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During this month, not only in South Africa but around the world, we celebrated the 95th Birthday of our previous President Nelson Mandela. SAQI wishes Madiba a fast return to full health.

In this month's newsletter we are pleased to publish the first of a number of articles that Dr. H James Harrington has given us permission to use following his recent visit to South Africa.

We also acknowledge the performance of one of the icons of quality in South Africa, Mercedes-Benz, East London Plant on achieving the silver J D Power and Associates Initial Quality Study for 2013.

In this month's issue SAQI focuses on some potential changes to the ISO 9001 International quality requirements standard. This is currently still in Committee Draft form but is reaching a critical point in its development. One proposal that is currently being discussed is the changing of one of the requirement in the standard from "continual improvement" to just "improvement" Is this proposed change important? Well I have taken the opportunity to share my views on the subject by discussing the PDCA cycle as the basis for implementing ISO 9001. The sad reality is that the working groups that decide on these important issues are very poorly attended by the stakeholders in our country. If you don't like what is being developed on your behalf you only have yourselves to blame. I would appreciate any comments so that they can be passed on to the international ISO community.

You can keep up with all our latest activities by visiting us on www.saqi.co.za

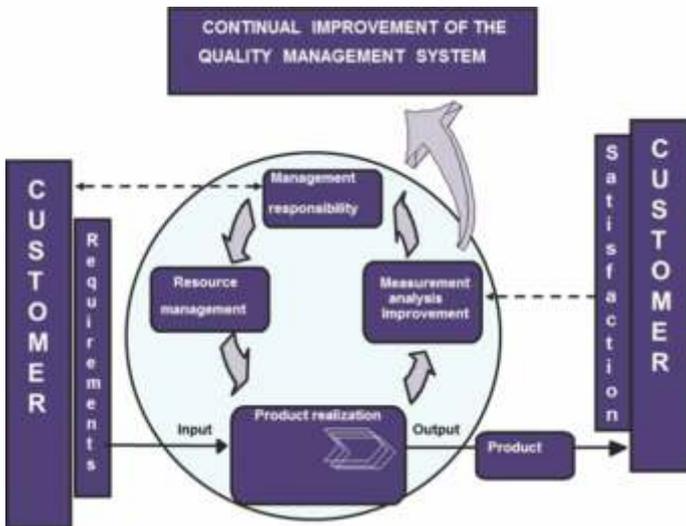
Paul Harding - SAQI MD



By Paul Harding SAQI MD

Introduction

When the ISO 9001 Quality requirements standard was revised in the year 2000 from the previous 1994 version it required a major change in thinking regarding the foundation and application of the standard. We needed to move away from the previously stated twenty prescriptive requirements to a more generic approach of not only producing consistency of product and service delivery but of continual improvement. This was not just a minor revision to an established way of implementing a formal documented management system in order to obtain consistency of product or service, but a whole new attitude towards customer satisfaction. Right from the start of the development process it was decided to apply the well-known Plan Do Check Act (PDCA) principle as the basic model for the revised standard. In order to achieve the required organizational goal of continued customer satisfaction, the QMS system model shown below was created. This simple model was developed based on the PDCA cycle and should have been easy for any organization to implement when developing, implementing and maintaining a Quality Management System.



Source ISO 9001:2008

How should the model be interpreted?

If an organization was starting up from scratch then the model would follow a logical sequence of events as shown below.

1. Management would gather intelligence from potential customers and establish a need for developing a product or service.
2. Once that need had been identified, management would then plan for the resources that would be required to satisfy that need.
3. Those resources would then be utilised in an orderly consistent way by using a process approach to do the product realization.
4. Once the product had been realized then a check would be carried out to establish conformance to customer requirements. This would not be just aimed at the product or service itself but also the processes that produced the product as well as an analysis of the available resources.
5. Management could then make a decision on whether the plan worked. If it didn't then they could react by adjusting the plan or establishing more resources or modifying the processes or product in order to improve.

You will notice that in this interpretation of the PDCA cycle the P does not start with Management but rather the resource allocation. Management has the responsibility to Act once feedback on the Checked results is made evident.

The importance of continual improvement

Now if this PDCA process was followed by an organization newly coming to market they may well rotate the cycle a number of times before they eventually release their product or service on the market.



Unfortunately many organizations who introduce ISO 9001 for certification purposes are not starting up from scratch and already have developed a culture of operation that does not necessarily follow the PDCA cycle. Very often these organizations are more concerned with complying

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with the individual clauses found in the standard, as was the case in ISO 9001:1994 than following the basic principles found in the QMS model.

There is much debate taking place at the moment as to whether the word “continual” should be removed from “continual improvement” in the proposed Committee Draft (CD) update of the ISO 9001 standard ref. ISO –TC 176 –SC2-N1147 and replaced with just the word “improvement”. Now in my opinion this will have far reaching effects. We have discussed the PDCA cycle in its most basic form but Shewhart and Deming told us the cycle is meant to keep turning. So you will see from the QMS model shown above that there is another arrow that goes outside of the regular PDCA cycle. This extension is aimed at continual improvement of the QMS and is sometimes referred to as **CAP-Do**. We continually **C**heck, **A**ct, **P**lan and **D**o it better and better using the following steps:

1. Check to see how the product or service is performing,
2. Study to learn the important production or service process variables,
3. Develop a way to revise the important production or service process variables,
4. Revise the work plan then train and educate the workforce on the new plan,
5. Do the work then collect data on the product or service production processes,
6. Continue with the cycle and rotate it again.



So where does this leave us on the proposed CD of the new ISO 9001 standard if the word “continual” is deleted from “continual improvement”? Well there is no reference currently in the CD to the existing QMS model that can be found in the current ISO 9001:2008 requirements standard. On further investigation we will find a replacement model that appears in the revised CD of ISO 9000 “Quality management systems – Fundamentals and vocabulary” ref. ISO/TC 176/SC 1 N 432. Now this document, which is simultaneously being revised along with ISO 9001, as the title suggests is meant to explain the basic principles and

foundation of the requirements standard. So what are now the basic principles? Well PDCA clearly features in the document and is explained as an efficient tool for planning, implementing and improving quality management systems. However, the proposed new QMS model found in the document bears no relationship to the current PDCA cycle based model. We must take care that whatever goes into the document can be interpreted by a wide range of users producing both goods and services and can also be adequately audited against set standards required by all affected stakeholders but with a focus on customer requirements.

Conclusion

We are in danger of making ISO 9001 far more complicated than it should be. Many major organizations that I deal with have introduced “Back to basics” programs aimed at making things less complicated and easy to understand. The strength of the current PDCA approach to ISO 9001 requirements has always been that it can be as simple as the magnitude or complexity of the product or service that the organization delivers requires. It can be used in multi-national organizations employing thousands of people or SMMEs employing a handful of workers. It was deliberately written that way. There are always opportunities for improvement but the PDCA cycle that was developed over 60 years ago will still be effective in 60 years’ time. We can even trace the origins of PDCA back to the “scientific method” developed in the 1600’s.

The basics of a Quality Management System still remain relatively simple:

1. Say what you do,
2. Do what you say,
3. Prove it,
4. Then continually improve it.

Paul Harding is the Managing Director of SAQI. He was South Africa's sole appointed representative for the hardware (manufacturing) sector in the development of ISO 9001:2000. He spent 23 years working for the Japanese that lived the principle of PDCA. He currently sits on ISO TC 176 SC1 and SC2 committees at SABS.

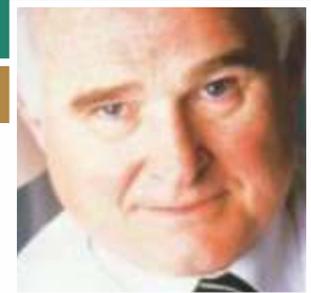
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Is Perfection the Enemy of Good?

That premise will lead you nowhere... or worse.

By: H. James Harrington



As I'm writing this column, the U.S. government is debating the approval of a trillion dollar-plus stimulation package, the Dow Jones average has dipped into the 7,000 range, hundreds of thousands of people were laid off work last week, and poor-performing companies throughout the United States are looking to the government to take money from the well-managed companies so they can continue to perform poorly.

Our new president hasn't learned from the mistakes made in the last stimulation package as he pushes for approval to spend the trillion-plus dollars of our money without a well-defined plan on how the money will be spent (given away). The Bush stimulus package went to the banks, many of which didn't need or even ask for the money.

The general response to the people who want a well-documented and clearly-defined stimulus plan is "perfection is the enemy of good." The government claims that it needs to step in right now to stimulate the economy and it can't wait to design the details of the package, even though much of the money won't be spent this year. There is a need to do something, but this approach is how big business ran in the 1970s. They didn't worry about the scrap in the process; they just increased the input to get more output, and then passed the added cost to the customer. You don't just pour more into the beginning of the process to get more output; you correct the scrap and rework operations to make the process more efficient and effective for the desired results.

Haven't we learned that striving for perfection in both business and government should be our goal? We've got to stop saying "That's good enough for government work." Rather, government officials need to say, "We are the government and

our processes must be well-defined, controlled, understood, and the best in the world."

If we are going to stimulate the economy, let's define the programs that will stimulate it, fund each program independently depending on its expected return on investment (ROI), and then measure each one independently. If we don't get the projected ROI, or close to it, those who voted for it should be held accountable for what they are doing, just as the CEO of a major organization is held accountable.

Our new president has made a big step forward by creating a new federal government position, chief performance officer, but wasn't that what Al Gore was supposed to be doing when he was vice president? Unfortunately, the individual selected for the new position had to withdraw due to tax problems. Hopefully the president will make a better selection next time. I hope the new person responsible for government performance will separate the pork and bull from the steak and potatoes. I can still remember the "\$500 toilet seats."

It's not just the way our federal government addresses the affairs within the United States—our international politics are even worse. Throughout the world, the perception of the United States is at its worst. We can't buy friendship and goodwill. One of the most important jobs of our federal government is to build relationships with other countries. Here again our processes are failing. The "big ugly American" sentiment is growing. There is a big difference between respect, friendship, and fear.

Don't get me wrong; I love the United States. I think it's the best governing system in the world, but here again, I disagree that perfection is the enemy of good. I am not saying that the republicans or the democrats

are right or wrong. Rather, it's the system of "I will not vote for your bill unless you vote for my bill." Every vote from the people who represent us should be based on how the bill will affect our beautiful country.

To live up to our worldwide responsibilities, we need to have processes that are as near perfect as possible. Our government system is managed by lawyers who have had little or no quality background. It's time for our quality Ph.D.s to get into politics and run for the senate, the house of representatives, and state governors. It's time to put quality and respect into politics. It's time to measure our elected officers based on the percentage of their promises given during their electoral campaigns that are realized during their time in office.

The time is long overdue to apply quality methodologies to the way U.S. government is managed. I believe this is the biggest future challenge and opportunity that the quality professional has. I would hope that one of the people doing their master's or doctorate thesis would take this on as a project. Quality politics would eliminate the need for war. Let me know if you are willing to take on my challenge.

About the author

H. James Harrington is CEO of the Harrington Institute Inc. and chairman of the board of e-TQM College Advisory Board. Harrington is a past president of ASQ and IAQ. He has more than 55 years of experience as a quality professional and is the author of 33 books. Visit his web site at www.harrington-institute.com.

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Mercedes EL Plant voted 2nd BEST in the World!

By SIYA MITI



MERCEDES-Benz South Africa's East London plant has again been ranked among the best manufacturing plants in the world.

Dr Martin Zimmerman: Chairman MBSA Board

It was awarded the silver J D Power and Associates Initial Quality Study for 2013. The results, based on a survey of new car buyers in the United States, were announced in the US yesterday.

MBSA produces and exports left-hand drive (W204) C-Class models to the US market. It is one of East London's largest private sector employers with a staff complement of close to 2 000 and indirectly creates jobs through component suppliers and linked companies.

The J D Power rating is described as the automotive industry's "indication of supremacy" and puts the plant among the top Mercedes-Benz makers globally. It is the fifth consecutive J D Power prize for the plant, with Platinum, two gold and two silver awards under its belt.

MBSA scored higher this year than in 2011, when it won gold, and has improved its score from last year by four points, when it won Silver. The gold award recipient ranked one point higher.

Vice-president for manufacturing Arno van der Merwe said: "MBSA is again the only African manufacturer on this year's winner's podium.

"The score is an indication of the consistent strides we are making as a manufacturer to create products of

the highest quality that are safer and more carbon-friendly. This progression clearly shows the pressure to run a tight ship at our plant in terms of reliability, efficiency and quality to remain competitive."

The Border-Kei Chamber of Business (BKCOB) congratulated MBSA, its only platinum member, and commended the company for flying the East London flag on a global stage.

BKCOB executive director Les Holbrook said: "The fact that they have won repeatedly clearly shows consistency in terms of quality and the ability to meet supply on time.

"J D Power is all about customer surveys and it means a lot when you see what customers say.

"In this case it means they are producing world-class products."

MBSA's sister plant in Sindelfingen, Germany, received a third-place bronze commendation.

The East London plant is currently in implementation mode, gearing up for the introduction of the next generation C-Class in 2014. MBSA will inject in excess of R2.5-billion into the local and national economy as it prepares for the launch.

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VISIT TO THE EAST LONDON PLANT BY THE ORGANISATIONAL DEVELOPMENT DIRECTORATE OF THE DEPARTMENT OF TRANSPORT ON 21 JUNE 2013



Ed van den Heever, BAS (left back), Prof Len Brunyee (2nd left), Director Thabo Cweba (centre front), Reg Mason (centre back), Gladstone Mtyoko, Executive Manufacturing, MBSA (5th from right), Sipiwo Kotta, Customers service, MBSA (2nd from right)

VISIT

In 2013, the MBSA East London Plant ranked among one of the best manufacturing plants in the world. It was awarded the silver JD Power and Associates Initial Quality Study for 2013. The results are based on customer feedback from new car buyers in the USA, and were announced in USA yesterday. This recognition is described as the global automotive industry's 'indicator' of superiority.

During the visit, all MBSA presenters and shop floor workers expressed satisfaction being part of – *'We are gratified of being part of a winning team'*.

The MBSA East London plant has won top quality awards every year from 2006 to 2012. These awards are customer verification of customer satisfaction about the quality of motor vehicles produced by the East London Plant. The plant has dedicated resources to research the market, and this 'outcomes' produces

what they call - the voice of the consumer. The current '**customer satisfaction index is 96.7%**'.

Notwithstanding the high customer satisfaction index, (similar to the Balasela Service Delivery index – SDIX) the MBSA team continues to find ways to improve. The Quality Unit continuously conducts assessments and proposes further improvements to systems and product quality. This not only focuses on MBSA, but also on its suppliers.

The plant does not carry inventory. Suppliers provide the necessary vehicle components 'just in time', and these must be of the highest quality with no defects. These are checked immediately on delivery and used to make motor vehicles. The assembly plant produces a car every **3.7 minutes**.

Employee attendance is 99% of a staff complement of 2200. The company provides an incentive for attendance. This was decided after the company resolved to investigate reasons for poor
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attendance. During this review, managers position themselves in the shoes of the workers. Example: a group of managers was dispatched to workers residential areas and used available public transport to get to the East London Plant. After this experience, they understood some of the reasons for wanting employee attendance and introduced changes which resulted in significant attendance directly experienced by the company.

Employer and employee relations are currently 'outstanding' because of credible information flow in the plant. This begins by setting clear performance targets and ensuring that every employee knows these targets. The following slogan is used – *'Show me how you will measure me, and I will show you how I will perform'*.

The Senior Manager for Production meets with all managers and supervisors at the beginning of every shift to communicate the performance target and to receive feedback on challenges that could impede achievement of the target. This meeting includes all management levels such as supervisors, first line managers, and 'shift' managers. After this meeting, the 'senior' manager meets other 'line' managers and 'support' managers to communicate the objectives, and to focus on the attainment of the production-targets.

Every Tuesday, all executives must participate in *'walkabouts'* on the shop floor to meet with shop floor workers and listen to their challenges and suggestions about production efficiency. In this way, management is assisted to understand the psyche of the shop floor worker on a weekly basis and undertake minor deficiencies before they escalate to problems and stoppages.

The plant conducts training on a continuous basis. Every employee is given training of the highest quality on their specific duties and other related duties. This multi-skilling ensures that production never stops when individual workers are absent.

Supervision is also carefully planned and executed. There are well designed forms and templates that are completed on an hourly basis, reporting on occurrences as well as challenges and over achievements. The Plan, Do, Check, Act (PDCA) theory are strictly implemented at the shop floor. These incident reports are captured on a computerized system which allows managers to be knowledgeable about occurrences all the time. The slogan is – *'Management must have their ear on the earth to listen to the noise made by the grass'*.

Computerised systems are used extensively to support all business processes. Information flow is rapid, and decisions are taken immediately, and *'production'* is never delayed, and targets are routinely exceeded. Systems such as Integrated Management System (IMS) which focuses on safety, systems audit and the environment for Mercedes Production System (MPS) which ensure that the process is kept 'lean'. 'Lean manufacturing' is the reduction or total removal of waste. **This ensures the lowest cost of production and returning value from every Rand spent!**

LESSONS LEARNED

It is my considered view that the Department of Transport can take valuable lessons from this visit. Deducing from the above, the following elements of a management system were identified:

- a) Target setting
- b) Effective communication
- c) Employee relations
- d) Effective training
- e) Effective supervision
- f) Effective reporting
- g) Effective production and use of data (Decision making)
- h) Use of computerised systems

In 2013, the Organisational Development Directorate of the Department of Transport has designed and is implementing a Service Delivery Management System (SDMS).

The SDMS system contains the eight elements identified above and opens an opportunity for the OD team to fulfill its operational plan effectively.

Team OD is committed to the implementation of the Service Delivery Management System and has identified the Human Resources Management Directorate for further rollout of this management system.

It is also the view of OD that the whole department can learn effective management and operational techniques if it can partner with Mercedes Benz South Africa (MBSA). The OD directorate has paved the way and would like to encourage senior management to visit the East London Plant for benchmarking, information sharing and exploring other partnership opportunities, such as contributions to the core business in areas of traffic safety, scholar transport etc.

The Eastern Cape has a world Class Company delivering world class services using world class systems at its door step.

This opportunity must be exploited!



Director : Thabo Cweba

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Our Social Responsibility Duties in Quality Audits

By Paul Naysmith



Back in April of this year, global news networks reported a horrific tragedy that took more than eleven hundred lives in the eight-storey Rana Plaza factory building. This was a day after cracks had been spotted in the building, which is located in an industrial town near Dhaka the capital city of Bangladesh. Within moments, employees making garments to be shipped overseas literally experienced the roof coming down. Post the event stories would emerge that building engineers had condemned the building not long before the event; however the owners continued to put their employees at risk. Since then the customers of this factory (17 US retailers, including Wal-Mart and Gap, and 70 European retailers including Zara, Benetton, Metro, Carrefour, Marks and Spencer, and Tesco) have created an accord to work together to prevent a similar scenario, and invest millions of dollars out of their profits to do so.

The event did affect me personally, as I do buy clothes from these stores. It's quite probable that I may have owned or have worn garments produced from the said factory and somehow I felt that I had a connection. I had never really thought about the conditions that the employees make the clothes in, however, my focus would have been on the quality and price of the product in front of me. I never take a look at that label, which is always sewn deep inside, to see where it has come from. In fact, unless it is printed in plain view, It wouldn't even cross my mind to confirm its manufacturing source.

As a Quality professional or a trained Quality auditor, it is at times our responsibility to perform supplier audits. These audits could be to assess a potentially new or a current supplier. I remember when I was first trained in auditing; the primary focus was to find compliance against the ISO 9001 standard. What to do if there was a variance, how to frame

your questions and finally what a good 'audit' report should look like. I wondered how the audit would have gone for these global fashion chains at this supplier in Bangladesh before this tragedy. Thinking about this for a moment last week, unleashed a memory which had laid dormant for a great deal of time. That memory took me straight back to my earlier years as an auditor, from the training received, to participating in audits, then finally to my first audit I led myself.

I did like the auditor training I attended, however, the new skills that I had, did not sit well with me. In fact, what troubled me more in the business I was working for at the time many years ago, was how they wanted us to approach auditing. It did not fit my own personal philosophy to achieving (please excuse the following expression) a quality "Quality Audit". I guess their approach could be viewed as "well the supplier has screwed up, hurt our business, and now send in the Quality auditors as a way of punishment!" The auditors would go in, and review or pass judgment on their Quality systems, which would normally pass with flying colours, however, poor quality would continue to escape from that very same supplier visited at the audit. Early in my career, I would participate alongside the vastly more experienced lead auditors and see this time and again, each time, eroding my faith in the process.

It just wasn't helping me, to help the supplier to improve. In many ways I would feel that it was an exercise in saying that just "we've audited them", providing some level extended parental vocal disciplining from our management organization, to a supplier viewed as a naughty child. My jaded views would give me a level of anxiety and apprehension every time I was asked to assist in an audit.

A few years after with many audits under my belt, I did get the responsibility to become my own leader for audits. My then direct manager and I would sit in discussion about my first impending supplier audit. I posed to him my slightly different approach from company protocol, and surprisingly enough, he agreed. As I look back now I realize that perhaps he too felt that the audits of old really didn't add value to him either.

So off I went down the highway to this supplier by myself as if being cloaked in a new super hero power of being allowed to audit in the way I wished to. I must add that I wanted to steer away from doing a 'traditional' audit, however, and use it as a platform to truly investigate and understand this supplier and why they were having so many quality issues. So I arrived and was very warmly welcomed with many

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introductions made. I soon got the impression that this supplier was accustomed to client audits and very subtly I was getting a delay tactic thrust into my face. After moving beyond the typical British pleasantries (which usually are around discussions on the weather), the Quality Manager pulled out the "Quality Manual" and the weighty book was dropped in front of me. This was the golden days before computer based manuals were widespread. I say golden, as it was easier for people to retain auditors in a room for long periods with a huge book.

I looked down at this book; its dazzling white crisp razor edged pages and to me it was blindingly obvious that this document had sat comfortably for long periods of time in a closet. I interjected the Quality manager and asked for a tour before the audit started. Again the delay tactics were deployed, and I certainly wasn't interested at that point to talk about the type of rain outside the window. So Mr. Quality Manager soon passed me on to a production supervisor. I don't remember his name but I do remember that he had a very cheerful disposition. He never said anything negative and was open to take feedback, even if it was negative.

He showed me around and quickly I understood why there were so many issues in the production line. Like most Quality issues, they were definitely due to the lack of management interest or support. I even stopped one working technician from completing a task on one of my components as I observed some terrible work standards and even worse working conditions. I remember that the technician had an enormous bandage covering his forearm, on further questioning; he said that he and his colleagues often cut their arms on the metal drum that they use to collect the waste from the machine. I then asked what protective clothing or supplies the technicians received (a requirement to be free issued in the UK). He answered that they ask for them, however never get them unless they go down to the store and buy it for themselves. The supervisor was aghast that I had uncovered this truth and he was very apologetic. I believed that this was not due to his fault, however due to his management organization above him.

By this point I had seen enough and my audit was completed in my mind. I asked to see the Managing Director before I left, however, as he was too busy the nervous Quality Manager wanted to know why I wished to see the big boss and also if I wanted to continue to look through his Quality Manual. "Surely you haven't finished your audit?" he said in disbelief when I was walking out the door. I assured him that I had and that when I completed my report, it would be the MD who would receive it.

So back I went to my office and if my memory serves me correctly, my report was only a couple of lines long. A short statement to my manager and my supply chain manager to stop all future work to this supplier, as this supplier's management showed little regard to their key assets: their people. If they couldn't care for their employees, why should we think that they would care for our components? I think I did end the report on a positive note saying how underappreciated and unsupported the production supervisor was, but how he had enormous potential.

My phone would angrily ring for days after the report, with an upset manager or two from that supplier on the call. In many ways, I believe my strategy worked: I got to the nub of the issue, I found out what really was going on beyond their golden accredited and certificated management system and I helped improve quality for both my employer and that supplier.

I remember a few weeks after the dust had settled, hosting that wonderfully happy supervisor at my factory, showing him round, filling him with full of many ideas to improve his business. He even let me into a secret that he was getting a promotion as a manager.

So arching back to what made me recall these memories was the Bangladeshi accident, perhaps as Quality Auditors we should take the opportunity to always look beyond the quality manual and systems. A useful idea, as I wouldn't wish that you would ever put yourself in direct danger when conducting an audit. I learned that a business is not a faceless entity but a collective of people working together in a job that supports themselves and their families. Like me, they too have values, ambitions and responsibilities, all on the foundations of the money they can earn. If we can find during an audit, any evidence to illegal or immoral actions, risks to personal safety, then the responsibility lies with us to let our business know and perhaps even do something about it because what is Quality in business, without having Quality of life?

I would foresee that there will be many detractors to this article, saying that it's easy for me to pass judgment in a comfortable first world country, with fairness and equality. They may say I live thousands of miles away from the terrible things in this world of business and that I can sleep well at night as I have laws of the country I live in to protect employee's rights. I can see my same detractor's use threatening tones, stating that if these workers in poor conditions didn't have a job, then they would starve on the street. Yes it is easy for me to say these things; however, I would never believe an audit would lead to people losing the jobs: it would be the management of the organization that would be the cause of unemployment. Personally, if circumstance of birth was different and I were in these workers shoes, I would sleep better at night knowing I could look for a new role, rather put my life in the hands of a careless employer. At the end of the day, as a Quality Auditor we are also the customer representative, and as a customer we can have a significant level of influence for positive change, as demonstrated by the US and European retailers.

About the Author



Paul Naysmith as well as being a Quality Punk and Improvement Ninja, is the HSEQ region manager in the United States for a leading oil and gas well services company. He is a Chartered Quality Professional with the UK's Chartered Quality Institute (CQI) and an honorary member of the SAQI. Naysmith has a bachelor of science in paper science and management, has worked in industrial textiles, food manufacturing, and the aerospace industry. When not working, he enjoys photography, training to become a Cajun, and spending every precious moment with his family.

Paul is appointed as a regular contributor to the eQuality Edge. Reproduction of any of Paul's articles can only be authorised by contacting him directly at naysmith@yahoo.com

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Boardroom Domination – Treating Minority Shareholders Fairly

Article by CGF Research and reviewed by Goldman Judin Inc.

There are quite a number of corporate governance codes that document the manner in which organisations should govern their business; notably the King Report on Governance for South Africa 2009 ('King III') is one of the more recognised codes throughout the world. King III -- being an amended version of its former King I and King II versions -- goes to great lengths and provides recommendations to ensure the independence, structure and balance of a Board, amongst other important governance matters. King III, and the new Companies Act 2008 ("the Act"), provides further detail to ensure that the Board, including its committee members, remain free from any form of conflict, be this at an individual or at a corporate level. When any situation places a Board or the organisation's executives in a conflictive situation, they need to know how to deal with it, effectively, efficiently, and transparently.

Whilst King III does not provide specific guidelines on how to deal with, for example, a shareholder who is dominating or attempting to dominate strategic decisions being taken by the Board, companies may find relief in the Act that should protect not only the remaining shareholders, but indeed the Board itself as well as the other stakeholders of the company. The Act has significantly improved many of its provisions as contained in its predecessor Companies Act of 1973; and one of the purposes of the Act is the promotion of its compliance with the Bill of Rights. To this extent, the Bill of Rights and the Act, both seek to protect minority groups and this is enshrined in our Constitution and democracy. Section 163 is known as the 'oppression' clause, and although the clause is quite broad and not yet fully interpreted by our courts, it does however provide relief for any aggrieved company shareholder wanting to take action against any individual acting oppressively toward

any other shareholder, particularly where this behaviour may cause damage to the company. Regrettably -- but also ironically -- considering the massive personal liability directors in South Africa are exposed to, many directors may find themselves acting as 'shadow directors' and submit to either dominating directors, or directors who serve the interests of a particular controlling (dominating) shareholder and not those of the company. Obviously such behaviour is completely wrong and is not aligned with the recommendations of King III vis-à-vis the Board's collective purpose, including issues which include its balance, and its member's requirements to act in the best interests of the company amongst their other fiduciary duties.

There are many well documented cases where directors have not fulfilled their fiduciary, neither statutory duties to protect their companies, and they have been exposed when these duties were selfishly bestowed to themselves or a dominating shareholder. Such examples include those directors linked to the corporate collapses of the Enron Corporation (US), Maxwell (UK) and even a number of South African cases such as Leisurenet, Macmed and Regal Treasury Private Bank.

As the world economy continues to battle a path toward economic recovery, no doubt there will be more directors who will attempt to 'sugar-coat' certain matters and or transactions, which may initially appear good for the company, but are actually intended for an ulterior or selfish motive. It is imperative that the directors who serve on a Board where such activity may occur, are diligent and 'interrogate' each and every facet of reasoning when one of their fellow colleagues appears dead-set to bulldoze such matters for approval. Two of a Board's most vulnerable areas it could face is when the Board has to make certain

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key strategic decisions and finds itself complacent or ignorant upon the matter at hand, or worse, when a particular individual dominates the Board and effectively 'neutralises' the proper functioning and power of the Board.

"There is abundant evidence of directors becoming involved in 'groupthink', where unspoken assumptions are taken for granted and sensible commonsense options are ignored. It is often when the group consensus is strongest that there is the greatest need for a devil's advocate who will ask unpopular questions and force his or her colleagues to square up to reality."

**Extracted from the book:
What you should know about
Corporate Governance**

Authors: Tom Wixley & Geoff Everingham

Clearly therefore, as espoused in King III, it is critical that the Board be allowed to fulfill its purpose -- to remain effective and functional -- and not in any way be dominated by external agendas, be these from directors themselves or any shareholder or their representatives.

The need to dominate seems to be a trait for many human beings, and whilst it has been around for centuries, Boards must be acutely aware and prevent it from occurring at its first signs. It's easy to spot the symptoms of boardroom dominance and in most cases it will be a strong-willed person who brandishes excessive power, is intolerant of views contrary to their own and is usually followed by a group of submissive followers.

There are a number of ways to deal with dominance in the boardroom, but failing counteractive measures to deal with this burden, especially where the company and or its minority shareholders suffer at their expense, decisive action should be followed through the courts. Fortunately the principles enshrined in the Bill of Rights are a 'protection' safety net for the minority shareholders of a company -- and similarly would be the case for the government when its citizens are unfairly treated by the majority. Such protection must be enacted (as necessary) when unfairness prevails against the minority shareholders, or the weak.

Finally, one must be mindful that domination in the boardroom may in fact not necessarily and always be done by a controlling or dominating shareholder. It is quite possible that a minor shareholder, or a representative director of a shareholder, may have the power to act oppressively toward the majority. It therefore is imperative that in the case of a private company a proper, clearly written and understandable, binding Shareholders' Agreement and policy is in place to govern the company's relations with its shareholders, more specifically so when there is a dominating shareholder who requires 'managing'. In both private and public company care should be taken in

the crafting of the Memorandum on Incorporation to effectively deal with this potential problem. Dominating shareholders can be a blessing or a curse - to some extent the choice is yours.

About CGF Research Institute (Pty) Ltd

CGF is a Proudly South African company that specialises in conducting desktop research on Governance, Risk and Compliance (GRC) related topics. The company has developed numerous products that cover GRC reports designed to create a high-level awareness and understanding of issues impacting a CEO through to all employees of the organisation.

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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 (rdphayward@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.

Listen to the coach and win!

by Dr Richard Hayward

If you're a Manchester United football fan, 8 May 2013 was a sad day. Sir Alex Ferguson announced his retirement as coach. His announcement was broadcast and televised to the world. Millions of his fans and soccer followers worldwide realised that arguably the greatest coach in the history of the game was stepping down. Sir Alex had decided to go while his Red Devils were at the top of their game. He had coached his team to more trophies than any other coach had done in Britain or anywhere else in the world.

Successful sports teams whether they be at Under 9 level at the local primary school or representing their country in front of 80,000 screaming spectators in an FIFA World Cup final, are taught virtually the same things by quality coaches. The Big Five of expected behaviours drilled into players by coaches such as Ferguson are:

1 Hard work: Excellent results are achieved only at the end of hard work. Ferguson was the first to arrive for practices at the United's training grounds. If your child is in a sports team, attendance at every practice is very important. Put in the extra practice beyond that done by the coach with the team. In the actual match, give of every sinew of your body. Want to win; want to win desperately.

2 Respect you team mates: A Man United team list had players from all over the world. If South Africa has been described as the 'Rainbow Nation', Man United could be described as a 'Rainbow Soccer Team'. Teams that excel accept and respect the cultural, language and religious backgrounds of team mates. They never trash each other in public. Ferguson was loyal to his players. If the team lost a match, he put the blame on the opposition, the referee but when in front of the TV cameras, never at his own players. What he shouted to

players behind the closed change room door was sometimes different!

3 Stick to clean values: Ferguson had no time for players into activities such as heavy drinking, drugging and gambling. Such players wouldn't be role models nor would they be able to give of their best. They were given the boot. To be at the top of your game, live by clean values.

4 Teamwork: Watch a Man United match and see teamwork at near-perfection level. Players understood each other's strengths and played to them. During a game one can sense their intuitive feel of what a fellow player would be doing next and accordingly move into the correct position. In every great team, every player has a part to play but no one is THE player.

5 Don't get too big for your boots: Ferguson had to manage stellar stars of the soccer stratosphere. They were usually multi-millionaires and some had massive egos. The team was always more important than the individuals in it. Ignore this fact at your peril. Ask David Beckham, Roy Keane and the striker Ruud Nistelrooy! Talented replacements for a Quality team such as the Red Devils were readily available.

Children can undoubtedly benefit so much from playing sport if it's done in the right spirit. They find new friends and learn new skills. They will add healthy Quality to their young lives. When - like many readers of this article - they can no longer catch, dash, hit, kick, run and sprint quite as they used to, they can still enjoy coaching the sport or shouting for their team!

Richard Hayward is a Chelsea supporter.

Richard Hayward does programmes on behalf of SAQI. For more details of the Total Quality Education (TQE): the five pillars of Quality schools workshops, please contact Richard (011-888-3262; rdphayward@yahoo.com). Poor schools are sponsored for hosting workshops.

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SAQI Training Programme for 2013

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

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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.

Code	Course	Days	Cost	Jul	Aug	Sept	Oct	Nov	Dec
B12	ISO 14000 overview	1	R2,340.00			13			
B14	Integrated Management Requirements	3	R4,650.00		20-22				
B16	Internal Quality Auditing	3	R4,800.00			4-6			9-11
B20	Organisational QMS Lead Auditor	5	R10,800.00					18-22	
B24	How to write procedures	2	R4,100.00			26-27			
B34	Statistical Process Control	5	R10,800.00				7-11		
B38	Development of QMS	5	R10,800.00					25-29	
B41	Introduction to Quality Control	1	R2,340.00			11			12
B48	ISO 9001 Requirements Workshop	3	R4,650.00		13-15				
B58	Customer Satisfaction and Excellence	2	R4,100.00	24-25					
B64	Introduction to Quality Techniques	3	R4,650.00			17-19			
B65	SAQI Certificate in Quality	10	R18,320.00					4-8	2-6
B66	Problem Solving and Decision Making	3	R5,700.00	16-18					
B75	Intro to Lean	1	R2,000.00				3		
B76	Lean for the Service Industry	4	R8,200.00				28-31		
B82	Incident and Accident Investigations	2	R6,300.00		13-15				
B83	Project Management and Quality	3	R14,250.00				1-3		
B84	Supply Chain Management	3	R11,970.00		5-7				
B85	Production Planning and Scheduling	3	R14,250.00		12-14				
B86	Inventory and Warehouse Management	2	R9,690.00			9-10			

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- 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)
- Incident and Accident Investigations (B82)
- Inventory and Warehouse Management (B86)
- 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)
- Introduction to Lean (B75)
- Lean for the Service Industry (B76)
- Organisational Lead Auditor (Preparation Course) (B20)
- Policy Deployment And Continual Improvement
- Problem Solving and Decision Making (B66)
- Production Planning and Scheduling (B85)
- Project Management Demystified (TD1)
- Project Management and Quality (B83)
- Quality at a Shopfloor level (B81)
- SHEQ Internal Auditing (B49)
- SHEQ System Development Programme (B51)
- Statistical Process Control (Basic Quality Control) (B34)
- Supply Chain Management (B84)

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