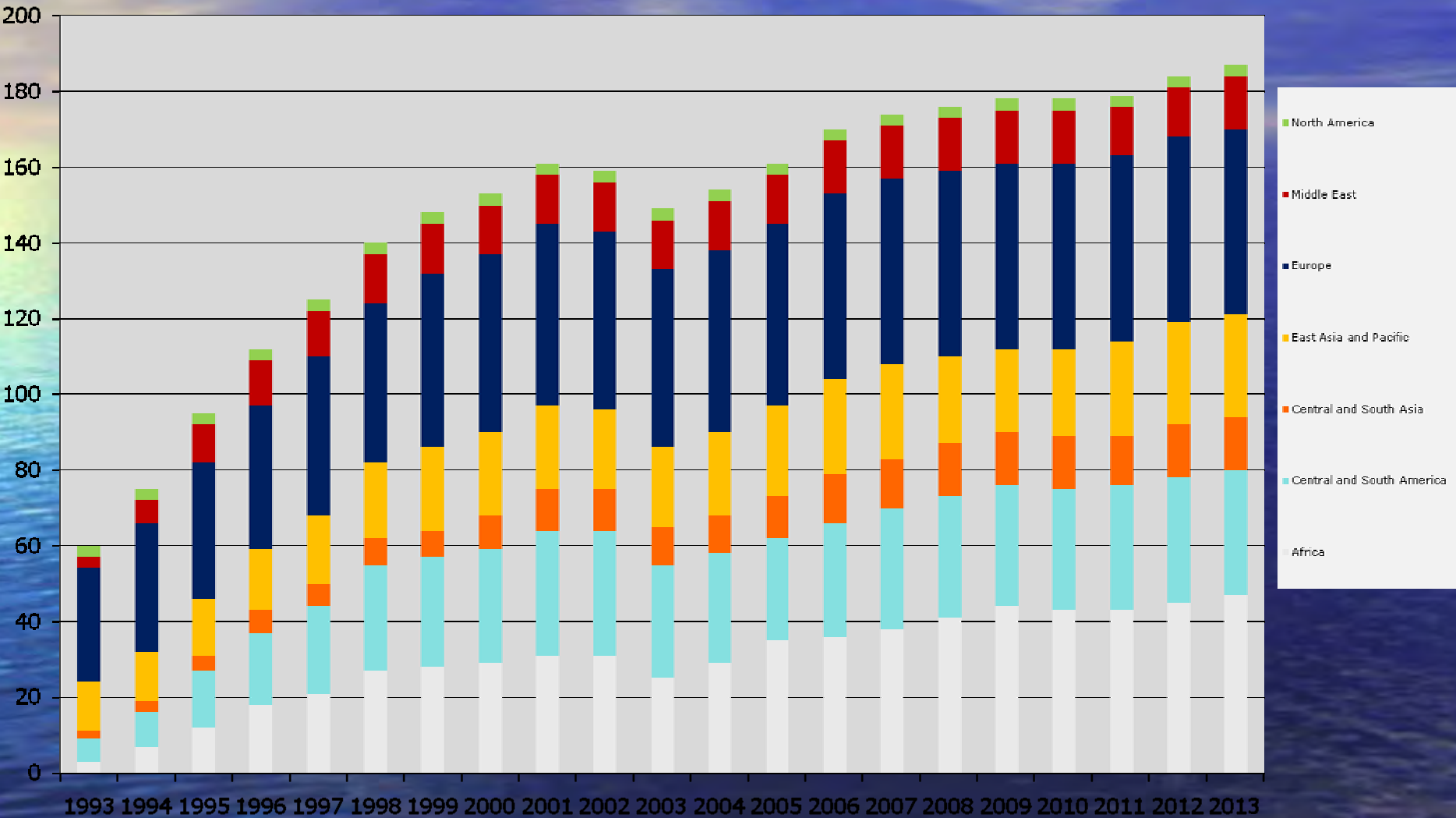
ISO9001 CERTIFICATION DATA 2006 to 2010

- Hungary

- World

(Source International Standardization Organization)

ISO 9001 Certifications in Hungary
from 2009 to 2013

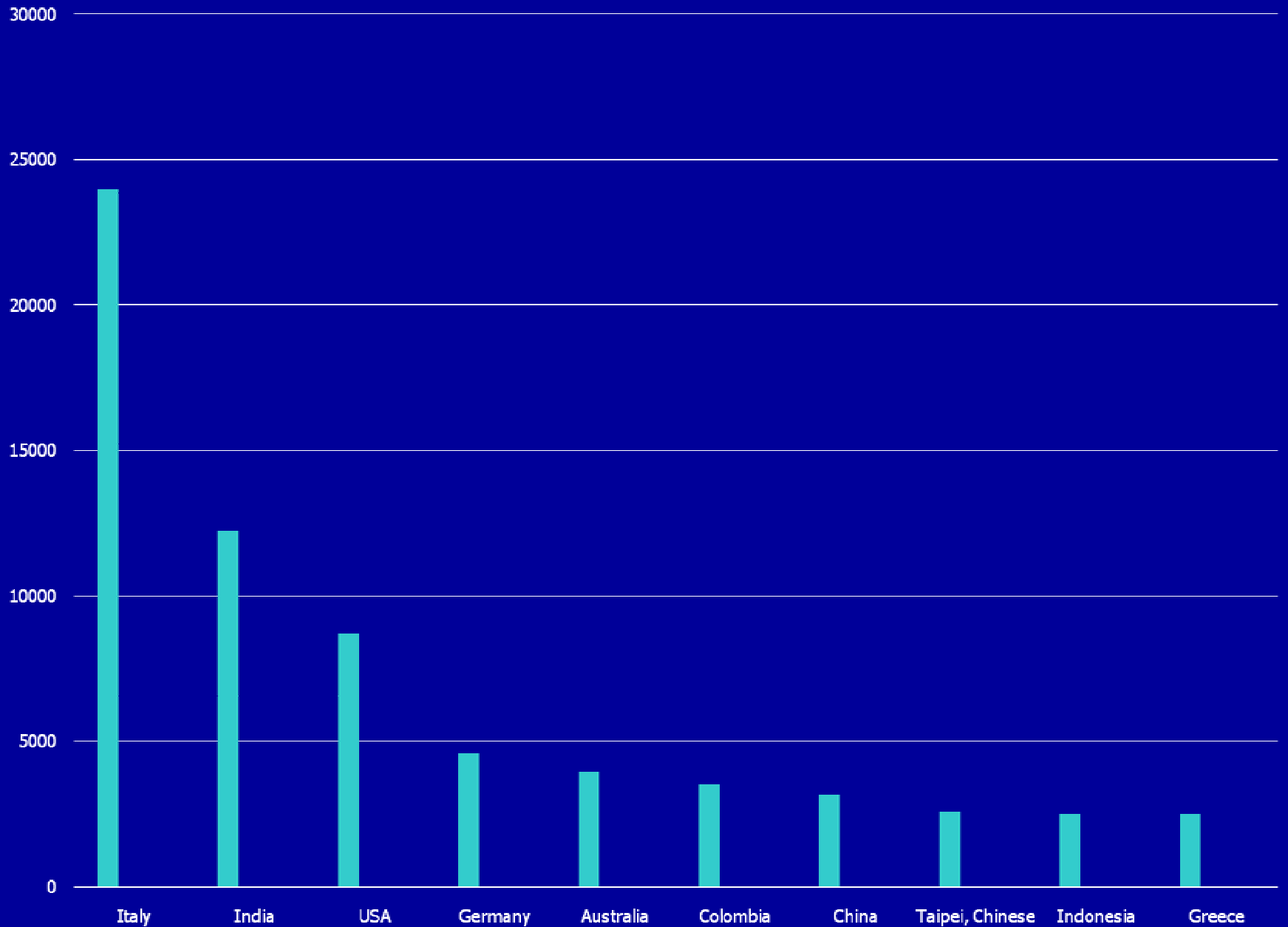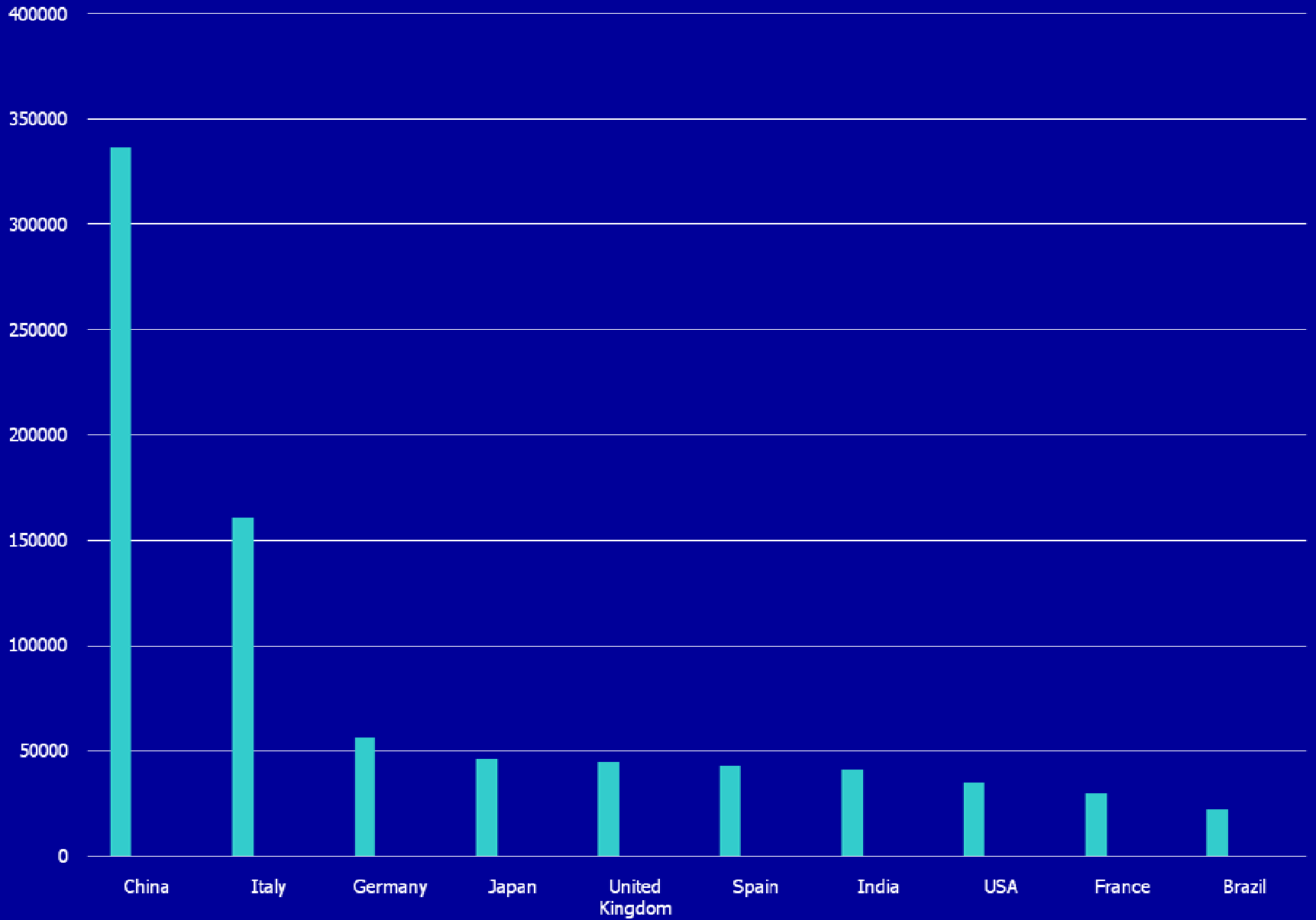| Dec.2009	Dec.2010	Dec.2011	Dec.2012	Dec.2013
7122	8083	6825	7232	7186

ISO 9001 - Number of countries / economies 187

ISO 9001 - World annual growth (in %)
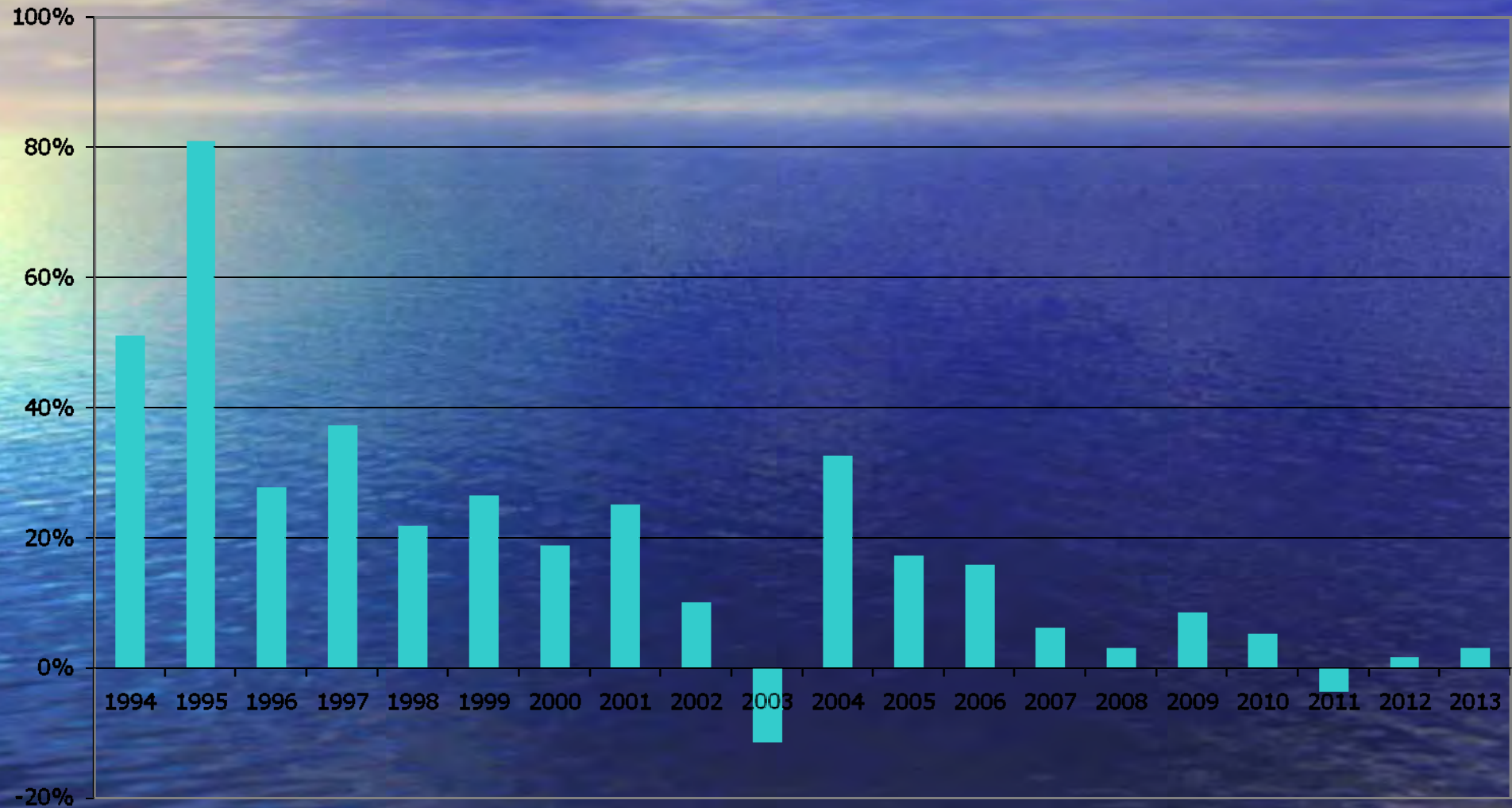
Top 10 countries for ISO 9001 growth - 2013

Top 10 countries for ISO 9001 certificates - 2013

Certification Issues/Fixes

- Some Accreditation Organizations were initially funded by the government.
- JAS-ANZ 70% from Australia Government at 30% from New Zealand Government.
- Government Deadline On Mandatory Certification Policy; Created Overnight Consultants
- Some Auditor capabilities. (CUSTOMER CONTRACT REQT)
- Sometimes when money changes hands, independence can be at risk, through customer supplier relationship.
- Some Certification Bodies want bigger share of market.
- Question of the Benefits for the End Users and Regulators

CREDIBILITY/FIX

- Lobbied The Federal Government for JAS-ANZ
- Created Quality Society of Australasia Strengthening Audit Capabilities/Registration of Auditors. CODES FOR AUDITORS.

Current Barriers

- ISO9001:2008 ??????????????????????????
- No sight/discussions of a Standard that will address all requirements of businesses globally
- Integrated standard for global end to end business requirements
- Limitations in some of the Certification audits. Global cultural differences
- High cost to manage certification business
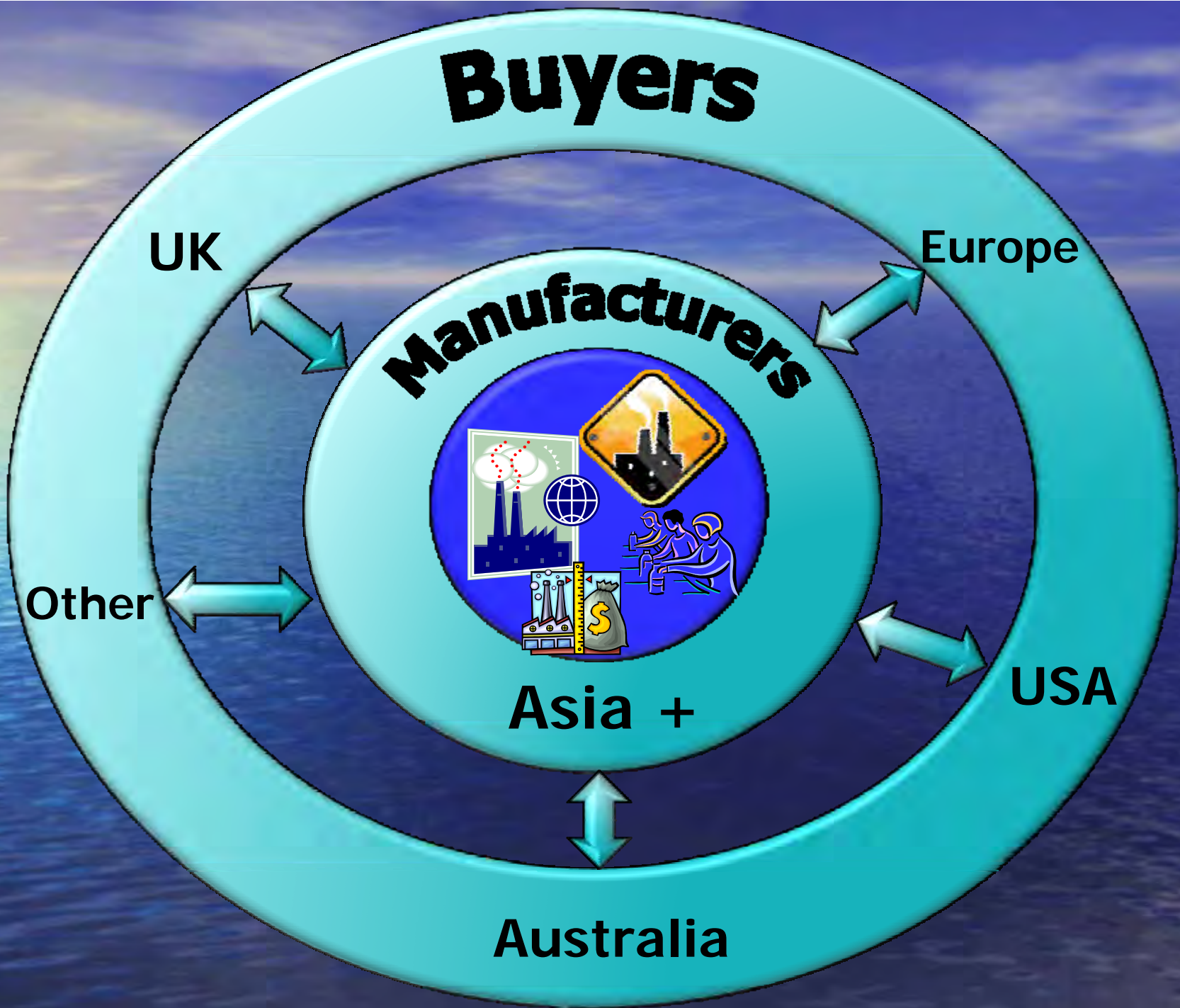
WIN WIN Strategy

The complexity of globalisation and change can create confusion, analysing Quality Manager's role in world economy.

Sustainability

Global Customer Driven

Shareholders Expectations

Vision/ISO Certification

Globalisation Politics

Stakeholder Input

Effectiveness

Empowerment

Quality Manager

- Many new programs…no way to relate them
- Loss of focus
- Overwhelmed with data on several important aspects of the business

Challenges to Quality

- Global Financial Uncertainty

- Life of a CEO

- Language barriers to communicate Board to Shop Floor

- Regulatory compliance for Safety, Environment, Risk. Quality ???????

- Lack of Skills in ever changing business environment (Change Management, Six Sigma, Lean, HR, Governance, Risk and more)

- Enemy within the Quality Profession (Attack Dog)

Fixing the Quality Profession

- Learn new language of business
- Learn new skills to survive in the 21st Century, IT, HR, Safety, Environment, Risk, SS etc)
- Business Planning
- Change and Risk Agent
- Process Improvement Specialist, Value added (Every $ saved = job Security)
- Third Generation of Quality
- Move from Compliance to Performance
- Diplomat, Versatile, Tenacious, Sales Person, Psychologist, Team Builder, Good Leader +++

- "If form follows function, then the form of the bureaucracy follows functions that were standardised, predictable, reliable and routine since the late 1800s".

- It also reflects an aphorism of diplomacy – it's nice to get people to do what you want, but it's much better to have them want what you want.

- Reform should be *facilitated*, not driven.

- People integral to the Reform's success must understand why we need a whole of government/Organizational approach.

Innovation is the real challenge in transforming any organisation and its dedicated men and women into an organisation with the shape, skills and culture to deliver; innovations come from individual passion. Leadership is vital to direct resources to innovations.

To reform customer service:
1. re-wiring how we manage and deliver services;
2. the role of contestability; and
3. the power of listening to customers and front line people.

There are two groups of people who are right: the customer and the voter!

In short, we have to change the way we manage and deliver. And change fast.
'reform: just do it!'.

Before the Journey to IBMS

- Globalised Economy
- Clearly understood shareholders expectations, ROI and Productivity
- Scanned the National and International Competitor Market
- Governance
- Voice of the Customer
- Employee commitment
- Hit List of Stakeholders, Weakness, Strengths, Limit the % input & Feed back
- Consultation and Communication Plan
- Technology & Strategy - Execution
- Changing Role of Quality
- Change Management Strategy
- Risk Management Strategy
- Modernizing the Business

The Elements of Direction

Scanning Customer and Competitor Environment

Vision

Mission

Strategy

Values

Executive Agenda

IBMS DIRECTION SETTING FOR THE JOURNEY

~~Vision~~ **Mission** **Values** **Strategy**

- Work units at cross purposes
- No enthusiasm
- Shifts in strategy every year

Vision ~~Mission~~ **Values** **Strategy**

- Confusion, disagreement about company's business
- People going in different directions

Vision **Mission** ~~Values~~ **Strategy**

- Unrestrained pursuit of vision
- Employee takes vision to far; people get hurt
- Vision pursued differently

Vision **Mission** **Values** ~~Strategy~~

- Unable to go forward
- Lack of specific action steps
- Corporate goals not linked to employee behavior

IBMS Journey Personality Assessment

Raw	Scale	Low				Medium				High	
		1	2	3	4	5	6	7	8	9	10
9.4	Co-Ordinator									●	
2.0	Shaper-Driver		●								
5.6	Evaluator-Critic					●					
10.0	Implementer										●
7.3	Team Builder							●			
8.5	Resource Investigator									●	
6.0	Inspector-Completor						●				
2.6	Innovator		●								

# Statistics on NSW

- 5 Jul 2012 – With almost one third of the total national **population**, or 7.3 million residents, **N S W** is **Australia's** largest domestic market.

- New South Wales has a land area of 801,600 sq km The colony of **New South Wales** was founded in 1788

Back Ground of Public sector

- Current Budget for Services $60 Billion

- App. Total Expenditure Corporate and Shared Services Salaries $ 2.3 Billion

- 160 Departments

NSW Government Department example
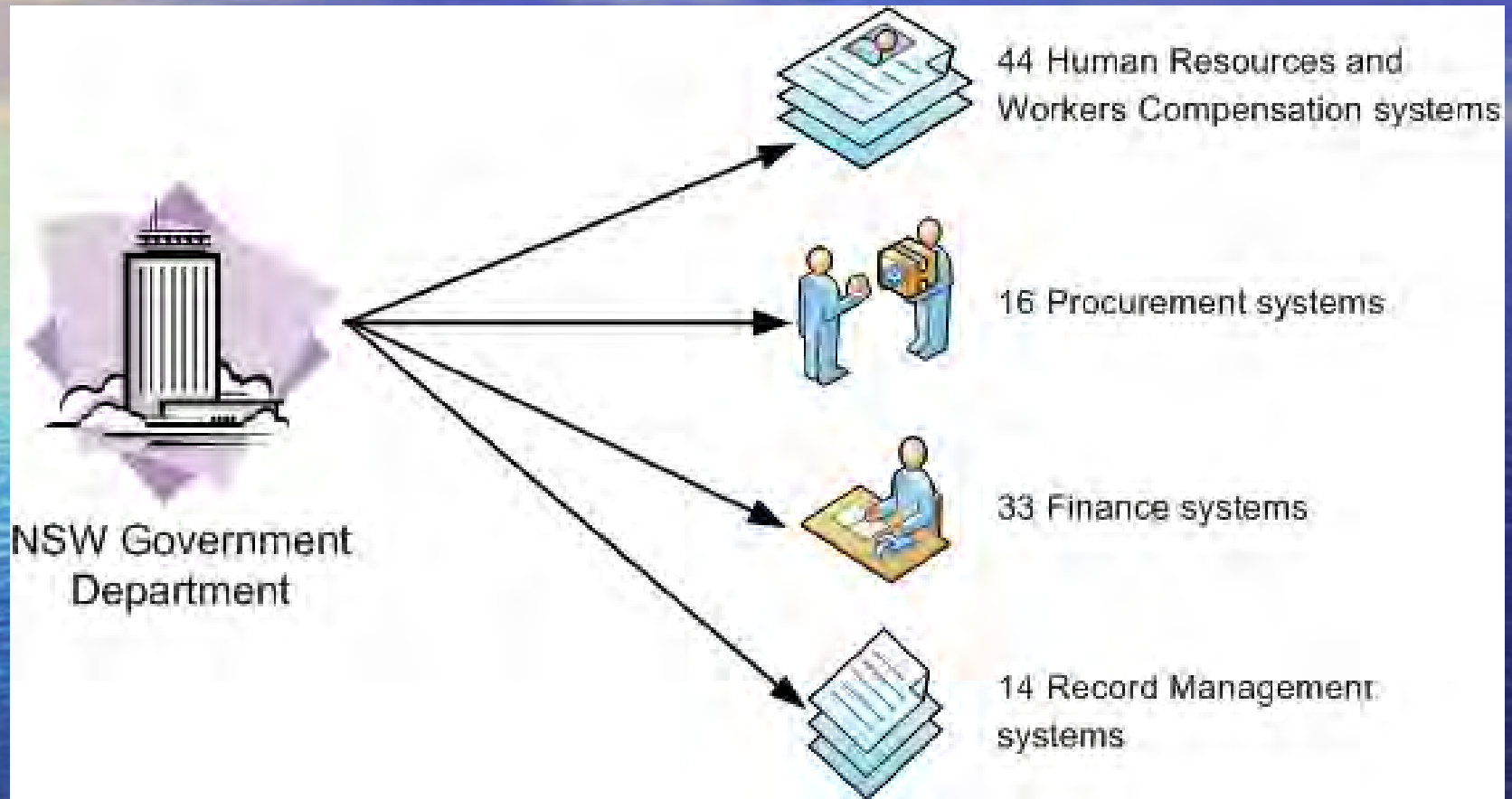
Researching and Scanning the Environment

Public Sector

Queensland Government (State)[1]

- Nearly 200,000 full time equivalent (FTE) supported by three Shared Services operations
- Single technology wholesale provider supporting the three operations
- $100m in benefits achieved

Australian Defence Force (Federal)[2]

- Single service provider including Finance, HR, procurement and base and facilities management services to 100,000 FTE
- Multi-billion dollar forecast cumulative savings over a ten year period

UK Government (International)[3]

- Six Shared Service providers servicing target of >20,000 and in excess of 100,000 FTE
- Department for Work and Pensions year one 15% savings and continuing to deliver efficiencies
- National Health Service delivered ~$500m in savings

Private Sector

Carrefour (France)[4]

- Consumer staples in France with 490,000 employees
- Shared Services Provider delivering finance, procurement and ICT services
- Three year payback on initial $170m investment

General Electric (US)[5]

- 240,000 payroll employees, $80bn AP, 80,000 AR, two million calls/month
- Single Shared service organisation
- $480m in savings ($17/employee hour)

Barclays (UK)[6]

- Established a Finance and Reporting Shared Service Centre
- 148,000 FTE
- 16% service level improvement 12% headcount reduction

It is realistic to expect the **NSW Government** could target three **Shared Service providers** servicing up to 100,000 FTE each. However, a preliminary target of 20,000 FTE has been determined to be a practical, implementable target to achieve initial critical mass/scale.

1. Source QLD Government - QLD record_of_achievements_02-08
2. Source Australian Defence Force – Third Horizon Study
3. Source UK Government – UK Cabinet Office
3. Source Carrefour – Accenture Study
4. General Electric – CBI Study
5. Barclays – SAP Study

Blueprint Approach

Key Inputs

| Principal Department Interviews | Shared Service Provider Interviews | DPC, DSTA and Treasury Interviews | Lesson Learnt (from previous implementations) |

Primary Workshops

| Design and Guiding Principles | Functional Scope and Operating Model Options | Services Delivery Management |

Interim Report

Interim Report

Feedback and Review

| Principal Department Formal Written Feedback | Senior Officers Group Feedback Workshop |

Final Report

Final Report

There are a number of critical success factors to support a smoother transition to Corporate and Shared Services.

CRITICAL SUCCESS FACTORS

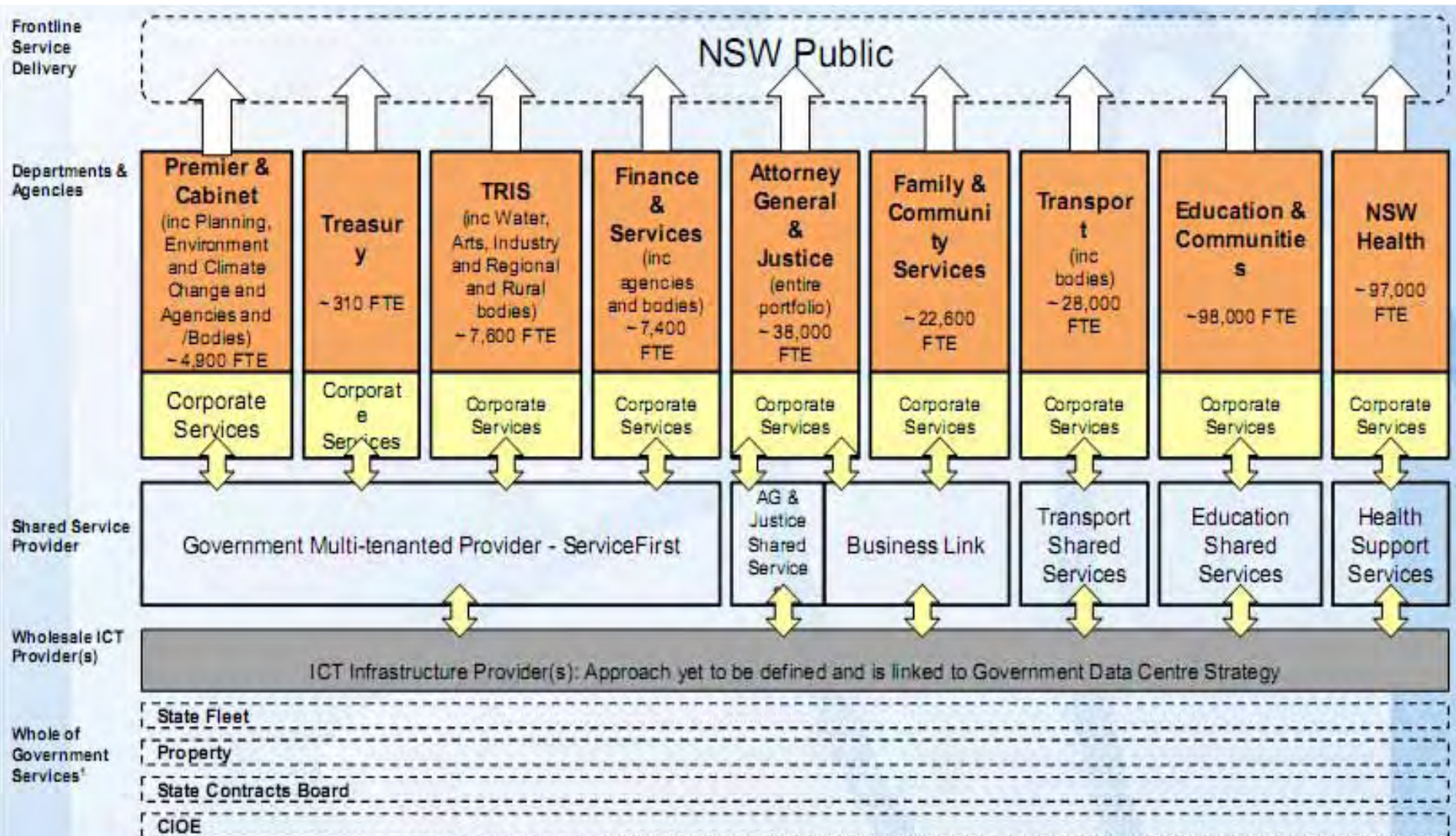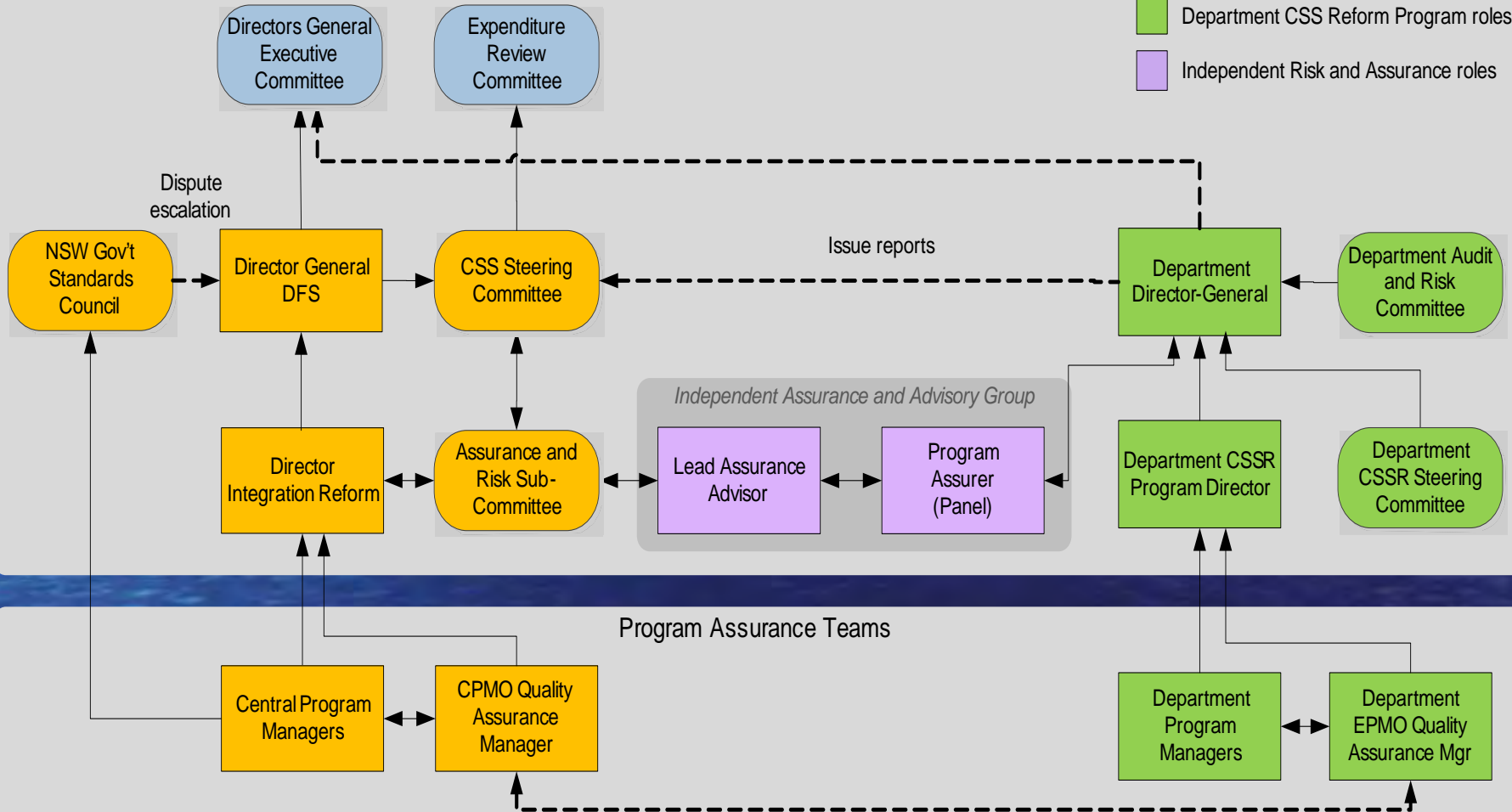| 1. Strong Business Case Upfront	• Enable an informed decision based on: – Baseline of current operations – Preferred operating model structure – Where benefits will be realised – Performance goals, metrics and method for tracking – Supporting technology systems required	– People and skill set requirements – How the governance will operate during and after transition – Program costing including upfront implementation and funding options for transition and ongoing operation
2. Strong Project management Skills	• Manage delivery against the business case • Manage the complexity of a staged rollout project • Ensure consistency of management approach, tools and reporting • Keep stakeholders informed and engaged • Alignment with other Departmental initiatives	• Effective transition plans, timings, costs and risks (mitigation strategies) • Manage anticipated staff issues associated with change management, training and communication plans
3. Executive Support	• Executives need to be: – Seen to lead the decision to adopt and implement the Corporate and Shared Services Solution – Able to articulate what their Super Departments are trying to achieve from the program – Providing governance to lead, direct and keep program on track	– Maintaining support for change and encouraging their teams to persevere through transition – Allocating sufficient resources and funding to manage the change – Quickly addressing any resistance directly – Own the outcomes
4. Logical Standardisation of Processes and Technology	• Maximum efficiencies are driven through as much standardisation as possible • Technology & process standards are required to underpin the efficient function of the Corporate and Shared Services	• Critical fact based review of functional/process decomposition to determine and maximise the number of processes to move into the Shared Service Centre

160 Departments to 9 Clusters

	Premier & Cabinet (inc Planning, Environment and Climate Change and Agencies and /Bodies) ~4,900 FTE	Treasury ~310 FTE	TRIS (inc Water, Arts, Industry and Regional and Rural bodies) ~7,600 FTE	Finance & Services (inc agencies and bodies) ~7,400 FTE	Attorney General & Justice (entire portfolio) ~36,000 FTE	Family & Community Services ~22,600 FTE	Transport (inc bodies) ~28,000 FTE	Education & Communities ~98,000 FTE	NSW Health ~97,000 FTE

Frontline Service Delivery — NSW Public

Departments & Agencies — Corporate Services (each cluster)

Shared Service Provider — Government Multi-tenanted Provider - ServiceFirst | AG & Justice Shared Service | Business Link | Transport Shared Services | Education Shared Services | Health Support Services

Wholesale ICT Provider(s) — ICT Infrastructure Provider(s): Approach yet to be defined and is linked to Government Data Centre Strategy

Whole of Government Services¹
- State Fleet
- Property
- State Contracts Board
- CIOE

SCOPE OF QUALITY ASSURANCE STRATEGY

PROGRAM OUTCOMES

Program Definition
Defining Quality

- CSSR Blueprint
- Business Case
- Benefits Realisaton Plan
- Stakeholder Management Plan
- Other scoping documents

DEFINE OUTCOMES

Program Delivery
Assuring Quality

- Products meet quality criteria
- Benefits realised
- Other planned outcomes achieved

ACCEPT OUTCOMES

PROGRAM CAPABILITY

- People
- Systems
- Processes / KPIs
- Tools

ESTABLISH CAPABILITY

- Program mgmt/ governance stds
- Program control processes
- Commercial procedures
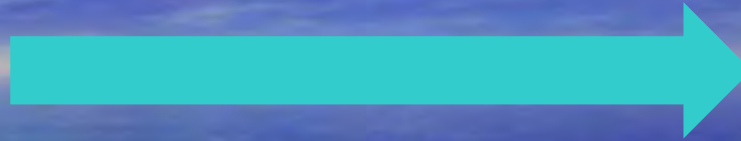- Stakeholder / comms procedures
- HR / Change Mgmt procedures
- Other procedures

ASSESS COMPLIANCE WITH

Business Process Standards

The journey →

Best practice **+** ARIS business process **=** Business Process Standards

Contextualised for NSW Government
↓

NSW Government Business Process Standards Vn

The NSW Government has adopted a four tier Benchmarking and Reporting Framework

Who has visibility?

What does this enable?

- **The framework enables the NSW Government to perform:**
  - External comparison – to pre-define targets based on an industry peer group and tailored for applicability to NSW Government
  - Internal comparison – between the 'Principal Departments' of NSW Government
  - Ongoing best practices – at Principal Department level to track improvement initiatives and monitor performance levels
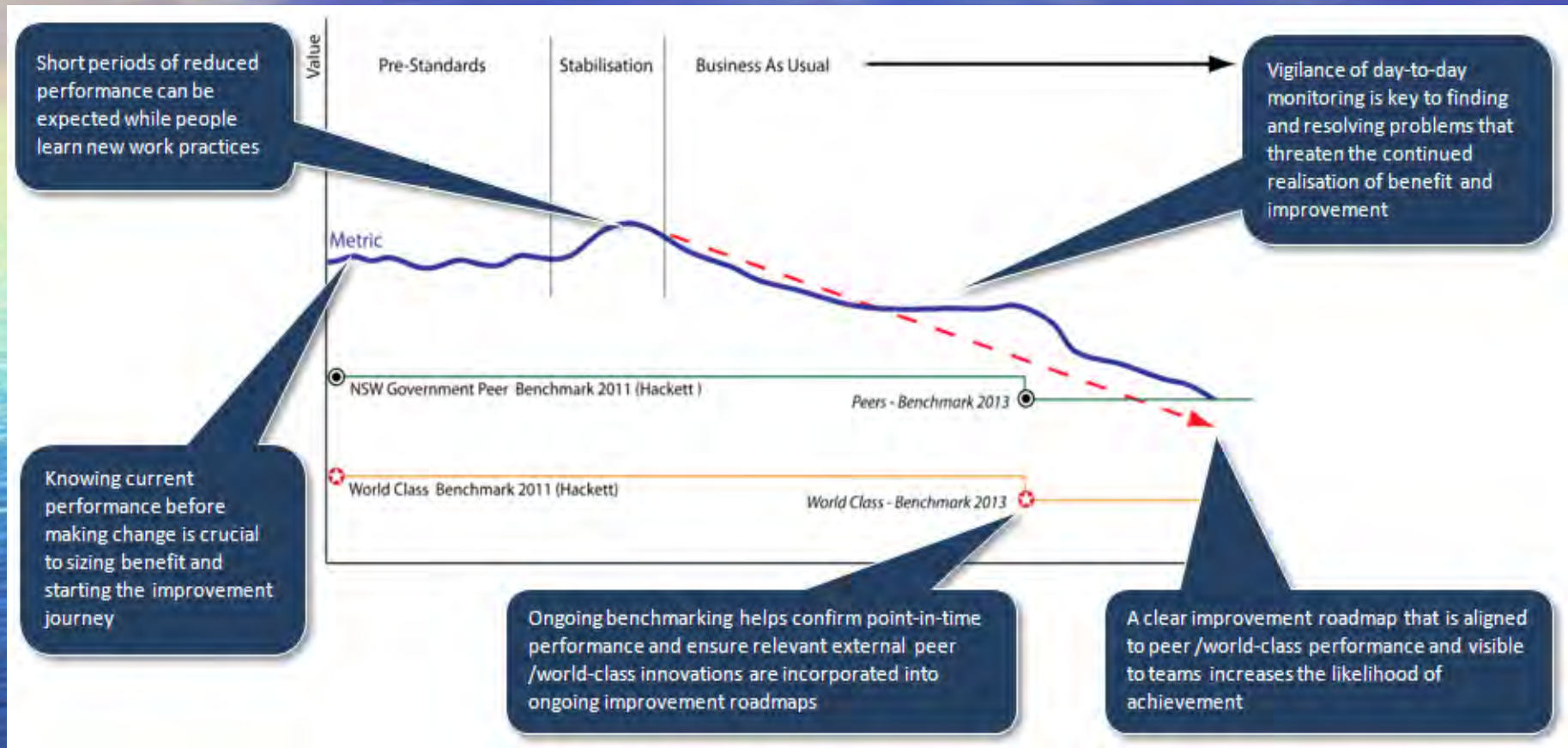
- **The Benchmarking program will:**
  - define best practice enablers to assist in closing performance gaps
  - aid Departments to identify where and how practices can be improved
  - provide feedback on where improvements are being realised

TIER 1
- Whole of Government

Total Cost & FTE Metrics

- Whole of Government comparison

TIER 2
- Whole of Government
- Principal Departments
- Central Agencies

Key efficiency & effectiveness metrics and targets

- Top level performance information
- External targets (relevant peer group)
- Internal comparison between Principal Departments
- Rate of best practice adoption

TIER 3
- Principal Departments
- Agencies

Process level performance information (cost, productivity, practice)

- Baseline development
- Identify initiatives
- Ongoing performance management
- Benefits realisation

TIER 4
- Principal Departments
- Agencies

Operational Tracking and Reporting
Department Corporate Dashboard
Shared Services Customer Dashboard
Shared Services Operational Dashboard

- Ongoing performance management
- Benefits realisation
- Target setting and tracking

Operational Tracking and Reporting
Consistent activity and data definition

- Common language
- Comparable data
- Deeper level of definition

The intention is to improve the practices and capacity of the sector as a whole and the visibility of process and operational data for operational improvements and management oversight.

Continuous Performance Improvement is not "set and forget"

Dashboard Reporting

*Indicator used to measure the following strategic objective that was included in the CSSR Business Case: *'all key performance indices available within 3 days of end of month within 3 years'.*

Area	Indicator	Data Source	Status		
			Red	Amber	Green
Benefits (Sector-wide only)	Forecast cost savings per annum post 2014 (2010 dollar values)	Department Program Status Report	<$350m	$350m - $400m	>$400M
	Forecast corporate services expense per FTE by end 2014 (2010 dollar values)	Department Program Status Report	>$9,000	$7,500 - $9,000	<$7,500
	Forecast corporate services performance against peer groups post 2014	Benchmarking (updated every 2 years)	4th quartile	Low 3rd quartile	High 3rd quartile
	Number of Departments that have implemented real time access to key performance metrics by end 2013*	Performance Improvement program	0-4	5-7	8-10
Cost	Variance between baseline (including approved variations) and actual expenditure	Department Program Status Report	>15%	5-15%	< 5%
Schedule	Variance between baseline (including approved variations) and actual milestones	Department Program Status Report	>15%	5-15%	< 5%
Program Management (Sector-wide)	Number of Departments with an established EPMO	Department Program Status Report	0-4	5-7	8-10
Governance (Sector-wide only)	Number of Departments with a periodic and well attended CSSR Steering Committee	Department CSSR SC minutes for previous period	0-4	5-7	8-10
Customer Satisfaction (Central Pgm)	Average customer satisfaction score from Department surveys	Department surveys	< 50%	50-75%	>75%

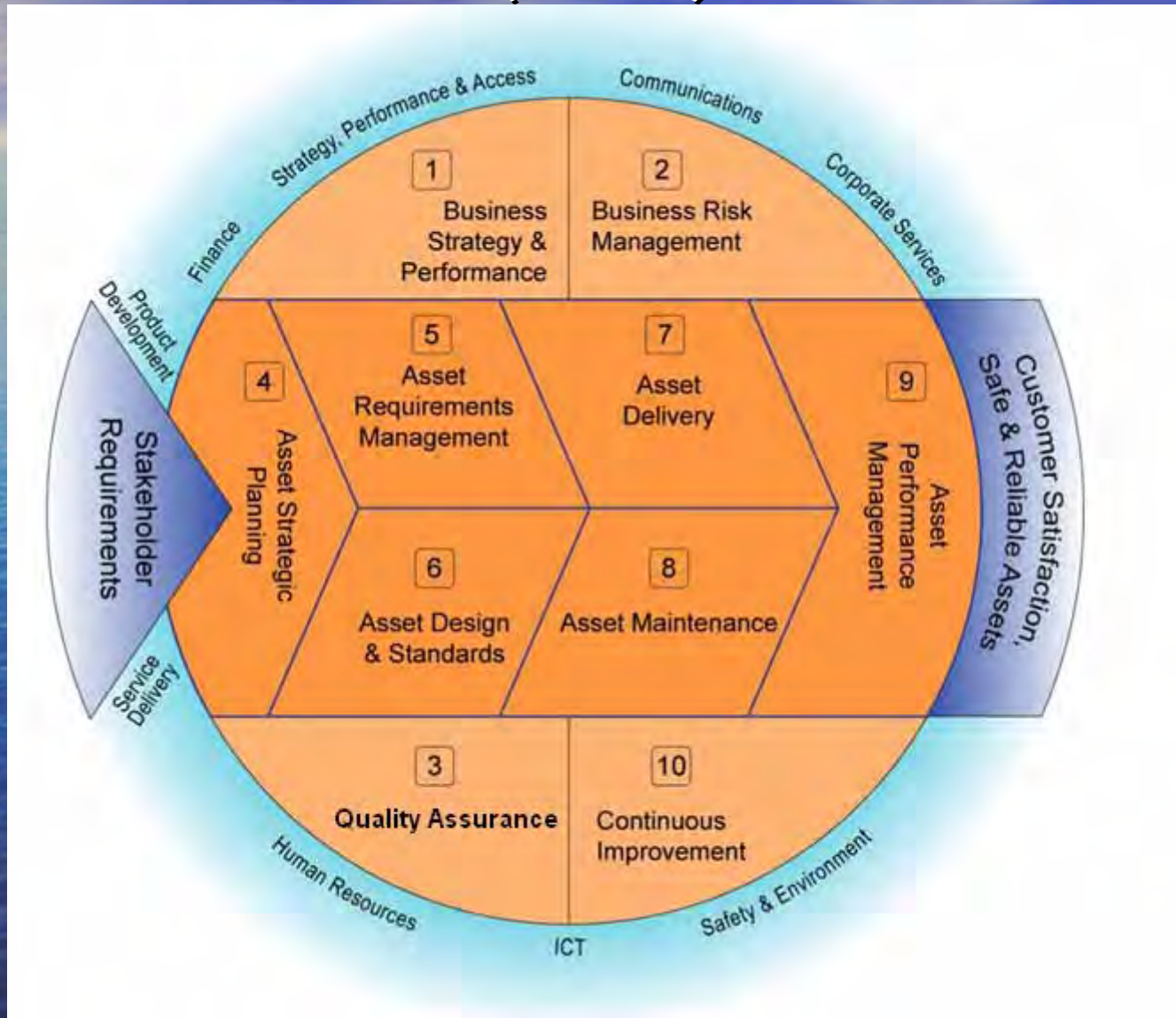# Monitoring & reporting benefits realisation

CSSRP Cumulative Benefits Realisation - Human Services
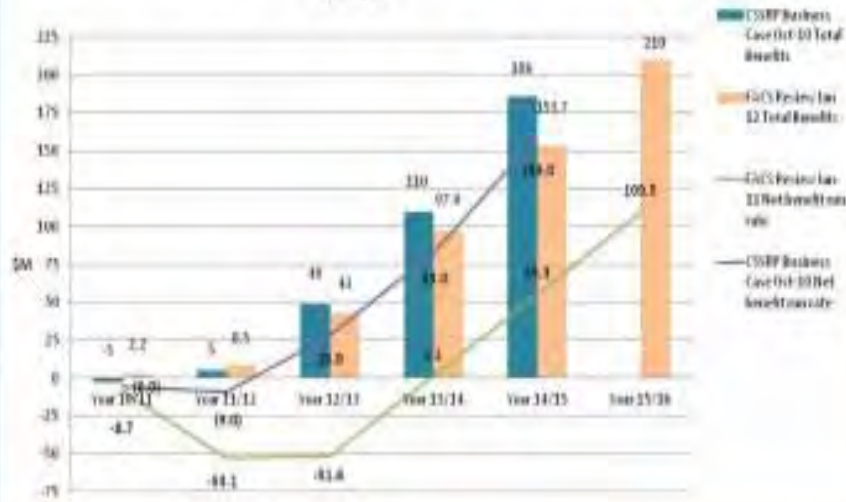
CSSRP Cumulative Benefits Realisation - Transport
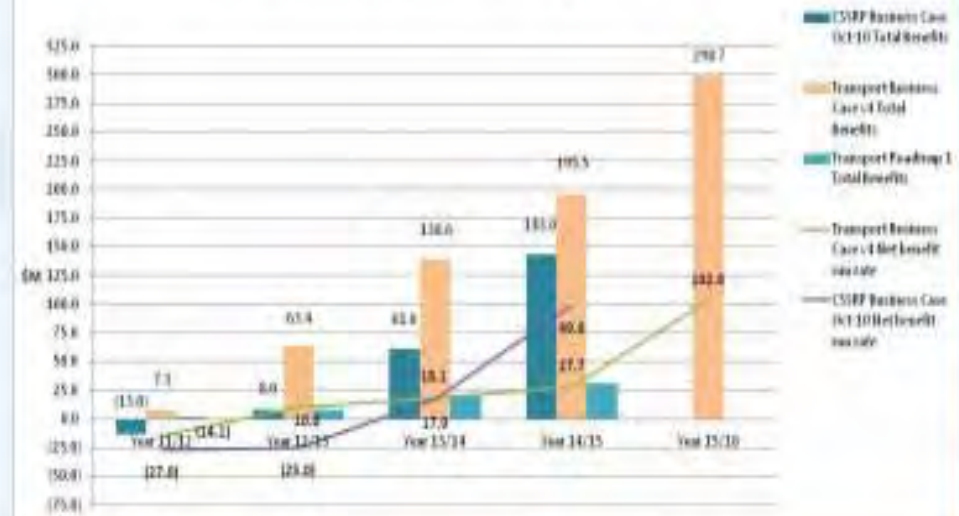
Integrated Business Management System (IBMS)

Note: Theoretically, organisations could always outsource processes 5-9, but must always keep processes 1-4, and hence the design.

Processes

Manage the business

Develop & communicate
business strategy

Manage & report
on performance

Manage business risks
Manage IBMS

Manage and develop staff
Drive continuous improvement
Manage Stakeholders

Manage regulatory
stakeholders

Contribute to future
project planning

Participate in
organisational governance

Key performance indicators (KPI)

Operating budget on target
Staff turnover
Staff sick leave
Staff vacancies against plan
Training days delivered

Satisfaction from shareholders
Satisfaction from CEO
Satisfaction from the Regulators
Key meetings held with
appropriate sector.

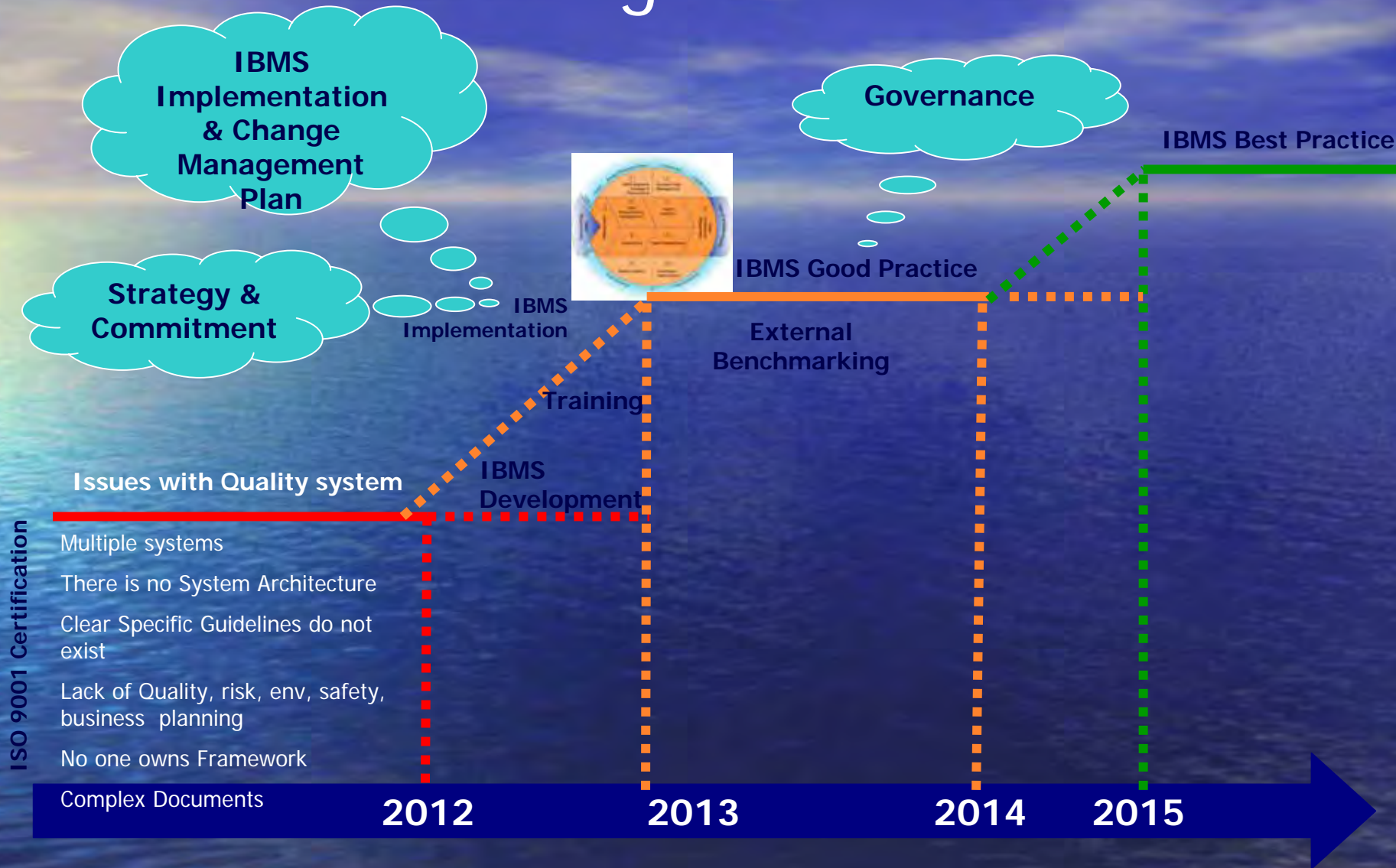| Processes	Key performance indicators (KPI)
Deliver major projects	
Manage project requirements and scope	Major projects delivered on time
Develop project management Capability	Major projects delivered to agreed cost
Manage project lifecycle delivery	Major projects delivered to specified quality
Manage project interfaces	Safety outcomes LTIFR & EM outcomes
Manage commissioning & handover	Project manage accreditation
Provide commercial management	
Manage investment planning (financial)	Capital expenditure
Manage strategic outsourcing	Contractual compliance
Provide contractual oversight	

IBMS – Plans for organizational excellence

IBMS Implementation & Change Management Plan

Governance

IBMS Best Practice

Strategy & Commitment

IBMS Implementation

IBMS Good Practice

External Benchmarking

Training

Issues with Quality system

IBMS Development

ISO 9001 Certification

Multiple systems

There is no System Architecture

Clear Specific Guidelines do not exist

Lack of Quality, risk, env, safety, business planning

No one owns Framework

Complex Documents

2012   **2013**   **2014**   **2015**

Benefits of the IBMS

- **Proactively manage risks**
- **Sound Financial Planning and management**
- **Clear and Accurate Business Planning**
- **All systems aligned to business outcomes**
- **Better Morale, reduction in systems**
- **Better Governance**
- **Better return on investment**
- **One systems & 15% reduction in NCNs**
- **20% improvement in productivity**
- **Sustain benefits and use across board**
- **Ability to benchmark with other organisation**
- **Better Morale & 18% reduction in sick leave**

Celebrate success with your team and acknowledge contribution of all.

Ref: ISO, RC,

Thankyou

CELEBRATION