SAQI
The South African Quality Institute

e - Quality Edge
bringing quality information to South Africans since 1996

Tel: +27 12 349 5006
Fax: +27 12 349 1232
www.saqi.co.za

CONTENTS

WWW.SAQI.CO.ZA

No 176 • March 2014

Announcement of our NQW theme

SAQI would like to thank all our members and supporters that submitted suggestions for our 2014 National Quality Week theme. This event will take place from the 10th to the 14th November with World Quality Day taking place on Thursday the 13th November 2014.

We received a number of suggestions with some comprehensive background detail on why the particular theme was chosen. After much deliberation the review committee decided not to take one particular suggestion but rather combine two suggestions from Vanessa Subbadu, a Senior Member of SAQI and Adel Stander of KWV, plus a lot of background input from a number of other members to arrive at what we thought would be the ideal theme.

"Paving the way to Quality beyond Standards" copyright SAQI 2014

So what was the justification behind the theme? A number of our readers voiced a concern that Quality had become too dependant on formal standards only, often at the expense of customer satisfaction. A concern was also raised that the auditing and application of those standards was only carried out by Quality professionals at the expense of "Quality being a way of life" (this was a previous SAQI theme) by the whole organization. The call was to create an atmosphere where Quality is the focus of everyone from the CEO to the receptionist. However, the move from a "standards based approach" to Quality to a broad "all inclusive process based approach" to Quality needs a culture change. Organizations should therefore plan how they are going to achieve this change of culture by paving the way to new thinking about Quality. We could do far worse than revisit the Total Quality Management (TQM) gurus of the 1980s.

Paul Harding
SAQI MD

PROUDLY SOUTH AFRICAN

Quality:
helping South Africans live, learn and work better

21st Century Auditing Part 2 –
Taking a Lean Journey down the Audit Trail

By Lance Coleman

In the ASQ Certified Quality Auditor handbook, it is stated that the audit program should ensure compliance, help manage risk and drive continual improvement. In reality, the audit program is often focused, per upper management directive, on compliance and correction. In part one of this series, we discussed risk based auditing. Now I would like to discuss how the audit program can help drive continual change. While there are several ways to accomplish this goal, I prefer the use of Lean tools incorporated into the audit process.

Lean tools can be integrated into current audit methodology in order to develop a more robust, value added, and continuous improvement driving internal audit program. Accomplishing this integration will allow – (1) Lean tools to give auditors the ability to drill deeper and wider in looking for weaknesses in business systems, in addition to noncompliance to the QMS and (2) the audit function to act as a lens for the Lean program, thereby improving results and. So what EXACTLY is Lean?

Based on the Toyota Production System and used in hundreds of thousands of organizations across the world in the last 30 years, Lean is a set of management practices that organizations utilize to improve efficiency and effectiveness. Lean utilizes a set of tools or methodologies to identify and eliminate non-value-adding activities and waste from an organization's processes. In other words, through implementation of Lean methodologies, companies can do more work in less time with less cost.

This improvement is accomplished by identifying and reducing waste in your operations - and not just any wastes – 7 specific ones.

1. **Waiting:** Time is money. Waiting ties up resources that could be more profitably engaged, whether that resource is a person that could be doing something else, or a part that is waiting to be transformed into a more valuable asset.
    • Example – Waiting on line or holding on a phone call, are obvious examples, while having step 2 in a process slower than step 1, so that parts begin to pile up while awaiting process is a more subtle example of the same waste.
2. **Inventory:** While it is of course necessary to have enough inventory to "wet the line" when production of product (initiation of service) begins and reordering can be accomplished, having an overabundance of inventory that could potentially expire, be lost, become damaged through excessive handling or movement, is a form of waste.
3. **Correction:** The cost of catching and correcting errors, as well as, replacement of items or materials and possible reduced value to the customer, are all part of the waste of Correction.
    • Example – Defective parts, improperly completed forms, customer returns.
4. **Conveyance:** Unnecessary conveyance (movement between locations) takes up time, energy and can lead to other forms of waste.
5. **Motion:** Having an inefficient workspace is considered a form of waste because it can lead to lost time, hinder communication, impede effectiveness and worst of all potentially lead to injury.
6. **Overproduction:** Producing a product or service that cannot be delivered when complete is a form of waste. This inventory represents time, materials and other resources that have been invested, that cannot be compensated for while undelivered. In the case of physical product, there is also space taken up in the warehouse that would otherwise be utilized. The ideal scenario to work towards, is to produce and deliver a product or service just as the customer is requesting it.
    • Example – Warehouse inventory takes up space, may need to be moved around, could possibly degrade and represents a financial investment that cannot be compensated for until after shipment.
7. **Over processing:** Over processing has two components – (1) taking actions that are more than is required and (2) those actions bringing no additional value to the end customer.
    • Example – Having two plastic liners for parts where only one is required. Maintaining a higher than mandated Acceptable Quality Level (AQL) level when data shows that it could be lowered.

There is also a newly identified 8th waste, that of under utilization of resources (personnel) or sub-optimization, that will be the topic of another discussion. Now after the process owner, and the process stakeholders, who better than an auditor to identify waste in an operation? The auditor is also uniquely suited to identify best practices that might

be transferable across departments, functions or even different locations. There are specific tools in the Lean toolbox, that lend themselves well to use by auditors, as a part of continual improvement efforts. Let's take a look at just a few of them.

Value Stream Mapping (VSM). When conducting a quality audit, it is customary of course to map the process in preparation, (1) match documents and procedures to regulations/standards, (2) match employee actions to internal documents/procedures and (3) verify appropriate training, operating controls, environmental controls and record keeping, as a minimum. Additionally, an auditor might look to identify best practices as well as opportunities for improvement.

Incorporating VSM into an audit adds another level of analysis. Which actions are value-add and which are not? Are value-add actions optimized, while non-value-add actions, minimized? How efficient are the feeder value streams that flow into the primary value stream that is being audited? Where are the potential bottlenecks in the value stream flow? What are the feedback loops in place to monitor and evaluate the effectiveness of the system under review? How close are we to matching product cycle time to takt time? All of this, allowing us to identify waste in our system, while providing for a more robust process review.

Control Chart (knowledge) is a huge opportunity for auditor impact, that doesn't require a substantial statistical knowledge. In the medical device field, it is a common requirement to report out of specification/tolerance conditions to the area supervisor. So much so, that there is a commonly recognized acronym (OOS/OOT). However you would be surprised how infrequently it is required to report out of CONTROL conditions. There are recognized trends of vacillating or drifting process such as, 14 data points alternating up and down, 7 consecutive data points above the mean, or 6 or more data points ascending in value. Similarly it is even less common to have other unusual trends reported. In addition to reviewing data, the auditor might ask the question, "what do you do when certain trends are noted?" Also, how do you know what to do – through training or through a work instruction or both? By asking these types of questions, potential gaps in the monitoring program may be identified and closed.

While reviewing data during audits I have actually seen a 0.05" measurement indicated as meeting a 0.050" maximum requirement. The obvious issue is how do you know the dimension is in spec without knowing the third digit? Besides a possible compliance issue, there is a possible training opportunity or an identified need to improve a piece of equipment with insufficient resolution for the measurement that it is being used to take.

SIPOC Diagrams allow for a much more detailed analysis of data than the traditional flow charting or process mapping done during audits. Knowing where inputs come from (what shift, what production line, which supplier etc.) is as valuable in looking for trends and determining root cause as is knowing what the process inputs are or should be. Knowing not just the expected process outputs, but also the customer for those outputs, provides insight into whether or not our requirements meet end user needs and expectations. In other words, getting all of the outputs that are expected does not always guarantee that the item produced will function as desired.

One simple example of this would be a part that meets specification but on occasion might not connect properly with its mating part. One way to address this issue might be to tighten tolerances of one or both parts once this issue is discovered. By matching process outputs to customer (internal or external) needs and expectations we can often identify unforeseen improvement opportunities and thereby providing additional value to our customers.

By taking a Lean approach to auditing, auditors can identify process waste at the same time as looking for noncompliance. This can be done seamlessly without having to do "separate but equal" compliance and improvement auditing. Lean auditing will lead to increased effectiveness of the audit program as often, responses to identified noncompliances will not stop at just correction and prevention, but also actively seek to improve the process under review. Lean auditing will also lead to greater visibility of the audit program by allowing for more opportunities to positively impact the company bottom line. In conclusion, combining Lean and audit methodology will not only greatly expand the versatility and effectiveness of our audit process, it will also give us as auditors, the opportunity to "practice what we preach" during our certification training, as we boldly head deeper into the 21st century...

This article originally published in The Auditor newsletter in February 2013.

BIOGRAPHY

Lance Coleman is a Quality Engineer and site Lean program coordinator at The Tech Group in Tempe, Arizona USA where he manages the Lean, CAPA customer complaint and internal audit programs. He has a degree in Electrical Engineering Technology from the Southern Polytechnical University in Marietta, GA USA and is an ASQ Senior Member as well as Certified Six Sigma Green Belt, Certified Quality Auditor (CQA) and Certified Biomedical Auditor (CBA). Lance is a published author who presently serves as the ASQ Lean Enterprise Division Publications Committee Chair and Newsletter Editor. He is also principal consultant at Full Moon Consulting LLC. Lance can be reached with questions or comments at:
lance.b.coleman@gmail.com or via **www.fullmoonconsulting.net**

Summing up: A process view of management system performance

By Dr Alastair Walker : *SPI Laboratory (Pty) Ltd, Johannesburg, South Africa*

1. Introduction

In this seventh and final article in this series we examine the elements of a 'dashboard' that displays aspects of management system process performance.

In this series of articles we opened the discussion with a consideration of the current directions in management system requirements evolution. We concluded that, while there is much that is positive that is taking place, other aspects are more disquieting – notably the slow emergence of a truly integrated perspective of the future configuration of the ISO management system (MS) standards portfolio. We looked forward to the emergence of a single standard for the management system elements, which we code-named 'ISO 0001'. The domain specific members of the MS standards family (e.g. ISO 9001, ISO 14001 etc) would then omit the common MS text, and would limit the focus to domain specific requirements.

In articles two to six we focused on the various means for defining objectively process technical content, process capability, enterprise process maturity, and how process evidence can be rated.

2. Overall view management system process performance

Figure 1 shows a dashboard that brings together elements considered vital in order to understand MS process 'health'. The dashboard includes the following views:

a) an enterprise process maturity perspective

b) a process capability perspective

c) a MS requirements conformity perspective

d) an information item rating perspective, and lastly

e) a list of the process evidence items consulted.

Figure 1 Dashboard: Management System Process Performance

Aspects of each of the dashboard elements are briefly considered in the sections that follow.

3. Enterprise process maturity perspective

The processes listed in Figure 2 are applicable to what is referred to as Level 1 – the Basic level. Other processes will support higher levels of enterprise process maturity i.e. Levels 2 – 5. SANS 1466[2] was used as the basis for the selection of the processes, as illustrative examples.

Figure 2 The enterprise process maturity perspective

In this instance, the overall enterprise process maturity level rating is 1. This is a significant achievement for it indicates that the technical processes essential for rendering a service (or supplying a product) have been satisfied.

4. Process capability perspective

The process capability perspective (Figure 3) provides a 'drill down' insight into the strengths and weaknesses of the selected processes. The figure indicates that three processes are rated 'Fully' (i.e. no process weakness detected in the technical foundations), but two are rated 'Largely'. This rating indicates that these processes do have weaknesses, but that these can be remedied within the existing allocations of resources (i.e. time, effort, personnel, and infrastructure).

The process attributes (PA 2.1 and 2.2) are shown as unrated. In this mini assessment, the rating of these attributes was scoped out.

Figure 3 The process capability profile

5. Conformity requirements rating perspective

Figure 4 illustrates a requirements conformity perspective for ISO 9001 [4] . Only a limited number of sub-clauses are applicable to the processes identified in . The sub-clauses are rated using the same ratings model applied to the process capability perspective. One of the reasons why the ratings present a weak picture of conformity to requirements is that most of the MS sub clauses contain requirements for both technical performance and management performance, aspects of which will only be addressed when higher levels of enterprise process maturity are rated.

Figure 4 The MS requirements conformity perspective

6. Information items rating perspective

The information items ratings report in Figure 5 lists the items that are applicable to the processes selected for the first level of enterprise process maturity. Only three of these information items are rated less than 'Fully', indicating an overall high achievement of technical coverage of the information items associated with the process evidence consulted.

Information Item Ratings Report

Reference	Information Item Name	Rating
GMSP 12-05	Customer requirements	Fully
GMSP 07-3	Product	Fully
GMSP 08-079	Product acceptance record	Partially
GMSP 07-4	Product component	Fully
GMSP 03-34	Product component design	Fully
GMSP 03-35	Product component interface description	Fully
GMSP 12-28	Product component requirements	Fully
GMSP 03-36	Product component test cases	Fully
GMSP 02-39	Product component test data	Fully
GMSP 08-084	Product component test results	Fully
GMSP 03-37	Product delivery instructions	Fully
GMSP 08-086	Product delivery record	Fully
GMSP 03-38	Product design	Fully
GMSP 08-116	Product release approval record	Partially
GMSP 12-41	Product release criteria	Partially
GMSP 07-5	Product release package	Fully
GMSP 09-19	Product requirements approval record	Fully
GMSP 12-46	Product requirements: Constraints	Fully
GMSP 12-47	Product requirements: Functional	Fully
GMSP 12-48	Product Requirements: Implied	Fully
	Overall result:	87%

Figure 5 The rated information items perspective

7. Process evidence perspective

The final aspect of dashboard information is a reference to the list of items of process evidence consulted in the assessment. In Figure 6 no rating information is presented, since the evidence itself is 'neutral information'. It is only when the process evidence is weighed up against the best practice requirements associated with the information item descriptions that ratings (or performance judgements) will arise.

Process Evidence Report

Reference	Evidence File Name
QSI Proj QSI-00000	Null item/or items out of recorded project
QSI Proj QSI-00004	QSI001.102
QSI Proj QSI-00008	Qsi001.106.doc
QSI Proj QSI-00016	Qsi00120.102.doc
QSI Proj QSI-00024	Qsi004.100.doc
QSI Proj QSI-00035	Qsi00510.103.doc
QSI Proj QSI-00236	19980606-2.TES.DOC
QSI Proj QSI-00416	Qsi200.100.doc
QSI Proj QSI-00420	Qsi202.020.doc
QSI Proj QSI-00429	QSI211.100.DOC
QSI Proj QSI-00432	QSI220.100.DOC
QSI Proj QSI-00439	QSI22110.100.DOC
QSI Proj QSI-00446	QSI230.100.DOC
QSI Proj QSI-00450	QSI231.100.DOC
QSI Proj QSI-00474	Qsi310.105.doc

Figure 6 The referenced process evidence items

8. Wrap-up

The dashboard elements when taken together (Figure 1) present a comprehensive view to the management system specialist concerning the overall process performance. This performance view includes a perspective of the enterprise process maturity, the process capabilities of each process included in the assessment, a requirements perspective from selected management system and product/process standards, and an insight into the strengths and weaknesses of information item coverage by the process evidence consulted.

Much has been left unsaid in this rather brief description of the dashboard and its associated elements. Other parts of SANS 1466, notably Part 1 [1] provide insight into the design of the enterprise process maturity model. The later parts of the series e.g. Part 3 [3], provide insight into the methods used for associating ratings of process evidence to producing derived ratings of requirements conformity.

9. References

[1] SANS 1466-1, 2014, Information Technology — Process Benchmarking Framework: Part 1: Concepts and overview, South African Bureau of Standards

[2] SANS 1466-2, 2014, Information Technology — Process Benchmarking Framework Part 2: Generic Process Model, South African Bureau of Standards

[3] SANS 1466-3, (CD 2015), Information Technology — Process Benchmarking Framework Part 3: ISO 9001 mapping to the Generic Process Model, South African Bureau of Standards

[4] ISO 9001, 2008, Quality management systems – Requirements.

10. Author Details

Dr Alastair Walker is the founder and chief executive officer of the Software Process Improvement Laboratory. He is a member of the Standards South Africa Information Technology Committee (TC 71), and chair of SABS National Committee for Software Engineering Standards (TC001-SC7). He is a member of SABS technical committees TC176 (Quality assurance and quality management, TC 180 (Conformity assessment) and TC 175 (Process Models).

Contact details:

Dr Alastair Walker
SPI Laboratory (Pty) Ltd
P O Box 44041 Linden, 2104, Johannesburg, South Africa
Office: +27- (0) 11 - 888 - 9881
Mobile: +27- (0) 82 - 452 - 0933
E-mail: **office@spilab.co.za**
Web: **http://www.spilab.co.za**
Skype address: **spilab**

Calibrating our workforce

By Jacques Snyders

For some time last year, the SAQI "Linked In" Group was discussing the topic of calibration. Although many of us will immediately associate calibration with measuring tools and the manufacturing shop floor, calibration is as important in the call centres today, as it is in the production floor environment.

The question, of how applicable calibration is to the service industry, was raised during one of my training sessions on the ISO 9001:2008 quality standard at a well-known telecommunication company about 2 months ago. Calibration is essential in the manufacturing industry, to ensure that your inspectors and their measuring equipment (systems), have the ability to make correct decisions, but how do we know that our front line staff in our call centres, are making the same correct conclusions when assisting our customers?

It is normally during a discussion on competence and proof of competency, that reference is given to a very powerful Six Sigma tool, that is used to analyse competency of personnel performing work. This activity of analysing the Measurement System, commonly known as the "Gauge R&R study", comes as quite a shock to most of the managers, when this tool is used to evaluate the capability of their staff.

What is a Gauge R&R study?

"Gauge R&R, which stands for gauge repeatability and reproducibility, is a statistical tool that measures the amount of variation in the measurement system arising from the measurement device and the people taking the measurement".

The purpose of a Gauge R&R study is to determine the measurement error in measurement systems. One needs to understand that there are two main sources of variation in any measurement process: "the Variation of the process itself" as well as the" variation of the measurement system". A Gauge R&R study assists us in distinguishing the one type of variation from the other, in order for us to reduce the measurement system variation if it is too excessive.

Gauge Repeatability: Is the variation obtained from one gauge and one operator, when measuring the same object several times. What this means is that when an operator is given a measuring gauge, such as a vernier and he is handed the same part multiple times, is there a variation in the readings or answer that he would conclude?

The importance of Repeatability is that we know that the measuring gauge and the operator have the ability to measure consistently, and that the operator has the ability to arrive at the same conclusions when measuring. A poor repeatability could mean that the operator could accept bad products, or reject acceptable products, which could be quite costly to the organisation.

Gauge Reproducibility: Gauge reproducibility on the other hand, measures the variation of the measurements obtained by multiple operators, using the same gauge, when they are presented with the same part.

The importance of this test is to know whether our operators are capable of arriving at the same conclusion when placed in exactly the same situation using the same part and same gauge.

Application in the Service Industry:

How applicable is a Gauge R&R study in today's service industries? Well, Gauge reproducibility, could refer to the ability of our front line agents (Call centre agents), having the capability to give the same customer, the same answer.

Managers today, tend to place a large focus on initial training, where agents, increase their knowledge by learning from their fellow colleagues, over a period of time. The question managers should ask is, do we believe that our customer get the same treatment, every time they interact with our customer facing staff? One such study showed that 50% of the agents in a Fault reporting call centre could not give the same diagnosis when presented with the same situation.

When we conducted a study, and presented the same fault

to the same call centre agent, only two out of five agents in our initial study, could give a consistent answer to the problem presented to them (Fig 1, left hand graph – "Within Appraisers"). This indicates the "Repeatability" aspect of the Gauge R&R study.

Although the results improved when an evaluation was done on another larger team, the study indicated that the larger team were more constant within themselves and that very few of the agent's assessment against the model answer were correct (Fig 2, Right hand graph "Appraiser vs Standard").
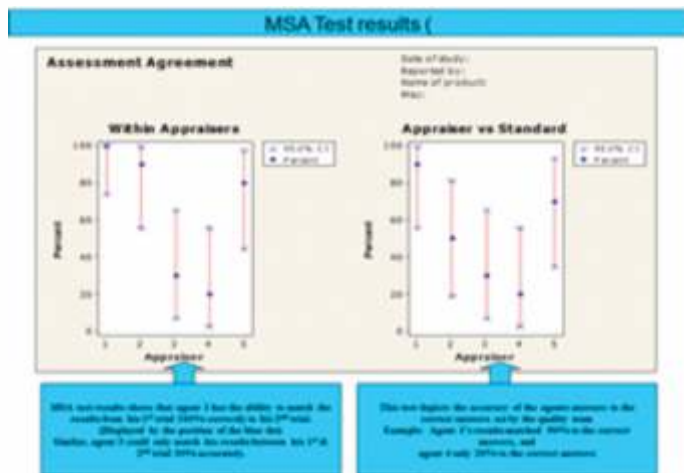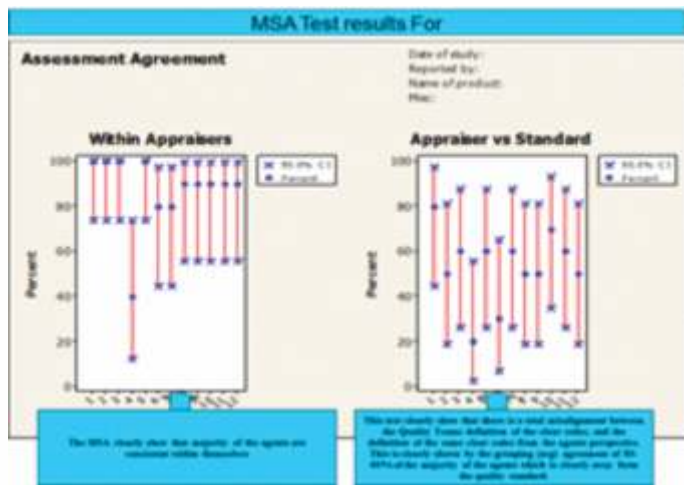

Fig 1, Initial Assessment

Fig 2: Larger team assessment

Quick R&R study

Many of our managers might not have the time or resources to conduct such an in-depth study, and I, have been in many situations where I had to establish the capability of the workforce to proof my theory.

Such was the case, last year at a small insurance brokerage firm in Gauteng, when I had to evaluate the capability of the sales force. With permission of the CEO, I randomly selected 4 sales agents, to be evaluated one-by-one (with

the CEO & Sales Manager present) who presented me with a short term insurance quote for my Double cab Vehicle. After answering all the agents questions, and presenting them with exactly the same information, they each individually interviewed me. The 4 individual agents returned after roughly 25minutes, to present me with 4 varying quotes in total. Only two of the quotes were on the same insurer's product platform, and even these two quotes, had a premium variation of R145 between the two quotes. When questioning the manager, he indicated that the variation occurred due to the following mistakes:

1) Some important question were not asked by the agents when determining my customer profile
2) With my profile type, they should have known to select two specific products, that would suite my profile best
3) They did not consistently select the correct discount that could have been applied to my situation.

Conclusion

Typically, as a gauge R&R study could be performed prior to placing a new agent in our service departments, we could repeat the gauge R&R anytime we have a new operator or inspector. It should form part of our training and certification process to ensure capability & competence. We should also repeat it annually to make sure we aren't experiencing any erosion of skills.

More importantly is the fact that we do these studies or evaluations to ensure that our work force are giving the same level of customer satisfaction, every day, and every time a customer interacts with any of our staff. So the question begs, are your sure that your workforce are properly calibrated?

About the Author

Jacques is Managing Partner and Operations Director of Business Improvement Practitioners in Pretoria. He holds various degrees in the operational fields of Project Management, Quality Assurance and Production Management, Certified Lean Master, Six Sigma Black Belt Trainer and Coach. He has 19 years' experience in Operations Management, 12 of those in the motor industry. He held management positions in Quality Engineering and Project Management.

Jacques Snyders can be contacted at:
Jacques.snyders@bipractitioners.com

Wal-Mart going to the Wall

By Paul Naysmith

It's Saturday morning and Mrs. N has a project for me: assembling her new bicycle. It has arrived in an imposing brown box and I'm attempting to interpret the instructions. Looking over the variety of different nuts, bolts, screws and connectors in a little clear plastic bag, I'm performing a mental inventory of the tools needed, and I'm up to seven. I scour the bottom of the box the bike arrived in, I'm wedged head first, in something as wide as a cereal a box and there are no tools included. I'm thinking that I could easily write an efficiency improvement report on this process for assembly; however my client (Mrs. N) just wants her bike built. I better get it done ASAP.

I'm in the man cave and I have the realization that I need to buy more hand tools. I'm off in my car at speed to the nearest Wal-Mart supercenter. I figure that I need to get a few other things along with the tools, and as I despise shopping, having a single source or destination is perfect for me. As I call it: grab and go.

I like Wal-Mart; I'm impressed with the company and respect its history. A story fifty years in the making, Mr. Sam Walton opened his first store in Arkansas USA in 1962, and today a company that employs 2.2million people, with 11,000 stores in 27 countries (Walmart) and operating revenue at $474 billion (Yahoo! Finance). I'll put that into context, that's seven, yes seven times more people employed, than the entire population of the country of Iceland (Iceland.is) and if it was a country, it would sit above Argentina, in a GDP rank (Trading Economics). I like its business model: everything under one roof.

Back to the mega store tale: Its valentine's season and most of the place is decorated in pink. I know where the tools are, and I make straight for the aisle. My mental checklist is chiming in my head: 5, 6, 8 and 10mm Allen keys, ¾ inch spanner, ¼ inch socket and star headed screwdriver (see now why I wish to write about the inefficiencies on this bike assembly?). I get there, and well, it's poorly stocked, of any hand tool, of any description. If I wanted an orbital sander I was in luck, but, not even a hammer was on the shelf. There are labels on the edges of shelves marking where the missing tool's position and price. But where is everything? Not to worry, I'll find an assistant to ask. I cannot find a single employee, only confused and befuddled customers like me. As an Improvement Ninja, I can overcome any problem: I'll try the bicycle aisle. I bet there is a multi-tool there. I hope so.

"Holy macaroni!" I exclaim aloud. And it was loud, and maybe no mention of macaroni either. In the bicycle section again, empty shelves, devoid of tools, or of most items bicycle related. At this point, I am starting to wonder if Mrs. N is playing some prank and all of this is being played out for a television show. I cannot believe it, I'm off somewhere else, and eventually I find all I need at my local car parts retailer. Later I get into trouble for not buying the much needed milk; however the bike was successfully completed.

So my local Wal-Mart sucks, I cannot understand why on a Saturday (presumably the busiest retail day of the week) there are missing items and baron shelves. Do I put it down to poor management at this mega center? Mrs. N. doesn't like shopping there, as she finds the quality of the fresh fruit and vegetables below her standards. I also agree with her on that you do have to wait an eon to be served by a stressed member of staff, and the customer returns desk is usually hidden from view by lines of full shopping carts, waiting to be processed. Ok so my local store isn't the best. Can I blame the local management for letting standards slip? Or is it something else?

Discussing my less than successful trip there, and speaking about our observations, my wife said to me that one of her colleagues used to work there many years ago, when times at Wal-Mart as an employee were good. However this same colleague now hates the place, and refuses to even go shopping in there because of how it has slipped. Can I blame the local management, or is it something else?

I like to read the business sections of newspapers, websites and blogs. I love business so much, well I write about it too.

As I accessed my memory banks, I recall reading a variety of different negative points of view on Wal-Mart. One recent story really held my attention, and anyone with an appreciation of Deming's 14 points to management, would have been checking the boxes off. In an article called "Decades of Greed: Behind the scenes with an angry Wal-Mart Manager" (Nolan, 2014), which I read recently, I think there is something rotting in the core of Walmart.

The article focusses on a whistleblower Walmart manager, and if this is a true email, it has captured a twenty year downward spiral, and explains my recent experience. Although it mainly centers attention on pay and compensation, there are a few elements that, well disturbed me. My Quality Powers are very sensitised to good practices, and are razor sharp when it comes to non-quality practices. The article is lengthy, however I will select a couple of sections for your review, that I suspect are lifted directly from the manager's email:

"This company is being managed by the quarter. We have executives who have no vested interest in Wal-Mart. All they care about is their salary and bonus. So when they make poor decisions, for example this Christmas when they had a One Hour Guarantee for multiple items. This was a complete [financial] disaster but yet the executive praise what a big success it was. [...] You know what direction us managers were given to do in January? Remember Wal-Mart's fiscal year ends January 31st. You guess it, cut hours. For the poor decision made by executives at Wal-Mart who could care less where the company is at in 10 or 20 years, we had to cut hours. Not only that we had to cut all expenses." (Nolan, 2014)

"Lee Scott [WM CEO from 2000-2009] instituted a [culture] where you could not question the company's direction or offer critical feedback to the leadership. Years ago on our company intranet site, he had something I believe was called 'Ask Lee.' It was basically a place you could ask him a question and he would respond. I remember a Store Manager asked Lee Scott why Wal-Mart didn't offer its store associates a

pension program so they could have the ability to retire. Lee Scott blasted this store manager for asking this question and I was quite surprised that he even allowed this example to be posted. None the less 'Ask Lee' was eliminated and I wouldn't be surprised if so was the store manager. This mentality extends all the way down to the lowest level of the company." (Nolan, 2014)

By all accounts of what I read in that article, someone in the head office would benefit from the understanding of Quality in this business. As a consequence for me, I'm taking my money elsewhere and getting a better service and a product as a result. If I am doing this, millions of other customers will be.

However as consumers, suppliers and employees, should we sit from the side and watch the fire burn the building down, or do something about it? I don't think I have absolutely any influence in Wal-Mart's transformation. None at all. The truth is that I have the power to spend money where I choose, and spending it at their competitors is a great persuader.

The writing is on the wall for Wal-Mart, and recent history on the news outlets are giving a strong hint that things need to change: drastically. Trade union members march in protest; communities are stopping developments of stores in their neighborhoods, and poor sales growth.

Do I simply leave it there? Take my money to the "other" store, or can I make suggestions? Granted I don't have access to the "Ask Lee" portal, however I do have my article that you are reading. You or I can make recommendations for change, and this is my manifesto:

1) All senior executives and managers to get a good dose of Quality training and understanding. The fear I read in Nolan's article from a manager does not bode well for long term sustainability. If this doesn't change, Sam Walton's story of success will be memorialized by empty and abandoned supercenters as employees and customers have gone elsewhere.

2) Transform the business into something that will drive customers in, not away. I will warn you my reader, that you may not believe that what I write can happen, however if Wal-Mart doesn't change or adapt, like any other company it will be doomed. And this is my thoughts on radical transformation, go in a different direction: think smaller, and think of higher Quality premium products.

3) I would like to have small businesses to run the internal departments. Imagine the small artisan Boulanger or bread maker, the hand-made-greetings-card producer, having the benefits of reduced overheads in an existing building, that could make high quality products, sourced locally, that could sit next to low cost alternatives. This would make Wal-Mart a destination for customers to want to go and visit. Let the customer have that personal touch, products made with pride by a neighbor of great talent, a product that you wish to repeat buy. All of this is not currently an option in my local Wal-Mart, however elsewhere easily found in my town.

4) Invest in 3D printer technologies, and bring them inside the store. OK the technology is still work in progress, however in the next few years I foresee a time, when I can walk into a store and get Mrs. N.'s bicycle printed while I wait. The

efficiency of no stock to hold, no shelves to fill, no devaluation or theft would increase profits. The customer would view a catalogue and select from limitless options, and there it would be made for me there and then.

I recognize that I do not work in the retail sector and my ideas may never be realized. I can easily sit in my own comfortable word to continue and observe poor quality, however can you? Are your customers or employees leaving you? Are you worried about your business, your job, your future? I believe that improving the system towards the benefit of the customer's experience of your product and service; will ensure your survival in business.

Hindsight in any situation is good to have. Looking back and saying "only if I had done it better" is a sad statement to make. Learn from the mistakes or errors of others, it is a lot less painful than experiencing it yourself. Wal-Mart like any other company needs to learn the mistakes of others and feel the pain of their own, or their survival is not guaranteed like many others and Wal-Mart will be another name to add to the list on the wall of defunct retailers (Wikipedia, 2014).

Works Cited

Iceland.is. (n.d.). Quick Facts. Retrieved Februrary 10, 2014, from Iceland.is: http://www.iceland.is/the-big-picture/quick-facts/

Nolan, H. (2014, February 6). Decades of Greed: Behind the Scenes with an Angry Walmart Manager. Retrieved February 10, 2014, from Gawker.com: http://gawker.com/decades-of-greed-behind-the-scenes-with-an-angry-walma-1517661634

Trading Economics. (n.d.). GDP Countries List. Retrieved February 10, 2014, from Trading Economics: http://www.tradingeconomics.com/country-list/gdp

Walmart. (n.d.). Walmart: Ourstory. Retrieved February 10, 2014, from Walmart.com: corporate.walmart.com/our-story/history-timeline

Wikipedia. (2014, February 10). List of Defunct Retailers of the United States. Retrieved February 15, 2014, from Wikipedia.org: http://en.wikipedia.org/wiki/List_of_defunct_retailers_of_the_United_States

Yahoo! Finance. (n.d.). Wal-Mart Key Statistics. Retrieved February 10, 2014, from Yahoo! Finance: http://finance.yahoo.com/q/ks?s=WMT

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 Cajun, and spending every precious moment with his family. Connect with him on *www.paulnaysmith.com*, LinkedIn, or follow on twitter *@PNaysmith* or buy his printed book *Business Management Tips from a Quality Punk* also available as an *ebook* (Lulu, 2013). Paul is a regular contributor to the eQuality Edge Magazine, Quality World Magazine and Quality Digest Magazine. Reproduction of any of Paul's articles can only be authorized by contacting him directly at *naysmith@yahoo.com*

Book Review by Paul Harding MD South African Quality Institute

50 Shades of Greed by Ivor Blumenthal
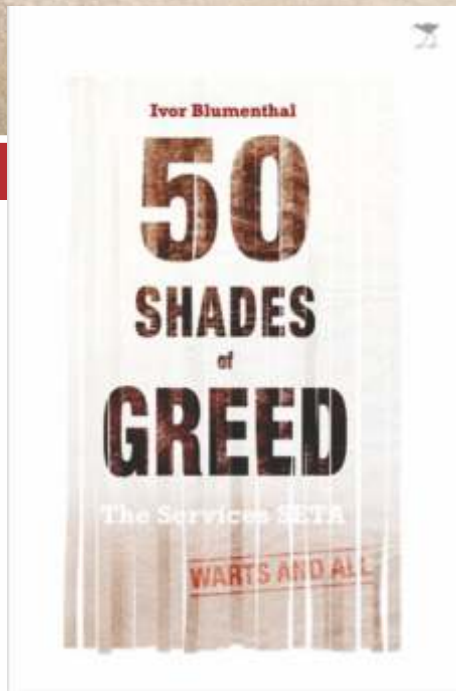
Published by Jacana ISBN 978-1-4314-0845-0

Unlike the book of a similar title, I did read this particular book from cover to cover. To be quite honest it was not easy reading from the start. If you have been associated with the Sector Education and Training Authorities (SETAs) you will understand that there is an excessive use of acronyms in their organization and this book used all of them. It may be wise to supply the book with a printed list of these acronyms that could be used for reference for non SETA people that can be used as a book mark to help navigate the book.

Blumenthal gives a very explicit account of his time as CEO at the Services SETA from when the concept was just a dream until his final demise in that position ten years later.

He starts the book by saying that the book is not about the series of court cases and appeals that the SSETA won with costs against the Department of Higher Education and Training. Nor is it about the obvious disregard for the Rule of Law by the Minister in the face of repeated court judgements etc. etc.

So then what is the book about?

The book is really about lost opportunities to put right decades of things that had gone wrong in South Africa's Education, Training and Skills development arena, although he does insist throughout the book that a lot of progress was made under his watch. The book is about the deep grounded racism and political agendas that have plagued this country still to this day and fly in the face of Madiba's legacy of building our wonderful "Rainbow Nation". It is also about historical conflict between unions and business and conflict between "Big Business" and "Small Business". It is about conflict between politicians inside and outside of their own parties who the author tells us are more interested in themselves than the people they serve and the future of this country.

I don't think it is a book where one can start at page one and work your way through it. Rather start at chapter seven when the book becomes more interesting. Then you can absorb the challenges that the SSETA and the nation faced and then if you have the inclination you can go back to the detailed account that can be found in the first six chapters.

Who is the target audience?

It is certainly a must read for political historians, union leaders, businessmen and journalists that see it as their mission to put South Africa back on the road to economic recovery. Politicians should read it but I doubt if any of them will, even the opposition parties. It would certainly be a base document for numerous dissertations and even a thesis or two.

If I must be critical of the book there are far too many repetitive comments that are carried over from chapter to chapter and I lost count of the number of times the author referred to himself as the CEO of the Services SETA. Of course we knew that from the very introduction but the constant reference could be interpreted as some sort of cry for sympathy rather than admiration for a mission accomplished.

Improving the Effectiveness of Employee Wellness Management Systems

Article by Dr Dicky Els and Terrance M. Booysen

Employee wellness and disease management issues and their effects on the workforce have become a global priority for most employers. The continued increase in preventable chronic non-occupational (and non-communicable) diseases such as cardiovascular disease, diabetes and cancer has expanded to become a growing corporate concern. As a result, the number of organisations providing health, wellness and productivity programmes has increased in many markets around the world, and includes multinationals and local organisations. While most companies globally do not currently have a documented employee wellness strategy that differentiates them from their competitors, many recognise the need for *employee wellness programmes*. Those companies with health promotion programmes in place acknowledge that a workplace wellness initiative contributes towards key organisational benefits and links the company and its employees to a sound value proposition, whilst it also incentivises employees to commit to the organisation.

Disconnected strategy and values

Unfortunately there are many instances where the business value, along with the economic value of employee wellness and disease management programmes, are not realised or fully attained. There are principally three main reasons why this misalignment between the business and employee value occur. Firstly, the employee wellness initiative is not aligned or integrated with the company's *Corporate Governance Framework*®, and little real value is attached to employees' and their wellness. This is further evident through the company's lack of integrated reporting and the company trumps its profitability factors with scant regard for its people components, and less so for the environment. Secondly, the employee wellness programme is not well designed, neither developed to mitigate the organisational risk. Finally, the designated and responsible authority is not adequately empowered to leverage the employee wellness programme outcomes for the overall benefit of the organisation and its employees. Common amongst all three dysfunctions is the negligence of management to monitor chronic disease prevalence and to evaluate the effectiveness and efficiency of the wellness programme specifically relating to the business outcomes such as absenteeism and presenteeism.

Increasing role of governance

With the heightened focus being placed upon corporate governance practices, as well as the increasing stringent local and international labour laws, it is expected that companies of all sizes will be compelled to implement sound wellness and disease management systems. The necessity for such steps will be directly linked to the company's claim of sound governance principles which support their Governance, Risk Management and Compliance (GRC) practices. In short, failure to comply with good corporate and employee wellness governance practices can have devastating consequences for all the organisation's stakeholders. Besides the obvious corporate governance areas which a company must comply with, it is alarming that so many companies blatantly ignore the fundamental building blocks required for a healthy, well balanced and sustainable organisation. Whilst the consequences for non-compliance in South Africa generally amounts to a few or low punitive measures, many companies still treat their overall governance measures and employee practices merely as a *minimalistic* tick-box exercise.

SA National Health and Nutritional Examination Survey

The recently released results of the SA National Health and Nutritional Examination Survey showed that South Africans were developing lifestyle diseases such as high blood pressure, diabetes and cholesterol from a young age - starting to peak from as early as 25 years old. This study, conducted by the Department of Health, also revealed that more than half the population are living in hunger (or at risk of it), while a large percentage of the rest are obese or at risk of developing lifestyle-related illnesses. This trend demonstrates the ever-increasing need for employers to look inward and address their own corporate risk of chronic non-communicable diseases.

Taking responsibility for employee wellness

As the first step the prevalence for non-occupational diseases should be identified as a major enterprise risk in order to "scope" the wellness and disease management system. It forms the foundation of the employee wellness strategy and includes the targeted employees, health risks, non-occupational and occupational diseases, programme design and potential business outcomes.

As part of the process, the senior management of the company should, in consultation with all relevant stakeholders, define the *wellness and disease management policy* that addresses the nature and scale of the employee wellness programme. The policy must address the company's commitment to the prevention and mitigation of work-related and community-based exposure to non-communicable diseases. Implementation of the wellness and disease management policy should clearly

demonstrate the company's compliance with the applicable legal and industry specific requirements. At the same time, the policy must make employees aware of their own individual obligation, personal responsibility, and the expected behaviour that can reduce corporate mortality and morbidity.

It is important that the policy is linked to the organisation's strategy, ethical practices and the Corporate Governance Framework®. The wellness and disease management programme takes into account the financial, operational and business requirements in order to prevent illness, and at the same time promotes employee health and productivity. Corporate wellness and disease management programmes primarily entail a *proactive, highly structured and substantial set* of health promotion interventions. It is the employer's social responsibility to assist employees with illnesses or adverse conditions by means of providing access to prevention, early diagnosis, treatment, and care and support that reverse lifestyle related diseases and health risk conditions. Some of the activities found within wellness programmes include the provision of information, education and behaviour change interventions to positively impact the health of employees (and their families).

Support from the board is critical

Backed by the board, the executive management must be tasked to clarify the roles and appoint the necessary person within the company who must be responsible to drive the wellness management process. The appointee can be a Wellness Manager or the Human Resources Director, but in all cases should be considered as a "prescribed officer". According to Regulation 38 of the Companies Act (2008), the prescribed officer is a non-director that regularly participates in and exercises general executive authority, control over, and general management of the whole, or a significant portion of the business and the activities of the company. In the context of the company's overall human capital well-being, this person would be responsible to establish, implement and maintain the wellness and disease management system in accordance to the industry and organisational requirements. Wellness Managers should ideally report to executive management because they are equally responsible to ensure good governance and sustainable development within the company. Understandably, the functions that underpin a Wellness Manager are critically important, however most of these managers -- when they are appointed within companies -- generally lack the required authority and responsibility to effect the necessary change that brings about the desired business results.

Employee Wellness Manager

The person appointed as an Employee Wellness Manager should be visionary, proactive and a value-orientated leader. They are catalysts for business sustainability, good stewards and wellness advocates that constantly influence the company to take action against poor or unethical practices, particularly where employees are concerned. Employee Wellness Managers need to initiate and drive the leadership and culture-change process within companies, but regretfully they are more often than not disempowered "business partners". They generally struggle to obtain senior management support and sufficient financial resources to manage outcome-based wellness programmes that produce specific business and employee health care results. This leaves them stranded to implement operational controls and risk mitigation procedures that could promote significant business growth.

Conversely, to enable the functions of a wellness and disease management programme, Employee Wellness Managers must be equipped with -- amongst other -- appropriate management information that discloses employee engagement, health risk data, worker's compensation claims and medical aid expenses. Analysing absenteeism records for instance, enables employers to manage and eliminate the potential impact of these burdens imposed on their profitability. Deeper and broader views across multiple data sets provide the company with significant measures, documents and medical records that demonstrate legal compliance and effective wellness and disease management.

Conclusion

Going forward, organisations will increasingly be required to evaluate and report their employee wellness and disease management initiatives, the progress, results and effectiveness of their wellness programmes and its impact on employee health promotion and disease prevention. Increasingly the enlighten shareholder will want to see these hidden risks being disclosed and reported in integrated reports. And without a proper and formalised *Wellness and Disease Management Policy* in place, there is little chance that the company will succeed in balancing the components in the company's Integrated Report.

About the Authors
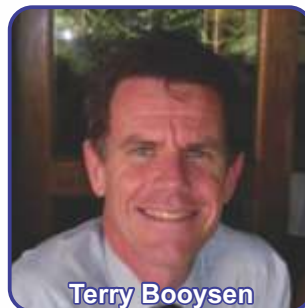
Terry Booysen

Dr Dicky Els

Terry Booysen, the CEO of CGF has presented numerous interventions to public and private audiences in and out of South Africa and has received many accolades directly linked with corporate governance. He is a regular podium presenter and is considered knowledgeable in the practice, having produced many governance, risk and compliance reports and articles over the years. More information regarding CGF can be found at : **www.cgf.co.za**

Dr Dicky Els is a Lead Independent Consultant in CGF. He specialises in Workplace Wellness and focuses predominantly on strategy development, programme design and evaluation of outcome-based health promotion programmes. For more information on our Employee Wellness Programme Evaluation or Wellness and Disease Management Audits, contact Dr Els directly on 082 496 7960 or email **dicky@bewell.org.za** or go to **www.wellnessprogramevaluation.com**

Quality in Schools

a regular column by Dr Richard Hayward

It's only a game!

by Dr Richard Hayward

That particular school sport incident received nationwide publicity. A Pietermaritzburg father took a school to court because his son was dropped from the first cricket team. The son had been told the previous year that he was to become the team captain.

In his ruling, the judge dismissed the case. According to him, the school had the right to drop the boy from the team. The matter was one of 'internal governance'. Staff of a school had the right to make such decisions as long as there were no violations of the South African constitution.

Part of the argument put forward by the school was that the boy had lost form on the cricket field. His match performances had dropped and they were reflected in the cricket scorebook. The boy's statistics supported the decision taken.

In a previous article in *e - Quality Edge*, I suggested that parents try to find the time to take an active and keen interest in their children's extramural activities. Many children seem to 'up their game' when mom or dad are physically present. A tough part for some parents is not to cross over the line from interest to interference when the school makes team selection decisions.

Schools warmly welcome parents' attendance at school activities. Yet they don't like parents running up and down the sidelines shouting and screaming; they don't want them giving coaching tips to the players. Nor do they want any child, referee, touch judge or umpire to be verbally abused and ridiculed.

Watch any sport at school or on TV and you'll find wrong decisions made by those in charge. Poor decisions happen. At school level there's the correct place and time to speak one's mind about such incidents. Then, of course, it's sometimes better to simply say nothing!

Why do some parents get obsessively involved in their children's sporting lives? There are a few obvious reasons. Certain parents live out their unfulfilled dreams through their children; others were once outstanding themselves at sport and believe that their children should be too. Then, of course, there's the unhealthy rivalry that can happen amongst families. The children become pawns used by parents in their negative games against each other.

No school makes the perfectly correct decisions about sport awards and team selections every single time. However, they usually have a set of criteria in place to help them make the right decisions. Most of the time they get it right.

As a parent you've the right to contact the school if you feel that your child is a victim of discrimination or unfairness. That first contact should be an adult-to-adult one and in a place where there are no onlookers. (Keep your son or daughter out of the meeting with the coach/teacher at this stage.) Avoid being confrontational. Keep calm and be measured in your comments. Listen to the school viewpoint. If the school has made mistakes, you'll usually find them willing to try and undo them. Schools with integrity will apologise for the harm done.

If there's still disagreement with the school's decision, try to keep the tone mutually respectful between yourself and the staff member. Move on emotionally. Carry on being an enthusiastic supporter of your child's future games. No matter how you might feel, it's good to remember this truism that applies to any sport ... It's only a game!

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

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	March	April	May	June
B12	ISO 14000 overview	1	R2,500.00		30		
B14	Integrated Management Requirements	3	R5,000.00	12-14			
B16	Internal Quality Auditing	3	R5,100.00			28-30	
B20	Organisational QMS Lead Auditor	5	R11,500.00			5-9	
B24	How to write procedures	2	R4,400.00	24-25			
B34	Statistical Process Control	5	R11,500.00		7-11		
B38	Development of QMS	5	R11,500.00			12-16	
B41	Introduction to Quality Control	1	R2,500.00				12
B48	ISO 9001 Requirements Workshop	3	R5,000.00	5-7			
B58	Customer Satisfaction and Excellence	2	R4,400.00		23-24		
B64	Introduction to Quality Techniques	3	R5,000.00				4-6
B65	SAQI Certificate in Quality	10	R19,500.00			19-23	23-27
B66	Problem Solving and Decision Making	3	R6,000.00		14-16		
B75	Intro to Lean	1	R2,100.00			26	
B76	Lean for the Service Industry	4	R8,700.00	10-13			18-20
B82	Incident and Accident Investigations	2	R6,700.00	10-11			
B83	Project Management and Quality	3	R15,100.00				9-11
B84	Supply Chain Management	3	R12,700.00	17-19			
B85	Production Planning and Scheduling	3	R15,100.00	26-28			
B86	Inventory and Warehouse Management	2	R10,250.00		2-3		

SAQI also offer the following courses on an inhouse basis for 10 or more delegates. Please contact 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**

facebook

back to contents page