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We have an interesting edition for you this month and we will focus on integrating systems, improvement activities, continuous improvement and managing change. We will also be saying farewell to our American (or Scottish) correspondent Paul Naysmith who has been a regular contributor to our e Q e for a number of years now. We hope this separation will only be temporary as we have enjoyed his contributions.

The past couple of weeks have been busy for me as I have been trying to expand our SAQI quality footprint into Southern Africa. Two weeks ago I gave a workshop in Botswana and last week I presented in our other close neighbour country Swaziland. We feel that it is important to have a common approach to promoting quality in Southern Africa and to this end we celebrated World Standards Day as invited guests of the Swaziland Standards Authority. What was particularly encouraging was that the Swaziland Minister of Commerce, Trade and Industry afforded the time to sit through the entire 2 hour Quality presentation.

We would also like to remind you of SAQI'S National Quality Week that takes place from the 10th to the 14th November next month. We have already received many requests for support during this period.

As ever, I would be happy to receive comments relating to our articles or any other items of interest relating to quality at [exec@saqi.co.za](mailto:exec@saqi.co.za)

**Yours in Quality**

*Paul Harding*  
SAQI MD



# An Integrated Systems Thinking approach to Quality Management Systems and Continuous Improvement

By Sean Towlson, SAQI Associate Member

## 1. Introduction

Inspired by Joseph Mwansa's article, "A reflection of why ISO 9001 based Quality Management Systems don't seem to work for most organisations", (*e-Quality Edge*, No.181, Sep 2014) and based on my own experiences and research, it is my hope that this article will contribute further to our understanding of the relevant issues posed by Mwansa.



It would be interesting to note at this juncture, that the lack of success as detailed in Mwansa's article, is not only limited to Quality programmes but can also be observed in other programmes introduced by an organisation to improve other areas of the business. Again, Mwansa points out, "Most of them believe that it is the ISO 9001 Standard that will bring the benefits and do nothing about laying the foundation for it to work". It is my belief that this statement lies at the core of the problem and the main objective of this article is to posit an integrated framework that will allow the foundational elements needed to ensure that the QMS will become entrenched and a success for those organisations that are sincere in their desire to have a culture of Continuous Improvement within their organisation.

## 2. Systems Theory and the Organisation as a Structural, Complex Adaptive, Sociotechnical System

It may seem a bit odd to think that the success of a QMS or a

Continuous Improvement programme or any other programme for that matter, may hinge on what appears to be totally non-related areas of management, principally Organisational Development (OD), Knowledge Management (KM) and the notion of Systems Theory (ST). However, if we look closer at the aspects of Systems Theory that are applicable to any organisation, this may become clearer:

### 2.1 Structure:

Every organisation has some form of physical structure which is the body of the organisation (System) and an assembly of sub-structures (Sub-System) that make up the whole. These sub-structures could be functional areas within the main structure such as departments or, they can also be divisions or regional or international offices and branches. In the case of the latter, the sub-structures can almost be viewed as structures within their own right as they are removed from the parent structure. (*Wikipedia*)

### 2.2 Complex Adaptive:

An organisation as a system is complex due to its composition of diverse, multiple and interconnected elements. They are adaptive in that they have the capacity and capability to learn and change from internal and external experiences. This offers a basis for the concept of "participation" between all members within the organisation (*Ivanov*). The term "Complex Adaptive" was coined by Holland and Gell-Mann. (*Wikipedia*)(*Fig. 1 Systems Complexity*)

### 2.3 Sociotechnical Theory (STS):

An organisation consists of people and technology and can therefore be described as a Sociotechnical System (*Trist, Bamforth and Emery*) and recognises the interaction between people and technology in workplaces. It also refers to the interaction between society's complex infrastructure and human behaviour. Sociotechnical Systems (STS) are therefore, focussed on the aspects of people, society (including cultural elements) and the technical aspects of organisational structure and processes. The main focus of Sociotechnical theory is on *joint optimisation*

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which emphasises shared achievement of both excellence in technical performance (organisation and processes) and quality in people's work lives.

STS is about joint optimisation that is, designing the **social system** and the **technical system** in tandem so that they work smoothly together. (Wikipedia)

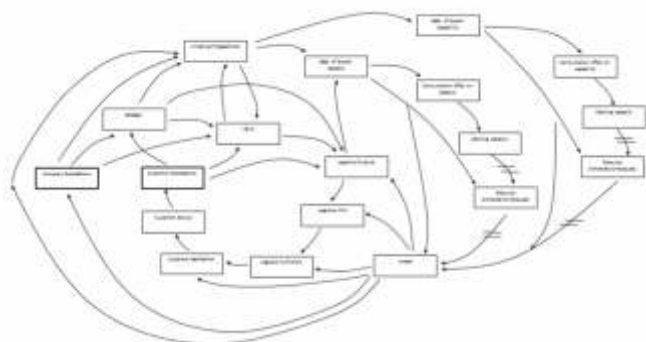


Fig. 1 A Supplier/Customer Systems Complexity Model for Customer Service and Adaptive Organisational Readiness devised by the author

### 3. Continuous Improvement, the Learning Organisation and Knowledge Management

There has been a lot of discussion of late regarding the definition and or conceptual interpretation of "Improvement" or "Continuous Improvement" within the Quality community. From a Systems Thinking and more specifically from a Sociotechnical Systems Thinking perspective, I have to subscribe to the train of thought that improvement, within the context of STS and the Learning Organisation, will be continuous by nature, even if it is not explicitly stated. The reason for this stance, lies in the concept and theory of the "Learning Organisation" and within the discipline of Knowledge Management. To explain this further, let us consider the following:

#### 3.1 The Body of Knowledge (BOK) and the Body Of Organisational Knowledge (BOOK)

Every industry, profession and so forth, has a Body Of Knowledge, often compiled in a text book on the subject matter. In the case of a text book or a Standard Operating Procedure, the knowledge is Explicit, in other words it has been recorded. However, in many organisations the knowledge is often "Tacit", it resides within people and has been accumulated and "learned" over a period of time. This tacit knowledge is often adapted, added to or subtracted from during the course of the life of the organisation. A Dual Process may even exist; a formal Standard Operating Procedure within the organisation which runs in parallel with an In-formal Operating Procedure that has been learned through experience. This can be a good example of a "Complex Adaptive" system at work (2.2 above)

In my opinion, the main objective of Continuous Improvement apart from the operational outputs, is the capturing or making "Explicit" this knowledge so that it becomes, what I call, the Body Of Organisational Knowledge (BOOK). (Fig. 5) However,

this can't take place unless there are some foundational structures in place that encourage, support and facilitate this process.

### 3.2 The Learning Organisation and Knowledge Management

In the context of Tacit and Explicit Knowledge, the transforming structure comes from the Learning Organisation principle and Knowledge Management. Let us consider the Bellinger, Castro and Mills Model

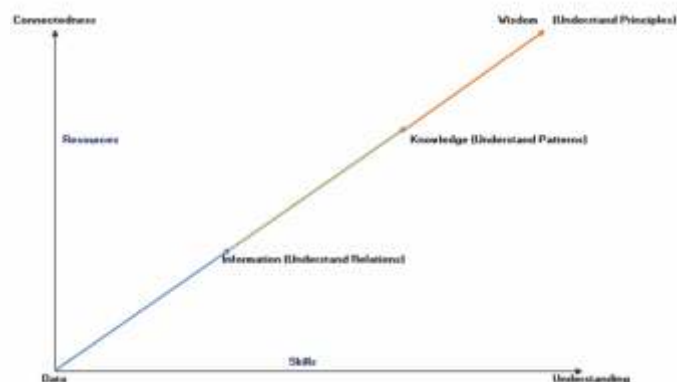


Fig. 2 The Learning model

This model has certain assumptions in that it can relate to both a product and process. Before progressing into the model itself, it is vital that we briefly consider the concept of "Knowledge" and the field of Knowledge Management.

As with numerous other fields of study, various definitions for Knowledge Management are available. The one I believe to be most relevant in today's business world (Complexity) and which underscores the need for Adaptive Systems is by Malhorta:

*"Knowledge Management caters to the critical issues of organisational adaptation, survival and competence in the face of increasingly discontinuous environmental change. Essentially, it embodies organisational processes that seek the synergistic combination of data and the information processing capacity of information technologies, and the creative and innovative capacity of human beings"*.

Awad and Ghairi, in their definition have the following; *"Knowledge Management involves people, technology and processes in overlapping parts"*, and Knoco has this; *"Tapping into what your company knows' to help you deliver your business results"*.

The other key concepts of Knowledge Management are too numerous to mention here but suffice it to say that there are sufficient resources available for further study and information.

In the Bellinger, Castro and Mills Model, the achieving of knowledge and by extension "Wisdom" lies at the intersection of two main thrusts, the first, on the vertical axis is that of "Connectedness" and the second, on the horizontal axis, is "Understanding". Both Connectedness and Understanding

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consist of inter-related milestones that plot the acquisition of knowledge along the diagonal axis.

Connectedness refers to the ability for people within/across the organisation (the Socio System) to share their knowledge through collaboration and communication, enabled by the formation of Logical Work teams (LWTs), Multi-Disciplinary Teams (MDTs), Project Teams and Autonomous and or Semi-Autonomous Work Teams (Self-Managed Teams or SMTs) and supported by and with access to, communication technology (a part of the Techno System).

Understanding refers to the skills needed for people (the Socio System) to expand from a point of data or merely collecting and reporting data in a raw form. At this juncture, it is vital that we consider the previously mentioned Tacit and Explicit knowledge. For the sake of brevity and simplicity, Explicit knowledge is that which has been "recorded" whereas Tacit knowledge is that which is not recorded but can consist of hunches, gut feel and other forms which are hard, but not impossible, to express verbally or in a written form (Technical Dimension). Tacit knowledge can also consist of perceptions, beliefs, values, ideals, emotions and cultural norms (Cognitive Dimension). These latter components of Tacit knowledge often shape our "World View" and thus can drive our behaviours in certain circumstances. For this article, the former components of Tacit Knowledge (Technical) can often be expressed in words and numbers. The latter components (Cognitive) can be addressed through a shared vision and a set of values within the organisation.

Many organisations are extremely "Data Rich" environments but this data remains in a raw form, for instance the day's production output being recorded, possibly against a target. The concept of Understanding requires that people are given the power and ability to fully understand the data that has been recorded so that a current event or situation can be analysed to rectify it and thus prevent it's recurrence, and that in the future, the possibility of the situation or event arising again is recognised in advance and corrective measures can be taken before it happens.

mind, Correlation Analysis (Fig. 3) for the former and Statistical Process Control (SPC) (Fig. 4) for the latter.

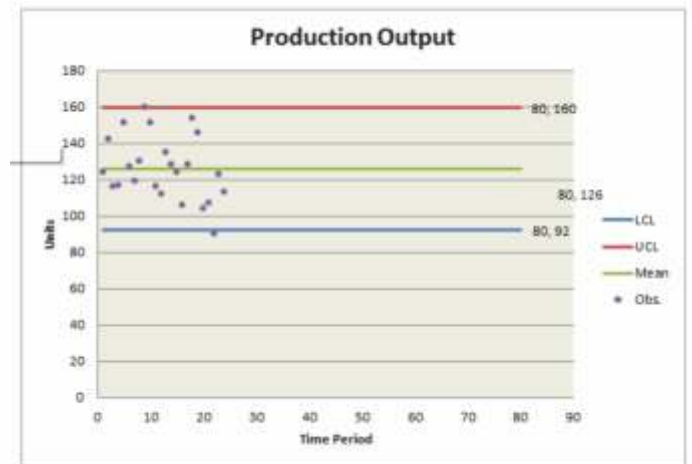


Fig. 4 A simple Correlation Scatterplot

The critical component within all of this, is the sharing and retention of this information amongst and within the organisation and the means and the ability for this to happen.

Once the progression from Data to Information to Knowledge has commenced, the shared and retained information becomes the Body Of Organisational Knowledge (BOOK), which can then be accessed and used by the organisation as a whole.

The BOOK cycle is continuous, Tacit knowledge is identified, captured and becomes Explicit, and is used in the organisation through the Continuous Improvement process and then becomes Tacit once more as people become familiar with the learning and the implementation of changes. Internal and external stimuli acting upon and within the System trigger further implicit knowledge as people adapt and this becomes a further trigger for the BOOK Cycle.

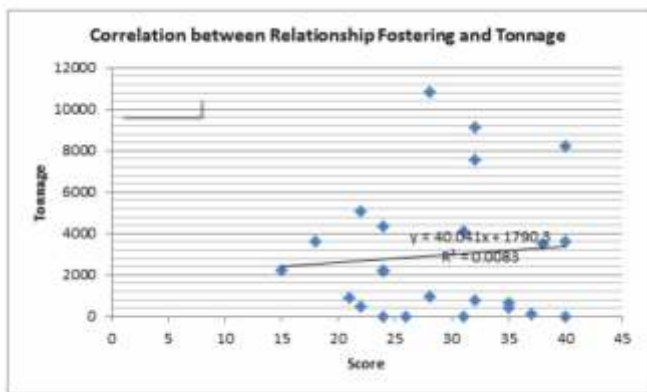


Fig. 3 A simple SPC Chart

Some skills required where data is concerned are, as per the Model, are those related to understanding the data in terms of a) Relationships; and b) Patterns. Two simple methods come to

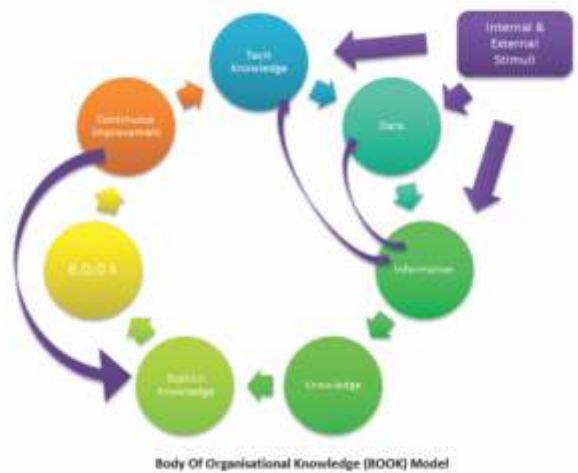


Fig. 5 The BOOK Model by the Author

### 3.3 Continuous Improvement

As can be seen in the BOOK Model, improvement is indeed continuous and necessarily so. Improvement therefore, cannot

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be "scheduled". The modern organisation is neither static nor isolated and is therefore subject to increasingly complex and numerous external and internal stimuli which require flexibility and adaptability. The risk element is that the level of effort or Sub-System where these stimuli will be felt, adapts in isolation to the rest of the organisation or System. Such adaptation could have *unintended consequences* (Senge) if this tacit knowledge is not made explicit and shared within the System. Likewise, improvements or programmes within a Sub-system, even though they have been made Explicit, could still have unintended consequences within the Sub-System at a later stage or, in the larger System itself. This is why it is vitally important to have a Knowledge Management programme in place in order to create the ability for the System to learn from the System and Sub-System itself and to support the QMS programme that the organisation wishes to follow.

#### 4. An Organisational Structure to Support Continuous Improvement within a Sociotechnical System

The following organisational structure is proposed to support Continuous Improvement in a Learning Organisation and to facilitate the acquisition, retention and sharing of a Body Of Organisational Knowledge within a Complex Adaptive Sociotechnical System.

a Pick Team and a Despatch Team, each with a Supervisor or Controller. In the SMT structure, the Receiving Team and Putaway Team can be re-organised into a single Team along a logical process.

- This is represented in the Structure as a Level 1 Team and they are responsible for organising their own work, resources, training and so forth.
- The Supervisors constitute the Level 2 Team. They become the custodians of the BOOK and are responsible for collecting, analysing and sharing data, primarily with the Level 1 Team but also within the System. Any problems encountered within the process of a Level 1 Team, the Level 2 lends assistance and support in terms of analysis of data, facilitating the acquisition of resources and coaching in problem solving.
- Level 2 will also assist in identifying potential opportunities for improvement using tools such as SPCs and co-ordinating Kaizen events
- Where additional knowledge is required to resolve a problem and which cannot be resolved at a Level 1, the Level 2 can assist in the organising of a Multi-Disciplinary Team (MDT) which can be made up of specialists from the Customer, the Supplier and or members from different levels within the System or Sub-System. The MDT is a short term arrangement convened to resolve a specific

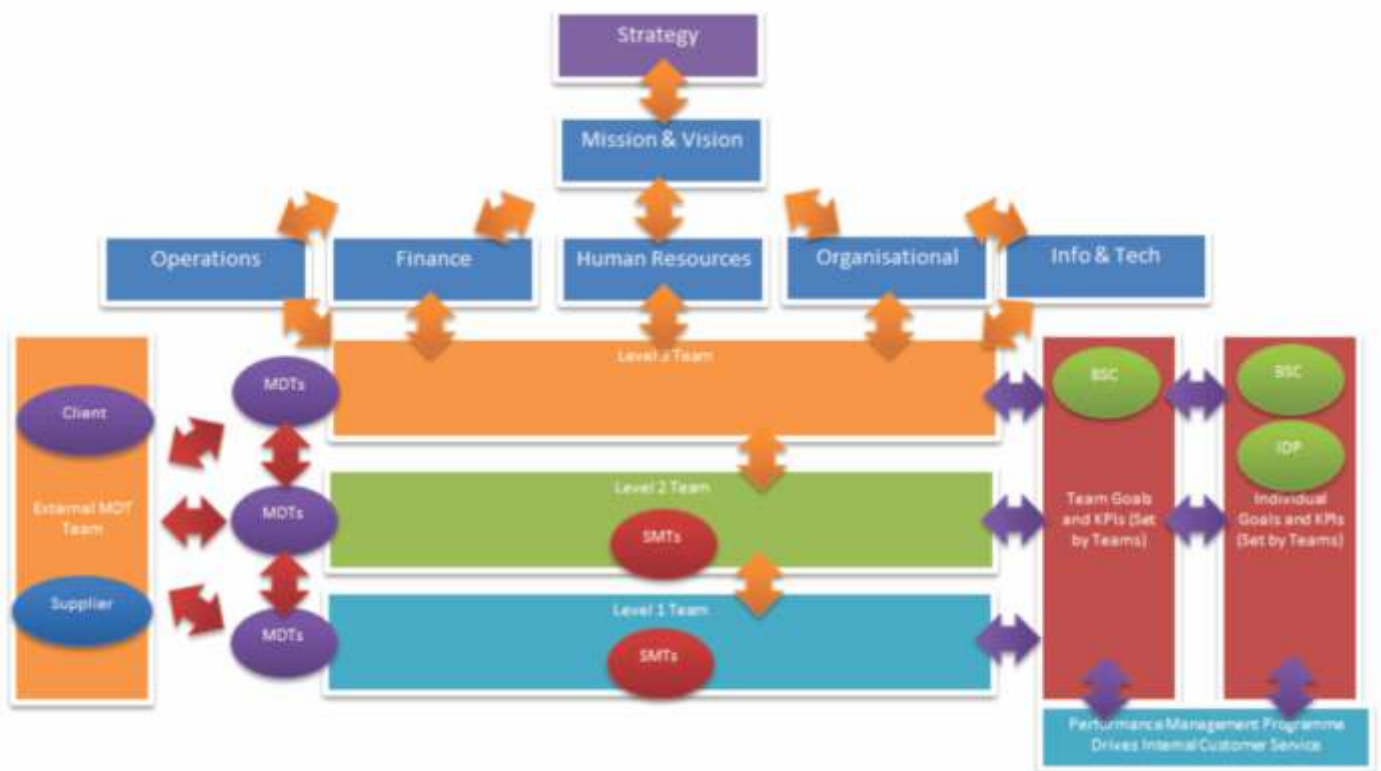


Fig. 6 A Learning Structure

#### Some Key Elements of the Structure

- Vertical Hierarchies have been eliminated in favour of a horizontal process oriented structures
- These horizontal structures are Self-Managing Teams (SMTs) for the sake of example, a traditional warehouse structure would have a Receiving Team, a Putaway Team,

problem and is disbanded once the problem has been resolved.

- Level 2 then disseminates the knowledge gained across the organisation.
- Levels 1 and 2 are well positioned to identify any changes that may be occurring due to Internal and or External Stimuli with Level 2 being trained to collect and analyse the data being generated while watching for changes in the way Level 1 responds.

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- Such changes can then be recorded and formalised if required and if found to be of benefit. The newly found knowledge is shared and then used within the Continuous Improvement process.

## 5. Conclusions

In my opening, I referred to Joseph Mwansa's article where he states that many organisations do not benefit from the implementation of the ISO 9001 requirements standard as a reference for their QMS. He qualifies this by stating that there is a belief in these organisations that it is the Standard itself that will bring the benefits while doing nothing about laying the foundation for it to work. I have a tendency through my own experience, to agree with his position and add that this is not limited to the Quality arena either. Mwansa also poses some interesting questions but notably, "should organisations focus on only one aspect when implementing a QMS"?

The answer to this is a resounding No! In order for a QMS to become fully entrenched as part of the organisational DNA, a number of foundations need to be in place. The key foundation for this is Knowledge Management and the ability to move from Tacit Knowledge to Explicit Knowledge and then share that within the organisation. Becoming a Learning Organisation should therefore be a part of the organisational strategy which runs in conjunction with the QMS if not preceding it.

The organisation itself is a Sociotechnical System and management need to be aware of this and have to build capability and capacity simultaneously in both the Socio and Technical components to support the Knowledge Management programme. In fact, as Senge points out, Systems Thinking is the 5th Discipline of a Learning Organisation and from a Systems Perspective, Customers and Suppliers are also Systems that interact with the organisation. A change in one System can have unintended consequences on another, either immediately or down the line. In fact, some internal problems today are caused by yesterday's solution. Systems Thinking therefore is a key element to organisational improvement.

### To summarise:

- An organisation is a Complex Adaptable Sociotechnical System
- A Learning Organisation is a key foundation for creating a receptive environment for a QMS
- Knowledge Management is a key foundation for creating a receptive environment for a Learning Organisation
- Systems Thinking is a part of the Learning Organisation discipline
- Making Tacit Knowledge within the organisation into Explicit Knowledge is critical to creating a shared Body Of Organisational Knowledge
- The ability to use Explicit Knowledge in the Continuous Improvement process is critical
- Improvement is Continuous and should be explicitly stated

## References and Further reading

[www.systems-thinking.org/dikw/dikw](http://www.systems-thinking.org/dikw/dikw)

*Date, Information, Knowledge and Wisdom: Gene Bellinger, Durval Castro and Anthony Mills*

[www.systems-thinking.org](http://www.systems-thinking.org)

*Various ST concepts and detailed information*

### About the author



*Sean Towlson has 21 years of experience and a qualification in Operations Management. Sean started his Operations career in the early 1990s with SAB and has consulted in Supply Chain and Organisational Capacity and Capability building. Sean now manages the logistics operations of an international logistics company and is based in Lusaka, Zambia.*

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# Change Leadership and Lean

## What it takes for successful Lean transformation in an organization

By Chris Hayes

Reprinted from the ASQ Lean Enterprise Division February 2014 Newsletter

I've been practicing and coaching Lean for a lot of years in a lot of different companies. One would think that during this time, I've seen my fair share of successful Lean transformations. That would, in all honesty, be true. The sad other half of that truth, however, is that I've seen as many failed attempts at Lean as I have successful ones.

Years ago I spent a lot of time studying the process of organizational change. My undergrad studies in Project Management and MBA as well as my days in HR more or less forced my interest in the subject, but once the interest blossomed, I was a goner. Just like my introduction to Lean, I became a change addict pretty quickly. Being a person that has always believed in the power of process, I became an instant fan of some of the best-of-the-best in the field, including change leadership guru John Kotter from MIT and his 8-step process for leading change.

Over the past few years, I've done a bit of informal research on companies that have implemented Lean and either failed or succeeded in their attempts. In a nutshell, what I found was that the critical difference between those companies that successfully implemented Lean and those who were unsuccessful was that those who were unsuccessful failed to understand that lasting change requires a structured approach to transitioning an organization and its culture. Throwing a few really cool tools at the organization just doesn't do it; trust me on this. The tools work and many companies will tell you that they provide various benefits including increased revenues, resource efficiencies, and cost savings. Unfortunately, tools by themselves rarely, if ever, provide lasting results. To avoid this pitfall, a structured approach to implementing change leadership is required.

Now I've done my fair share of "Missing Link" articles and presentations in the past and still believe that every missing link claimed really was missing, but it wasn't until I reread one of Kotter's books that I had my moment of clarity. While in the past I focused on specific missing elements of a transformation, I overlooked the most important missing link, the process of change leadership and how it supports the drive and sustainment of an organization wide Lean transformation.

In Figure 1 below, we see a force field analysis of a Lean transformation. This particular force field analysis was completed based on my work with one of my recent clients, but is still surely indicative of many other transformation attempts. There are many positive forces, which, if missing, would certainly cause failure, but even when present don't guarantee success. What must be developed is a method for resolving the negative

forces on the right while exploiting the positive forces on the left. The concepts of change leadership do just that.

Figure 1



While there are many good theories in change management that can be incorporated into this discussion, change management is not the missing link. Change management and change leadership are quite different, likened to the differences between quality control and quality assurance respectively. While change management is something many companies are good at, it is oftentimes like driving while looking in the rear-view mirror. We only manage or control the change while it is happening. In contrast, Kotter (Forbes, 2011) describes change leadership in the following way, "Change leadership is much more associated with putting an engine on the whole change process, and making it go faster, smarter, more efficiently". Let's take a look at Kotter's 8-steps to Leadership Change and how it can be integrated into a successful Lean transformation.

Kotter's 8-steps to change are as follows:



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Taken one-by-one, each of Kotter's steps negates one or more of the negative forces within the previous force field analysis, leading to a more positively skewed set of determinants in a Lean transformation. Creating a sense of urgency will certainly provide buy-in across the company as each person begins to understand the "why" behind the transformation of Lean. Insuring that a committed team is in place to develop and disseminate the company's vision and strategies throughout the organization will drive and support meaningful improvements. Empowering employees to take ownership of their work and environment by producing quick wins allows for others in the organization to understand the power of experimentation and make time for improvements. Not letting up and creating a new culture have a cause and effect relationship in which long-term goals and actions support and build a culture in which improvements are part of day-to-day functions at every level of the organization.

What then does a successful Lean transformation look like when it incorporates the successful concepts of change leadership? Figure 3 shows a cross reference of Kotter's 8-step change process and the 7 key steps in successfully transforming and organization using Lean. While I don't keep all of Kotter's steps in the same order, all are dutifully present and accounted for. Looking at figure 3, it is easy to see how a good Lean transformation process not only includes the change leadership steps, but also incorporates a full PDCA cycle as any good Lean transformation should.

Figure 3

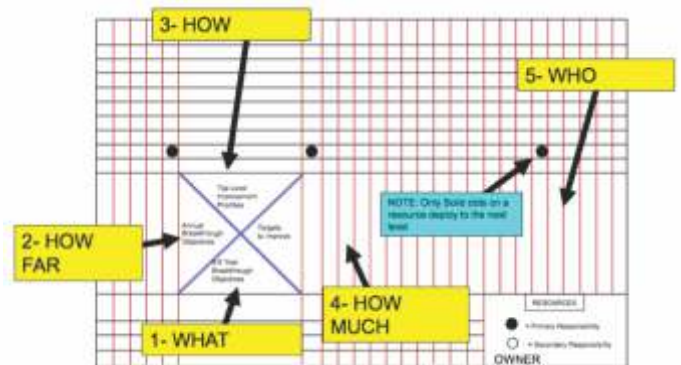


Plan

Steps 1 through 4 are all part of the Plan phase of the PDCA cycle. Step 1 requires that an organization first develop a committed team to define the problem(s) / pain(s) that exist within the organization and to guide the rest of the organization through resolving some of the issues. Problems / pains may consist of environmental, competitive or internal conditions. The use of traditional strategic management tools such as SWOT (Strengths, Weaknesses, Opportunities, Threats) analysis may be used. Using step 1 to understand the current situation of the company is the only way to properly move on to step 2, which is to develop and define the vision and high-level strategies of the company. The vision and strategies of the company become

the standard with which we align all other activities and efforts of the organization. Step 3 involves using Hoshin Kanri to guide the organization in planning the activities and micro-objectives that will support the organization in achieving its high-level strategies and vision. The use of a tool called the X-matrix is typical in a Hoshin Kanri implementation. A picture of a Hoshin Kanri X-Matrix is shown in Figure 4. The X-Matrix's power is in being able to assist in the planning, communicating and carrying out of activities in a simple manner that anyone in the organization can participate in and understand.

Figure 4



Step 4 is a carry-on of step 3 and uses an approach called "catchball" to engage lower level supervisors and employees in reaching company objectives. It is played in much the same way as the child's game of the same name whereas a manager "throws" the upper level objective or "catchball" down to the lower level supervisor to "catch". The lower level supervisor, with the help of his / her team, develops strategies and activities that will help support the manager's higher level objectives (which support the company's vision and strategies) and "tosses" their ideas back up to the area manager. The manager and supervisor then play "catchball" until both can agree on the activities and goals at every level of the organization that will help the organization achieve its vision. Activities and goals at all levels of the organization are documented and managed on lower-level support X-matrices.

Do

Step 5 is all about the Do phase of the PDCA cycle. This phase is often the phase that is most focused on and jumped to before spending adequate time within the Plan phase. This mistake can be costly and is one of the most common errors I see in organizations implementing Lean. In step 5, the organization begins to empower the workforce to use the tools of Lean to resolve problems identified during Hoshin Kanri. Future state Value Stream Maps are developed and acted upon and kaizen events (small incremental improvement events) or kaikaku events (radical change events) are executed. Quick wins are important here as each successful win produces the pull for more improvement in other areas and by other employees within the organization. This is the step that everyone likes because success is abundant. It is important to note however, that without a prioritization plan for improvements, the Do

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phase can start to look a lot like what happens in that game, “Wack-A-Mole” where anything and everything is a target, and as soon as one issue or “mole” is eliminated, another one pops up. Remember that although every improvement is good, resources are never unlimited and because not all improvements move the organization closer to meeting its goals, they must be prioritized.

## Check

While the Do phase typically receives the most focus in organizations implementing Lean, conversely, the Check phase is most often neglected. This is the second most common and costly mistake in a good Lean transformation. Step 6 is where Kotter emphasizes celebrating success while keeping the momentum strong. This step is where the organization begins to drive the new behaviors and practices into the culture insuring long-term success. The successful Lean organization will develop action-driving visual controls for the improvements implemented and implement Gemba walks to monitor performance and sustainment of improvements. Standard work for Leaders will be adopted to assure that best practices remain in place no matter what specific person holds each specific leadership position. As Kotter explains, leadership is invaluable in this step, since constant effort is needed to keep urgency high and long-term goals in view. At this stage, it is critical to press harder and faster than ever before. Be relentless in instituting all the new changes until the vision is a reality. To do this, you may have to make modifications to systems, structures, and policies that don't fit well together. You may need to reinvigorate the process with new projects, themes, and change agents. Transformation, by nature, is a constantly changing thing that requires attention, control and agility.

## Act

Kotter accurately asserts that culture change comes last, not first. Culture is composed of behaviors and shared values within an organization. Culture change comes only when the vast majority accepts new traditions created by unyielding pursuit and successful transformation of the previous Lean transformation steps. While cultural development is merely a side effect of the accepted behaviors and shared values within an organization, it is one of an organization's most powerful forces and can make the difference between a successful or failed Lean transformation. It is critically important to determine how to hold on to the new ways of behaving until they become a part of the culture of the workforce and are adopted easily by new employees. This can be accomplished by practicing katas (routines that provide purposeful results like a leader's standard work), visually communicating successes, and developing system changes that support the sustainment of the new practices.

While there is and never will be one best way to succeed at transforming your organization using Lean, insuring that you include proven best practices in change leadership will surely increase your odds. I wish you good luck on your Lean journey.

## References

Kotter, J. (2011), Leadership, Forbes, Retrieved January 6, 2014 from <http://www.forbes.com/sites/johnkotter/2011/07/12/change->

## About the Author:



*Chris Hayes is the President of Impact Performance Solutions, a professional consulting and training organization that provides optimized services and solutions to businesses to help them achieve their most critical objectives. She has been a student of Lean for over 20 years with work in various industries including healthcare, aerospace, manufacturing, distribution and non-profit. Chris holds a BSBA in Project Management with certifications as a Lean Six Sigma Master Black Belt (CLSSMBB), Quality Engineer (CQE), Quality Auditor (CQA), Manager of Quality / Operational Excellence (CMQ/OE), Project Management Specialist, Human Resource Development specialist, Organizational Systems Improvement Specialist, as well as bronze certification in Lean manufacturing (LBC). She is a reviewer for Lean Bronze portfolios and is currently working on completing her MBA at the University of South Dakota. For questions or comments Chris can be reached at [chayes@getimpacts.com](mailto:chayes@getimpacts.com)*



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# Goodbye America it was fun.

By Paul Naysmith

I have four clocks hanging on my office wall. Each one individually set for a strange and different time zone somewhere on this planet, as no doubt I will need to know the time there, as I'll be engaging with someone somewhere else at some point today. From clock to clock, each second ticks loudly out of sequence, and although I have been able to block out this sound, I have not been able to block the knowledge that after three years, I will be shortly leaving the United States of 'Merica to start a new timeline in my life, and a new starting point in my professional career.

Strangely enough, I have become a little retrospective of late; I'm typically very forward looking, thinking about what comes next. Today I'm mentally checking off all the things that I've done, and some my achievements that I'm proud of, others I wish I had achieved.

I could list them here for you in their little circular bullet point glory; however that perhaps may not make the greatest of articles to read. I do however feel that one of my more eccentric of moments may play out to explain the benefits of doing something different, in the pursuit of improving a business.

Like many great tales, it starts a long time ago...

It is mid September 2011, and we've excitedly finally arrived in the USA. My wife has been selflessly put her ambitions as a professional certified psychiatric nurse in the UK and career on hold, to support my career progression in the USA. As Mrs. N enjoys the cool autumnal weather of Southern Louisiana and the pleasure of finding new ways to fill her day, I busily submerge myself in the challenge of a new role.

With great enthusiasm and passion, I worked hard on building relationships with my new colleagues, and even harder at looking for problems. Like any business, there are many to choose from, and I typically cannot wait to fix them. In this mix of excitable and uncontrollable enthusiasm, my new manager gave me the freedom and support to make it better.

With a glint of experimental light in my eyes, I wanted to get new quality principles and ideas out, and for the longest time, I wanted to understand how I can help progress Quality improvements. I quickly recognized that improvements were not as continuous in the business as I hoped. In fact, I really couldn't see the team members contributing their ideas, being listened to or any follow up from many different areas. This had to change.

So dressing in my brightest polo shirts (please note I only match my outfit with the socks that I put on in the morning), and I set out to make change. I am a big fan of Toyota, and I really admired their "A3" improvement projects. Jeffrey K. Liker in the book "The Toyota Way" (Liker, 2004) goes into great detail on the process of creating one, however in its simplistic terms it captures an improvement story: the problem, the causes the solution and the benefits.

So I used this principle to capture the many little improvements that I facilitated, where I sought out someone's great idea, took the before and the after pictures, helped to get the help or the "whatever" which was needed, and worked with the team member to see if it worked. If it did work, the A3 (or as I called it the Four Box-er) was created, a little poster celebrating their ideas and successes. In regular manager's meetings the following week I would share it with the managers, and in the large scale department meetings, I'd highlight and promote the brilliance of the A3's initiator. Once the celebration was over, the A3 would be placed on a notice board in the department, and another added to a very plain office wall. In time this same wall would have many other A3s join it from floor to ceiling, eventually becoming known as the "wall-of-fame" where clients would be shown this before entering the workshop area.

One that sticks out with me was when an impending VIP visitation was coming up. One employee wanted to ensure a very good first impression with our new CEO on his very first trip to the base by sprucing up the main visitor's entrance. A wonderful idea where new shrubs were planted in enormous pots and branding galore was put pride of place on the once very generic industrial entrance way. This project was captured on an A3, was called "Base Beautification Project", and it too in time was hung on the wall of fame.

The CEO arrived straight off the plane, and I was fortunately part of the management team hosting his visit. After multiple PowerPoint's, it was time for a walk around the workshop. So on the way, we stopped by the wall-of-fame to proudly share our many improvement projects with the new big boss. When looking through the A3 posters, he took a double take and stepped closer to one in particular to inspect a little further. He then glanced around to me, and laughingly said "you don't often see 'beautification' in our industry!" I'm sure he got the intent, understood what we were trying to do and had achieved for the overall process.

Years passed by since that VIP visit, and the shrubs shielded from

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the sun never seeing natural light wilted then died. The pots became holders for cigarette ends and empty bottles. Since I park on the other side of the building and use the “employees” entrance, I was never aware of this until one day it was my turn to do the security inspection on site. Sadden by what I saw; I realized a new opportunity for these pots and to address a new problem that I had.

After the initial success of the introduction of the A3 projects, mentoring my team to support the process and a self sustaining feed of new ideas of improving the workshop, I needed to start addressing the bigger system or cultural challenges. These are sometimes a little more difficult to find out where the issues lie, however I knew that the people who are inside the problem are better to explain it from their view point.

I realize that being a non-smoker, I may not necessarily get the benefits from understanding the concerns from a group that I may not get to spend much time with. So rather than take up smoking, I needed an excuse to find my way to be present in the area. So using the pots as a reason to be there, I planted tomatoes (as I'm Scottish they are pronounced tomaaaaaaaatoes, not the American tomatoyoes), peppers and herbs (not the 'Merican 'erbs). As I've never grown these things before (Scottish climate is not a great supporter of peppers or tomatoes), I wouldn't guess my results that I captured in the picture below left. Figure 1– 12<sup>th</sup> of April



Figure 2 Above – 17<sup>th</sup> April



Figure 3 Above Left – 12<sup>th</sup> May • Figure 4 Above Right – 31<sup>st</sup> May

Other than finding out the honesty of co-workers who helped themselves to the delicious fruit, I did make the connections necessary to help me in my quest to improve. I found an interesting and unintended consequence of many fine people wishing to give me advice on my garden, and how they saw me differently, now more approachable. I learned that these connections created a bond between that person and I. I'm sure that many thought that I was being eccentric and would only see that I was attempting to grow flowers in an industrial setting was a crazy idea. However all I was doing was to find a new way to do a Gemba walk (Liker, 2004).

And here it ends my last American improvement project, as I watch the time race to the point of departure. Thank you for hosting me America, I hope that you have seen me as being a good guest, I've made a few changes, and I'll let you decide if they are for the better. Thanks to you my reader, if you have been riding with me on my writing journey since 2011, I'm impressed you stuck it out this far. You have more patience than I have for my typically petty and ill informed Quality articles. I'm going to be taking a break from the writing for a little bit. My new role and return to Scotland will no doubt consume my hours, as I find the next new problem to solve and finding where the improvements are needed.

Although fascinating as my story of communication is, I realized something in myself or perhaps I recognized a trait that was inside me, which was risen from the deep: a personality disorder the size of a Kraken. The story of the garden is me: I like to take the small chutes of inspiration, and help them flourish to more than what they started as. Sometimes I will find things may wilt and die, for example a great idea for improvement; however I'm too determined to from allowing that from stopping growth.

I stopped tending to my USA garden when I realized it was time to move onto a new UK garden. I know that the earth there will be just as fertile, perhaps the growing conditions a little more of a challenge, however the results will no doubt be stronger and much more bountiful.

#### Works Cited

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#### About Paul Naysmith:



As well as being a Quality Punk and Improvement Ninja, [Paul Naysmith](#) is the HSEQ regional manager in the United States for a leading oil- and gas-well services company. He is a Chartered Fellow with the UK's Chartered Quality Institute (CQI) and an honorary member of the South African Quality Institute (SAQI). Naysmith has a bachelor of science in paper science and management, and has worked in industrial textiles, food manufacturing, and the aerospace industry. When not working, he enjoys photography, training to become a

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# Committing South Africa to Integrated Reporting

Talk for the KZN Institute of Internal Auditors South Africa ('IIASA')  
By Terrance M. Booyen (CEO: CGF Research Institute (Pty) Ltd)

Good morning ladies and gentlemen

May I begin by thanking Jeanette Englund, and the Institute of Internal Auditors South Africa (KZN Branch) for inviting me to your Regional Conference.

For some of you who know me, it's seldom that I will miss an opportunity to visit my hometown where the sharks rule!

My topic, **COMMITTING SOUTH AFRICA TO INTEGRATED REPORTING** will essential deal with 6 key areas; namely;

1. Brief history on an Integrated Report, what it is and then what's the difference between an Integrated Report and Integrated Reporting?
2. Why is it so important and who should report?
3. What content makes for a good Integrated Report?
4. Since its inception, has Integrated Reporting in South Africa been successful?
5. Is enough being done?
6. If business is expected to report, should the same apply to Government?

## 1. Brief history on an Integrated Report, what it is and then what's the difference between an Integrated Report and Integrated Reporting?

Brief history on the Integrated Report

Although one cannot be entirely sure of the origins of business reporting perse, what we do know is that during the 19th century, business regulation in the United Kingdom became a huge focus and many business owners were forced to turn to professional 'accountants'. In 1844 the first British Companies Act was passed, requiring auditors to examine the accounts of all public companies.

By 1862, an updated British Companies Act was passed which required banks to be audited.

By 1925, the American company and accounting laws and regulations had also increased, but it was not until after the Stock Market Crash in 1929 -- which led to the Great Depression and affected economies worldwide -- that financial reporting became mandatory for listed companies in America. As a result of the Stock Market Crash in 1929, the US Congress enacted the Securities Act of 1933 which required listed companies to file financial reports. Following the Stock Market crash, financial accounting and reporting gained momentum as various countries imposed stricter regulations on organisations.

By the 1970's, the term Corporate Social Responsibility (CSR) began appearing in reports -- often in the form of advertisements and small sections in annual reports -- and in many cases this was done in an attempt for organisations to regain popularity after they had suffered some form of reputational damage. Expectedly, these reports were largely unverified and disconnected from the organisations' corporate performance.

During the 1980s, CSR lost momentum until 1989 when an American company hired a 'social auditor' as part of their yearly audit. Since then, social accounting gained momentum worldwide as environmental and social issues gained public interest. As CSR grew in importance, the need for organisations to demonstrate a correlation between their Annual Financial & their CSR reports increased.

So ladies and gentlemen, after some pretty disastrous events circa 150 years ago, there have been significant developments and expectations in company reporting. In the greater scheme of things; these events were most likely the main catalyst for company reporting, and what we now call Integrated Reporting.

So what exactly is an Integrated Report?

Integrated Reporting is a relatively new phenomenon in the world of corporate reporting and it has gained traction across both the corporate and investor community in the last ten years.

For all intent and purpose, an Integrated Report should be a single report which is the organisation's primary report for reporting to the organisation's stakeholders matters which pertain the organisation's strategy, governance and financial performance, including the social, environmental and economic context within which it operates. Interestingly, in some jurisdictions there is a distinction regarding who the readers of the Integrated Report should be?

In respect of those countries who follow the principles of King III strictly, the Integrated Report would be prepared for the organisation's stakeholders (this means shareholders and other stakeholders).

But in other jurisdictions, the target audience is only the shareholder and this is to the exclusion of the organisation's extended stakeholders and supply chain. Indeed, in South Africa there is no hard and fast rule that the Integrated Report should be a single report; in most cases the Integrated Report is in fact a separate report which is

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complimented by the organisation's set of annual reports.

In the PwC's latest survey of JSE Top 40 Companies' Integrated Reports 2014; only 15% of South African companies have a single Integrated Report.

The remaining companies all offer a 'suite' of multiple reports. Of course it may be argued that singular reports -- assuming they provide the necessary and sufficient information -- make it far easier for any stakeholder to get easier, more rapid access to an organisation's IR information as compared to those who don't offer a single report.

To this point, making this information available via the organisation's website, makes potential investor's investment decisions much easier and hopefully faster too.

In most cases, the Integrated Report is produced once a year. Whilst this report is generally compiled by the company secretariat -- and even sometimes outsourced to a PR agency -- it is strongly advised that in producing this report, all key players of the organisation should be involved in its compilation.

So often this report is simply seen as an irritation and it is passed off to a junior person in the organisation who simply does not understand the critical role this report can play in the promotion of the organisation's activities.

Used correctly, this report has as much meaning to a potential investor, as what it does for any other stakeholder such as an employee or supplier.

Get the contents wrong, and the organisation can get into deep trouble with shareholders, the media, activists and even the various regulatory bodies who use the information, or lack of information, as a tool for further interrogation.

Each element of an Integrated Report should provide insights into an organisation's current and future performance. Indeed, the report must show proper and applied integrated thinking; rather than some slap-dash approach of useless, or even worse, false information.

How does the Integrated Report fit into Integrated Reporting?

By addressing the material issues for an organisation, an Integrated Report should demonstrate in a clear and concise manner an organisation's ability to create and sustain value in the short, medium and longer term.

Integrated Reporting demonstrates the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates.

Used correctly, the report is not seen as a 'static' document which is parked on a coffee table or posted annually on the website to comply with a 'tick-box'.

This report must be a 'living' document, accessible to all employees and people with a vested interest in the organisation. Besides the usual suspects from the board and shareholders, HR, marketing and all senior management must be 100% familiar and comfortable to

use and refer to this report.

By reinforcing these connections, Integrated Reporting can help organisations to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing.

## 2. Why is it so important and who should report?

Integrated Reports and Reporting are progressively receiving attention both locally and internationally.

The need for IR stems from a number of important factors, these include;

- the need for transparency and disclosure pertaining all issues that affect the organisation's sustainability
- stakeholder's growing concerns regarding the use of natural resources
- instability of the global economic crises
- ethical leadership and practices at personal and organisational levels
- early warning risk detection or strategy failure
- increased fraud and corruption
- issues of dwindling natural resources and environmental protection
- changing social values

These and other corporate governance factors, influence the on-going sustainability of organisations and play a vital role in the organisation's overall strategy and that of its stakeholder's.

By providing the organisation's stakeholders a clear picture of its existing position and intended future, all the organisation's stakeholder's legitimate needs, interests, concerns and expectations can be effectively managed over the short-to-long terms. Expectedly, this provides stakeholder assurance with the many benefits that usually follow. Of course, when there is 'harmony' amongst all the stakeholders which has been done through design, the organisation's ability to perform optimally, with the support of all the stakeholders, becomes much easier.

Current reporting methods which are not IR orientated have been found to be inadequate and have not provided more forward thinking stakeholders with sufficient information (neither confidence) to make fully informed decisions regarding the organisation. To this point, merely reporting on financial matters only, only gives a one-sided perspective of the organisation. Through IR, organisations must demonstrate to stakeholders that their business is sustainable, both now and in the future, and that it is prepared for the various challenges it will face (both financial & non-financial).

Increasingly, organisations are being held accountable by stakeholders for their impact in many different areas that were considered 'immaterial' in the past. They are expected to be environmentally responsible, actively demonstrating the measures taken to minimise the organisation's impact on the environment.

They are also expected to contribute socially and economically, participating in wealth creation, distribution and in skills development. Integrated Reporting allows organisations to reassess numerous aspects of the business and to steadily grow stakeholder confidence by

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demonstrating the organisation's strategy for those aspects.

Who should report?

From a South African perspective, only JSE-listed companies are expected to produce an Integrated Report. However, besides the JSE-listed companies, government and state-owned companies, including all private companies with a PIS of 500 or more points should also be required to produce an Integrated Report. Similar to organisations having to produce annual tax clearance certificates for procurement purposes, all organisations for profit or otherwise should be compelled to produce such a report. Of course, the levels of reporting will be different between larger vs. smaller organisations, but the principles of reporting should be exactly the same. That being said, it is my humble submission that all non-profit companies (old S21 companies) should be subjected to the same conditions of reporting. Why should they be treated any differently?

Let's agree that sound governance within an organisation is key to creating and sustaining value. Organisations that establish principles of accountability, transparency and ethical business values, will understand the reasons and benefits of using an Integrated Report to communicate their governance principles and their business practices to their stakeholders. Those who fail to provide such information to their stakeholders will -- over time -- feel the affects of an uneasy, unassured stakeholder. It's worth bearing in mind that one of the International Integrated Reporting Council's (IIRC) principle roles is to get consensus amongst governments, listing authorities, business, investors, accounting bodies and standard setters to align the thinking for this new way of integrated organisational reporting. Organisations who retard their actions, or offer untruthful information, or avoid its intended stakeholder benefits, are simply delaying their future demise.

### 3. What content makes for a good Integrated Report?

It is imperative that organisations fully understand the appropriate classifications of marking documents. For example, in any organisation what is meant by a RESTRICTED, or a CLASSIFIED, or a CONFIDENTIAL document? Have organisations actually informed their employees of these differences and more importantly, when to apply these classifications? That having been said, what about the use of SECRET, or worse... TOP SECRET?

So where is this leading to? I will pick up on in a moment. But back to the matter of the contents which should be found in a good Integrated Report. Some of the better -- award winning -- reports include clearly articulated, material information which covers inter alia, the organisation's:

- current leadership structure
- current & future business overview
- processes to make strategic decisions
- leadership & business performance
- synopsis of the external environment
- forward looking strategy & resource allocation
- attitude towards risks & opportunities
- governance matters, also mechanisms for addressing integrity and ethical issues

- how remuneration and incentives are linked to value creation
- stakeholder engagement & relations
- corporate social investment
- environmental & sustainability matters

If Integrated Reporting is about being open and honest, as well as providing accurate information to assist stakeholders to inform themselves; how is it then possible that some organisations mark these documents with various forms of restricted, and sometimes confidential classifications?

In a recent case, I read a completely low key -- fully completed government document -- where senior government officials were talking about public domain information under the auspices of a TOP SECRET document. The point of this illustration is that we need to know and understand what is, and what is not restricted; and then we also need to know what we must be telling the public as opposed to what we should or should not be telling the public.

Indeed, let's also understand there's a fine line in respect of giving away competitive edge for the advantage of others. Clearly, in the Integrated Report, the reporting organisation needs to be judicious in the manner of its competitive positioning, and telling the stakeholders what is actually going on and what to expect from the organisation is an important matter. Then as a final point under this section, organisations who claim their 'decent corporate citizenry' must align their daily behaviour with the contents found within their Integrated Report.

Far too often one sees and hears about the poor governance practices in the media of an organisation, yet the same organisations produce these puffed, expensive glossy reports claiming their fantastic work to improved organisational and stakeholder-value performance. Of course what really needs to happen is a thorough audit needs to be done on each Integrated Report so as to provide the necessary assurances that the information provided in the Integrated Report can be wholly relied upon. In the last few weeks, I recall two incidences with local retailers....

In the one case, the retailer has allegedly not been as honest about their products as the public may have expected. In an open letter written to the CEO of this retail group, the consumer action group believes with good reason that the retailer has mislead the public in respect of the retailer's product labelling.

In this case, the retailer claims a unique 'ethical high ground' with its 'world of difference' slogans which have allegedly increased sales, the retailer's products stand accused of not being able to stand up to scrutiny. This retailer has been criticised previously for the sale of GMO 'Frankenfoods'.

In another case, a family food retailer has associated its brand with a liquor outlet. Whilst the retailer's slogan appeals to their products "being good for you", its liquor outlet who use the same brand imaging advertise single bottles of whiskey at R85,499.00.

Besides the misalignment of the marketing messages in

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both the cases, one does need to question the following matters:

1. does the daily business practice of the organisation actually align with the message contained in the Integrated Reports?
2. does the Integrated Report marry the organisation's ethical values with the contents of reporting?
3. is there proper management and assurance checks - from the board and to each (store)manager -- to ensure that management are behaving in such a manner which lives the organisation's values so that this behaviour can knowingly be reported in the Integrated Report?
4. does the reporting instil trust and credibility?

Indeed, perhaps these are isolated cases and such where arguably the one hand did not know of what the other was doing? That being said and notwithstanding, as Warren Buffet said it takes a lifetime to build a brand, but one incident to destroy it.

Following the illustration of these two examples, it also goes to show how important it is for organisations to inform all their employees of the importance of aligning values with practices.

Expectedly, if the Integrated Report is seen as yet another 'necessary evil' which lands on some person's task of duties – with no integrated thinking and collective organisational involvement – the contents presented in the Integrated Report may in fact be far from the real situation at the ground level. In governance and legal terms, such a situation may in fact be construed as reckless behaviour.

Of course, if the intention on the part of an organisation is intentionally meant to mislead, then this is tantamount to fraud, or fronting as it were.

#### **4. Since its inception, has Integrated Reporting been successful?**

According to the comments by the UN Conference on Trade and Development (UNCTAD), including the B20 and G20 countries, there is positive progress and Integrated Reporting is gaining traction.

Although Integrated Reporting has the potential to fundamentally change corporate reporting, we still know relatively little about its causes and consequences. Proponents of Integrated Reporting argue that the attraction of long-term investors is a benefit of adopting Integrated Reporting.

While anecdotal evidence has suggested the presence of a link, no empirical evidence to date has been provided to establish such a relation. Specifically analysing data of a recent pilot programme conducted internationally by Harvard Business School on more than 1,000 firms between 2002 and 2010, it was found that firms practicing Integrated Reporting generally have a more long-term investor base and fewer short-lived investors.

In addition, the pilot also revealed that changes in Integrated Reporting led to changes in the organisation's investor base, whilst changes in the investor base did not necessarily lead changes in Integrated Reporting.

In South Africa, according to PwC's latest survey of JSE Top 40 Companies' Integrated Reports 2014, they made some of the following findings. SA companies who provide Integrated Reports:

1. showed a strong focus on strategy and resource allocation
2. but, contrary to point one, companies were reluctant to incorporate any detailed perspective on the future of their markets, and how they planned to operate therein with no or little insight provided into the market drivers
3. whilst there appeared at first to be an improvement in the integration of diverse information, in reality the links between the annual report and the narrative report -- as documented in the IR – showed clear signs of disjointedness
4. showed great efforts to reporting on stakeholder engagement processes, denoting the importance to improve damaged relations with employees, labour unions and civil society
5. whilst only 46% of companies described their customer base, even fewer (20%) provided information on their competitive landscape
6. as some further general comments whilst all the reporting areas should significant room for improved reporting;
  - there was a decline in the effectiveness of risks & opportunities reporting from 2013 (32%)-2014 (26%)
  - there is a clear area for further developing governance reporting which dropped from 2013 (39%)-2014 (28%)
7. but of more concern, is that very few companies (18%) clearly linked governance to the rest of the Integrated Report
  - many companies clearly described their company culture and values and how these drive governance and the tone from the top.

As a brief comment, even though IR may be in its early stages of development in SA, it does seem that – even though IR is mandatory for JSE listed companies -- many companies only provide brief information to comply with the minimum of reporting.

This trend will have consequences upon these companies practicing the minimalistic approach, particularly as foreign investors compare IR reporting of foreign companies against those in SA and find those in SA of a sub-standard reporting nature.

As is evident by the fact that only 8% of companies were willing to clearly distinguish their short term, medium term and long-term priorities; I am most certain this would have a dampening effect upon potential investors who may be doing high-level 'window shopping.'

#### **5. Is enough being done?**

In my humble opinion, a lot more should be done by all companies with a PIS of 500. This should not just be for listed companies. As we know, the Integrated Reporting Council (IIRC) has released the IR Framework in December 2013 and this framework provides a clear set of guidelines to assist organisations to report on a basis such

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where investors – amongst other – now have a reasonable way to assess the performance of organisations on a reasonably comparative and fair basis.

The practice note issued by the IoDSA in June this year provides further detail providing the WHAT & HOW answers to Integrated Reporting.

Considering the fact that the values of people and generations has changed to the extent that it has, and if organisations persist on behaving with a singular dogmatic attitude that profit will be made at the expense of other capital such as Human and Environmental Capital; then these organisations will be taken to task by a need breed of activist informed investor and similar stakeholder groups.

In my mind, IR is a perfect platform that allows all stakeholders to – for the first time – have the opportunity to have good, clear view on what the organisation says it stands for, what it says it will do, how it will do it and the impact it will have on the environment, people and our planet.

Through this knowledge, stakeholders can have a clear consciousness regarding the reasons it supports or doesn't support an organisation. Those organisations who are out of kilter with the new stakeholder expectations and demands will need to shape up or ship out.

This is – in the new age where consumers have been given extraordinary powers to act against unscrupulous operators - long overdue.

#### **6. If business is expected to report, should the same apply to Government?**

As government departments are expected to apply the King III code, in my mind there's no reason why we should not fully expect all government and municipal departments and state owned companies to report on exactly the same principles as we expect from JSE-listed companies, including all other privately owned companies whose PIS scores exceed 500 points on an annual basis.

As directors are increasingly being measured regarding the risk management and performance of business, it is my belief that the IR will become an even more important document for which activists and informed shareholders must be equipped. Indeed, risk must be managed in order for an organisation to make profit.

That being said, the same principles would apply to a government department, albeit that the latter may not be measured by profit making, but rather prudent spending. There is no reason why directors and boards should be treated any differently.

If municipalities were mandated to produce a proper IR and on the same basis as a listed company, the IR would not only serve to spot and remedy matters as may be appropriate, it would also allow citizens an opportunity to make informed decisions as to which municipal areas to support and which ones to avoid. This is surely part and parcel of one's democratic right as espoused under the freedom of speech and movement.

Whilst on the note of government and municipalities

providing some form of IR, let us not forget about the Batho Pele Principles which have a remarkable resemblance – perhaps with an extra dose of imagination – to the IR principles. The main sections the Batho Pele Principles cover are:

The Batho Pele principles are as follows:

1. Consultation
2. Setting service standards
3. Increasing access to information and services empowers citizens
4. Ensuring courtesy from our government and municipal departments
5. Providing information
6. Openness and transparency
7. Redress
8. Value for money

Of course considering these Batho Pele principles, the SA Governments IR might then include topics such as:

- SA's leadership
- political instability
- governance
- corruption in government: circa 20-25% of state procurement, representing approximately R180bn is lost each year due to corruption
- a largely divided and unequal society
- crime
- education
- inadequate and poorly located infrastructure
- ailing public health system
- poor performance of the failing public service
- ailing economy
- unemployment
- industrial strikes and rolling mass action
- South Africa's growth path
- overly prescriptive regulation & lack of skilled workforce
- electricity supply and disruptions

Given the challenges in SA companies as well as our government....

"As Mark Goyder, founder of Tomorrow's Company, advises, 'Don't claim to be perfect. Tell it like it is. Warn that there aren't easy choices. Invite the [reader] into the dilemma'.

The audit committee should play a key role in assuring the integrity of the company's report and should specifically evaluate the significant judgments and reporting decisions made by management which affect the integrated report."

Thank you ladies and gentlemen for your attention.

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# Quality in Schools

a regular column by Dr Richard Hayward

As most of our readers are parents themselves, we have asked SAQI's education editor Richard Hayward ([rpdhayward@yahoo.com](mailto:rpdhayward@yahoo.com)), a retired headmaster and published author to give us some words of wisdom on how to get quality principles instilled in young people.

## Praise our Quality learners, staff and school

by Dr Richard Hayward

The most important things aren't always things. Think of yourself at your own school. If you're a happy teacher, ask yourself the reasons why. You might be really lucky to have only twenty five learners in your class, a laptop and an interactive whiteboard. However, only a tiny number of South African teachers are so privileged. Yet at whatever school you teach – no matter how poorly or well-resourced in the classroom – your true job satisfaction isn't dependent on 'things'.

Most of our job satisfaction and happiness come from our positive interactions with others at the school. Those people encourage and affirm us. They like us for who we are and quite simply help us, 'to be the best that we can possibly be'. There's one sad challenge though that can creep into any happy school. We are so busy in the hurly-burly-hurry pace of life that we don't pause to reflect on the wonderful people that surround us.

However, there's a day that will help us towards solving that particular challenge. That day is Thursday, 13 November 2014. It's World Quality Day (WQD). On that day quality organisations world-wide praise make a point of praising their excellent staff and their achievements. If it's a business such as Woolworths or Toyota, they'll be celebrating the quality of the products that they buy and sell. They'll also be celebrating that they're great companies to work for.

Your Quality school has many reasons to celebrate World Quality Day. Celebrate the outstanding achievements and efforts in your own classroom and school. You might like to get the learners to write about a Quality Kid or Teacher in their lives. (Don't forget the Quality general assistants, secretarial staff and, of course, the principal!)

A twelve-year old boy wrote this praise poem about his Grade Six class teacher:

- T Thoughtful, trusting
- E Enthusiastic, energetic
- A Attitude, awesome
- C Caring, compassionate
- H Humorous, helpful
- E Educate, encouraging
- R Reliable, responsible

The boy's description of his teacher included values to be found in any quality person. One teacher used World Quality Day to help every child in her class grow in self-esteem. She gave every learner a sheet of paper which had two incomplete sentences printed on it. The first incomplete sentence read:

*"I'm a Quality Kid because..."*

At first, there were many learners reluctant to write about themselves and their good qualities. Yet the teacher gently insisted. The exercise helped the children to recognise their own fine character qualities. The second incomplete sentence was:

*".... (Fill in a classmate's name) is a Quality Kid because..."*

Once the learners had completed the two sentences, they were encouraged to read their answers to the second incomplete sentence to their peers. The learners soon realised how much they were liked by others in the class. That simple activity further bonded the class as a caring, empathic group who appreciated each other more.

We like to be recognised for who we are and also for what we do. There's a need for appreciation for what's being done for the learners and the school. Give affirmations and Thank You's to caring, dedicated, hard-working learners as well as teachers. Use World Quality Day to do just that. How could your school go about doing it?

The school could put display boards along corridors, in the classrooms and at the office reception area. Festoon them with green and white balloons (the WQD colours). Have photos and pen portraits of Quality learners and staff. Let everyone see their sunshine smiles and become aware of how special they are. Display articles and photos of the many achievements in the academic, cultural and sporting life of your school. You do teach Quality Kids (of course you do!) and you do have a Quality Staff (of course you have!). So, therefore remember to celebrate World Quality Day on Thursday, 13 November!

This article first appeared in the September 2014 issue of *The Teacher*.

**Under the aegis of SAQI, Richard Hayward does Continuing Professional Teacher Development (CPTD) programmes. They are recognised by the South African Council for Educators and earn Professional Development (PD) points. For more details, please go to [www.saqi.co.za](http://www.saqi.co.za) or contact him on [rpdhayward@yahoo.com](mailto:rpdhayward@yahoo.com). Poor Schools are sponsored.**

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# SAQI Training Programme for 2014

All courses offered by the South African Quality Institute are presented in association with other course providers and are available to all organisations including SMMEs and corporates. SAQI can assist with the training of a company's workforce and all training packages can be run in-house at cheaper rates. A special 10% discount applies to SAQI members. **All prices include VAT.** For more information or to register contact Vanessa du Toit at (012) 349 5006 or [vanessa@saqi.co.za](mailto:vanessa@saqi.co.za)

SAQI reserves the right to change details of the programme without prior notice. Click on the course code for a synopsis or [click here](#) for all course synopsis in alphabetical order.



**DOWNLOAD TRAINING REGISTRATION FORM**

Code	Course	Days	Cost	Oct	Nov
B12	ISO 14000 overview	1	R2,500.00		
B14	Integrated Management Requirements	3	R5,000.00		
B16	Internal Quality Auditing	3	R5,100.00	15-17	
B20	Organisational QMS Lead Auditor	5	R11,500.00		
B24	How to write procedures	2	R4,400.00		
B34	Statistical Process Control	5	R11,500.00		
B38	Development of QMS	5	R11,500.00		
B41	Introduction to Quality Control	1	R2,500.00		18
B48	ISO 9001 Requirements Workshop	3	R5,000.00		
B58	Customer Satisfaction and Excellence	2	R4,400.00		
B64	Introduction to Quality Techniques	3	R5,000.00		19-21
B65	SAQI Certificate in Quality	10	R19,500.00	27-31	24-28
B66	Problem Solving and Decision Making	3	R6,000.00		
B75	Intro to Lean	1	R2,100.00		
B76	Lean for the Service Industry	4	R8,700.00		
B82	Incident and Accident Investigations	2	R6,700.00	6-7	
B83	Project Management and Quality	3	R15,100.00	8-10	
B84	Supply Chain Management	3	R12,700.00		3-5
B85	Production Planning and Scheduling	3	R15,100.00	1-3	
B86	Inventory and Warehouse Management	2	R10,250.00		

**SAQI also offer the following courses on an inhouse basis for 10 or more delegates. Please contact [vanessa@saqi.co.za](mailto:vanessa@saqi.co.za) for a quote.**

- Control Chart And process Capabilities (B31)
- Cost of Quality (B1)
- Customer Care (B39)
- Customer Satisfaction and Excellence (B58)
- Development of Quality Management System (B38)
- EMS Lead Auditor (B50)
- Executive Report Writing (B57)
- Exceptional Service (B32)
- Health And Safety Lead Auditor (B52)
- How To Write Procedures, Work Instructions And ISO 9000 Overview (B24)
- ISO 14000 Overview (B12)
- ISO 9001:2008 Requirements Workshop (B48)
- Integrated Management Requirements (B14)
- Internal Quality Auditing (B16)
- Introduction To Quality Control (B41)
- Introduction To Quality Techniques (B64)
- Organisational Lead Auditor (Preparation Course) (B20)
- Policy Deployment And Continual Improvement
- Project Management Demystified (TD1)
- SHEQ Internal Auditing (B49)
- SHEQ System Development Programme (B51)
- Statistical Process Control (Basic Quality Control) (B34)

For a list of IT specialised courses, please [click here](#)

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