SAQI
The South African Quality Institute

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

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World Quality celebrated

In this month's edition we give our readers feedback from the World Quality Forum organized by the International Academy for Quality held in Budapest, Hungary with the theme "Quality for the Future of the World". Many of the current world leaders in Quality attended this prestigious event. We also continue our focus on the process approach and what it means and we are pleased to have the final article written for us by Peter Fraser from the UK. Feedback is also given on the first phase of the newly introduced SAQI training program and what delegates think of it. We also carry an important item on how dysfunctional boards impact on the failure of organizations. Our schools specialist Richard Hayward also continues with his important contribution to quality for the future of the world with his Quality in Schools article.

SAQI members around the country celebrated National Quality Week using the theme "Following the Road to Excellence". A number of our SAQI team assisted members to host their events. An excellent turn out of members and non-members attended our special SAQI WQD forum sponsored by our member "Rifle Shot Holdings" Our Chairman Lucas Moloi gave an inspiring talk on the "State of Excellence" in our country and the issues we need to address. We will give more detailed feedback from National Quality Week events in our next newsletter.

In the meantime we wish all our readers " *Happy Holidays* "

Paul Harding
SAQI MD

Feedback from the IAQ World Quality Forum 2015, Hungary

by Paul Harding MD SAQI

INTERNATIONAL ACADEMY for QUALITY

The International Academy for Quality (IAQ) first World Quality Forum was held in Budapest, Hungary on the 26 & 27 October 2015. The theme of IAQ World Quality Forum was "Quality for Future of the World".

Welcome address Prof. Dr. Pal Molnar IAQ and HNC President

"Dear Friends, I am convinced that the First World Quality Forum of the International Academy for Quality may provide an unique and invaluable input for everybody and will influence the quality development in the whole world. Quality is a value that would never run its course and that can enrich the life of the people through continuous improvement and innovation. The main message of the IAQ World Quality Forum is summarized in the Slogan "Quality for Future of the World". The highlights of this event are the memory by Prof. Seghezzi on the IAQ Founders: Kaoru Ishikawa, Walter Masing and Armand Val Feigenbaum and the introducing the advanced TQM for the new era by Prof. Kano, as well as the discussion on the quality and corporate management led by Dr. Bertin, on the future of quality profession led by Prof. Godfrey, on the relationship of the quality and innovation led by Prof. Pfeifer, on technical and human dimension of quality introduced by Dr. Watson. There are also other current issues on the agenda, for example quality in healthcare and in service, education of quality, sustainability and quality, social responsibility, advanced quality tools, techniques and methods, ISO 9001:2015 as well as Lean and daily management, etc."

Opening address

In the beginning of the forum, Mr. Janak Mehta of India (Chair of IAQ) gave an opening speech and welcomed all participants. He also introduced IAQ as "A community of the world's leading executives, practitioners and academics dedicated to promoting the cause of quality." IAQ was founded in 1966 by Mr. Val A. Feigenbaum, Mr. Kaoru Ishiskawa and Mr. Walter Masing. Mr. Mehta explained the IAQ Way – Quality for Humanity, with respect for the individual, integrity in thought and action and compassion for all living beings.

Prof. Noriaki Kano keynote presentation

Professor Kano followed up with a presentation entitled "Dr. Kaoru Ishikawa Birth Centenary Commemoration". Firstly, Prof. Kano asked the audience three questions about Prof. Kaoru Ishikawa (which originated by Can Y. Ando and modified by N. Kano).

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Q1. How do you know Prof. Kaoru Ishikawa?
a) Father of TPS, b) Father of TPM, and c) Father of QC Circles

Q2. Which country did Prof. Ishikawa visit the most?

a) USA, b) Switzerland, or c) Taiwan

Q3. What did Prof. Kaoru Ishikawa advise to his students?

a) Be Proficient in English, b) Learn to hold you drink, and c) Be good with data.

eQe readers can send their answers to the editor.

Prof. Kano then spoke about the achievements of Prof. Ishikawa included his pioneering to promote TQM in the Japanese Way, invention of the Cause & Effect Diagram, founder of IAQ & ICQ.He informed the conference that Prof. Ishikawa published 31 books and 647 articles.

Prof. Kano then shared his latest research on Quality for Sales (QfS) and Quality for Cost (QfC). He explained the Hierarchical Sales Structure Model (HSS Model) and separated Quality into Q1 (Past), Q2 (Present) and Q3 (Future). For Q1 (Past Quality), it was further separated into Q1a, Q1b and Q1c as shown below.

Q1a: The customer's perception of treatment for the warranty claims including recall.

Q1b: The customer's perception of treatment for paid services including repair after warranty period, periodic maintenance, etc.

Q1c: The customer perception in terms of likes and dislikes.

During the presentation delegates were asked to fill in a questionnaire designed by Prof. Kano. He said either Q1a or Q3 fall under both of QfC and QfS while either Q1b, Q1c, or Q2 falls only under QfS. Finally, he told us the ultimate objective of the Theory of Q1, Q2 and Q3 is to be applied to marketing and sales in a manufacturing company and then expanded to servicing, and so on.

South African input

I was privelidged to be invited to this inaurgural conference and I presented a paper on **"Executive responsibilty according to ISO 9001:2015"**. Below is the abstract of my paper:

In the current 2008 edition of the ISO 9001 Quality management systems requirements standard there is a requirement for top management of an organization to appoint a management representative to perform certain tasks in establishing and maintaining the Quality Management System (QMS). This position can vary, depending on the understanding of the requirement by senior executives, from that of an administrative position to one of complete control of the QMS. The revised standard now calls for more leadership and commitment from top management. Top management now needs to take accountability for the effectiveness of the QMS. The new standard also requires that top management ensure that the quality policy and objectives for the QMS are compatible with the context and strategic direction of the organization and are integrated into the organization's business processes. Furthermore the new standard also requires that top management engage, direct and support persons in order to contribute to the effectiveness of the QMS. In essence this now means top management need to link strategy and operations in their organizations. A methodology will be discussed in this paper as to how executives can effectively address this issue. The methodology is based on the Focus, Alignment, Integration and Review (FAIR) approach. Focused activities in the form of new strategic goals and objectives need to be aligned across various business processes. Once this has taken place the new activities need to be integrated into the existing operations. Finally executive involvement is recommended in order to review the outcomes of the integration process at the various levels and stages of application.

A more comprehensive article on my paper will be published in a later edition of our newsletter.

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Input from Gregory Watson

Technical and Human Dimensions of Quality: The Premier Memorial Walter E. Masing lecture

Abstract:

The function of quality is being deployed differently since the time of Walter A. Shewhart in the first half of the last century. The challenge at that time was to reduce the losses of poor quality in manufacturing in an environment where quality levels were masked by measurement error which made it nearly impossible to understand how to control production in a way that assured consistency of results in a predictable way that was economically viable. Thus, quality systems in the first half of the last century had to compensate for measurement errors and tended to use simple inspection procedures to assure quality requirements were met. Judging the financial impact of quality was also simplified to an equation relating quality improvement to the number of inspectors who examined each item produced. These assumptions were all based on the capabilities that were available at the historical moment using then state-of-the-art technological capability and an imperfect understanding of human capacity for performance. Since then major developments in technology and human performance have been achieved so it is time to revisit the assumptions of yesterday and "creatively destroy" all artifacts that remain from that epoch which distort the current body of quality knowledge. This presentation will examine the elements in Shewhart's Theory of Control that require "heuristic redefinition" and will critique Joseph M. Juran's concept of quality cost as an inappropriate way to consider the benefits that are obtainable by quality improvement efforts. Revised mental models for both of these concepts will be drawn from the body of quality knowledge to suggest the thinking transformation that should be made to accommodate the significant advances in technology and human understanding.

Conclusion

This conference brought together the current world leaders in quality. It was most informative and covered many of the current topics that are challenging our world today. There were over 500 pages submitted to the conference and we have only been able to highlight a few of these. It is hoped that more information from the conference can be shared with our readers in the coming months.

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Business Process Principles Part 3

by Peter K Fraser

OUTPUT AND OUTCOMES

A more practical and meaningful definition of a "business process" is:

"a set of related activities that is triggered by an event and which is intended to achieve an objective. It uses resources and is subject to influences."

The justification and explanation of this definition is that:

- something has to start a process (for example, *"a customer places an order"*; *"you decide to carry out a management review"*)
- a manager (the process owner) should clarify what the process is intended to achieve, and how it supports the overall aims of the organisation. (He/she should also measure how well it succeeds)
- process design (and management) should consider all factors (*"Influences"*) which (a) may impact on the process and (b) may be affected by its operation
- influences include possible *"outcomes"* (as well as the intended *"output"*). "Outcomes" could include environmental impact, learning and enhanced or damaged reputation. [Contrast "put out" v "come out" - primary v secondary / intended v incidental / planned v unplanned]
- this definition and logic (*"triggers", "objectives", "influences", "outcomes"* etc) can equally be applied to "running a business". A business plan sets out objectives, resource requirements and influences (such as market conditions, competitors and business strategy). Notably, it does not does not talk of "transforming" anything
- the Business Excellence Model is process management - "Enablers" are Resources and Influences, "Processes" are at the core, and "Results" are Outcomes
- it fits well with the principles of project management, if a project is regarded as a *"process with a start and end date"*.

BENEFITS OF "THE PROCESS APPROACH"

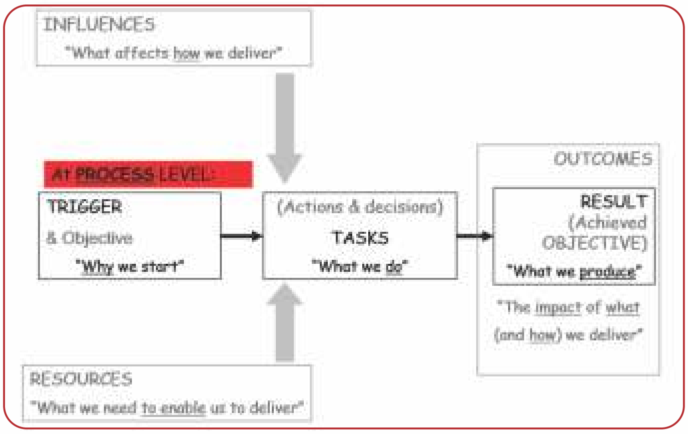

Figure 1 : KEY ELEMENTS OF A BUSINESS PROCESS

Process management and business management are closely linked. One useful definition of a (business) management system is:

"the structure, processes and resources needed to establish an organisation's policy and objectives and to achieve those objectives".

"The management system covers the whole organisation and everything it does. It comprises the structure, processes and resources needed to establish an organization's policies and objectives and to implement the policies and achieve those objectives." (CQI SDG Position Paper on ISO9000)

Running an organisation requires objectives and strategy to be defined, processes put in place, resources allocated and risks identified. These are also the basic elements of implementing and improving a business process. Good process management requires an appreciation of how a process fits into the bigger picture (the "systems thinking" approach).

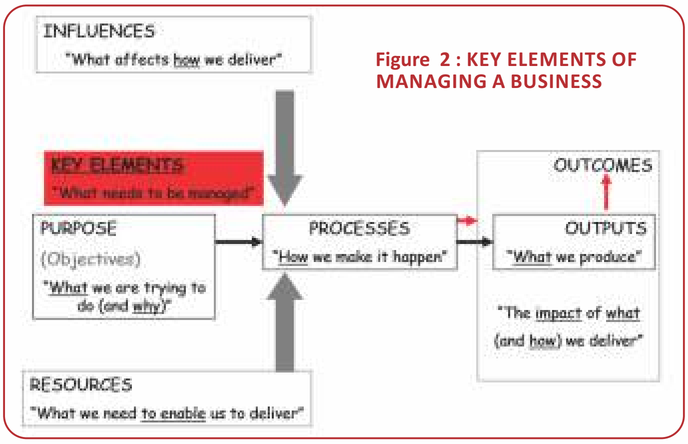

Figure 2 : KEY ELEMENTS OF MANAGING A BUSINESS

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Figure 2 : KEY ELEMENTS OF MANAGING A BUSINESS

At the other end of the scale, very simple tasks exhibit the same characteristics which need to be recognised and managed, even if at a much more detailed level. What you do (or don't do) to achieve an objective, how you do it and the outcomes of a task will depend on a range of factors which, at the very least, you need to be aware of. You need to balance the immediate objective for the task with other (possibly competing or contradictory) goals, and your action is likely to trigger (or suppress) other actions (and processes), and have an impact on resources.

"Making a statement" shares very similar characteristics to "recruiting staff", "running a business" and even "running the country".

IMPLICATIONS

There are many stages in a process where an action or decision can have an impact on the rest of the process, on other instances of the same process, on other processes and on resources.

The less well defined the process, the more variation is possible. How, when and even whether you respond to an event may vary, and will depend both on how well the related objectives are known and prioritised, and on the particular factors which apply at the time. The same principles should be considered and applied to an individual task (which can be treated as a "mini-process" in its own right) as well as to the top level process of "running the organisation".

Since most business processes are not of the "continuous production line" variety, and so are discontinuous and selective - you decide what (if anything) to do next - there are many staff- and self-management issues to be considered. This is all part of routine day-to-day operations, even if those involved do not (yet) realise that "processes" are involved. But compliance and risk are best managed by recognising that an organisation is following processes, and managing them accordingly.

Yet identifying and defining a process can itself be a challenge. Take a simple telephone conversation. Someone initiates it (ie makes the contact), usually for a reason(!), and it then proceeds as a dialogue, until one of the parties puts the phone down. But did the conversation in fact result from a previous communication where someone was asked to call? So when did the process start? And what is the objective of the call? Depending on the circumstances, it may be to impart (or gather) information, to reinforce a position, or to develop a relationship.

How it is carried out may depend on a whole range of factors, such as the mood of the participants at the time, their priorities and how well they know each other. The call may actually be part of a number of processes – for example, a call to a supplier could be part of the Procurement, Sales Order, Supplier Assessment, Reputation Management and Quality Policy implementation processes all at the same time. ISO9001's "model of a process based management system fails even to scratch the surface of this "interaction", and there is most certainly no linear "sequence" involved.

To gain a good understanding of the subject requires that the underlying concepts are clearly understood, and that they can then be applied to day-to-day operations in a way which provides insight into what is going on, why, what causes it and what shapes how it happens.

CONCLUSION

The future of "quality", and the role of quality professionals, is under review at present. "Integrated management" is a logical concept to enable quality to be embedded in routine business activity, yet the term "Integrated management system" has been high-jacked to imply that separate systems are being combined, usually in relation to separate assessment standards. "True" process management provides the key for this by focusing on the diverse factors that may influence, or be influenced by, individual processes – and the organisation. Process management will help an organisation to:

- rationalise how it can convert its "mission" into actual performance by "translating" its business plan into a management and operational system
- encourage managers to think differently, and encompass all management disciplines
- focus on "process management" rather than "just" process mapping

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- understand the characteristics of individual processes and how their inter-relationship provides a sound basis for operational improvement, risk reduction and better resource utilisation

- encourage “systems thinking” and a longer-term view.

Key concepts missing from the standards, and the way they are often interpreted, include:

- nothing happens in a process until something triggers it

- Inputs and resources may be needed at different points in the process

- a process may finish at different points and with different outcomes depending on the circumstances of each instance of the process

- there is an objective to be achieved once the process has been started

- this objective should fit with the overall business objectives

- “process interaction” happens at a number of different levels, in varying sequences and with instances of the same process.

All activities in business happen for a reason (most of them anyway, and the others should be looked at seriously). They can be either reactive or proactive, and will normally be part of a (planned) set of activities (a "process"). Within a process, you will expect people to make judgments on how to deal with particular situations, including (in some cases) which order of tasks to follow.

Process management means making sure that:

i) objectives are clear

ii) required actions are understood

iii) roles and responsibilities are clear

iv) the people involved are competent or have sufficient guidance

v) influencing factors including risks are identified and managed

vi) resources are available.

Until the fundamental definitions are clearly explained and understood, there will always be a gap between "quality" and "business" management.

About the Author:

Peter Fraser is a founding director of **Mandos Software**, a software, training and consultancy organisation focusing on the definition, communication and management of business processes. The software (**author**) creates an online management system description which distils and enhances the knowledge available within an organisation into an easily accessible format. It uses deployment flowchart presentation and RACI methodology to provide a uniquely clear and concise process description which is used in the public and private sectors in both the UK and more than 15 countries overseas.

He contributed four modules to the Chartered Quality Institute (CQI)'s revised Body of Quality Knowledge, and has designed and delivered Quality Management modules for a leading university's MSc Project Management course. He has published a number of articles on business process management and management systems design in the CQI's Quality World and TickIT International magazines. His article on “The process approach in ISO9000/9001” was published by BPTrends in 2015. He was one of the authors of the CQI's Position Paper on the Future of the ISO9000 Family of Standards produced in 2012 by its Standards Development Group. In 2005 he published “Dee the Business” (Black and White Publishing), a light-hearted commentary on computer and management terminology in Doric, the dialect of the North East of Scotland.

After a career in software development with a leading Scottish software house, he spent 6 years as a Managing Consultant with KPMG before establishing his own company. He set up **Process Principles Limited** in 2014 to promote a better understanding of business process management in organisations.

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First candidates complete SAQI Level 2 training course

by Jacques Synders SAQI training facilitator

As communicated in our earlier newsletters SAQI has embarked on its own developed 4 stage Quality training program covering Quality Awareness, Quality Control, Quality Assurance and Quality Management. We are excited to give feedback from our first round of training.

The year is coming to a close, but SAQI was excited to graduate 3 up and coming quality professionals to complete all modules through the newly structured SAQI Level 2 "Certificate in Quality Control" course. Due to a special request from some of our members to present the Level 2 Certificate before the end of the year, we obliged, by structuring the full 10 day certificate programme over a 1 month period to suit our customers' requirements.

We once again had the opportunity the gauge our level 2 certificate's effectiveness and relevance, and have received very positive feedback from the delegates. I was most gratified to receive feedback from one of the delegates during the 2nd week, that the theory covered in week 1 assisted him to effectivly define a problem at his organization, develop a data collection sheet, and analyse the root-causes for the ever present contamination problems found on their final products that had been giving them concern. The root-cause to the problem was identified as being a defective oven cover, resulting in dust contamination on the product. This lead to a 40% reduction of the current defect rate, on their most problematic product range. It is truly, this type of feedback that warms our hearts and drives us to continue our quest to develop the next level of quality leaders for South Africa based on not only on quality theory but practical experience.

Here are some verbatim's from the delegates.

"As a young professional, and quite new to the quality field, the course structure is quite easy to understand, and the facilitator was taking us step by step through the courses. I'm looking forward to the next courses". (Bongekile Kubheka)

"I want to express appreciation to the SAQI Facilitator. I did quality subjects at higher education level but never understood it, let alone applied it. The facilitator's years of research, his in-depth understanding of quality, and his ability to present the subject in such an interesting way produced one of the most memorable learning curves in my quality field history. I personally appreciated his approach to anticipating user's interest. I'm looking forward to learning more and completing all levels" (Mokete Zondo)

Our first period of promoting our newly structured certificate program, has been well accepted by our corporate and individual SAQI members, and we have already received numerous requests from our corporate members for in-house programs for their quality personnel to be developed to our level 2 & 3 certification programme.

As it is customary at this time of the year for most Quality & HR managers to plan the training budget for 2016, we are willing to engage with our corporate and other members to develop a customized quality development program to suit your needs.

Please contact **Vanessa Du Toit**, at **vanessa@saqi.co.za** or phone our office on ☎ 012 349 5006 to arrange a meeting with one of our Senior Members to discuss your unique needs, or visit our website at **www.saqi.co.za** for the 2016 training calendar.

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Dysfunctional Boards: Impacts on Organisations and Remedies

by Terrance M. Booysen (CEO: CGF Research Institute (Pty) Ltd)

Power of the board

As we all know, boards are powerful forces; and through their collective knowledge, skills, experiences and practice, their output is intended to cause positive and sustainable change for companies. Today -- more than ever -- having a high-performing board is a critical success factor for company leadership and the company's performance. It is therefore imperative that boards function well in order to have a positive impact on the company, and ultimately a country.

But when boards get it wrong -- and there are many examples to mention -- the devastation can wreak havoc throughout a company and the effects can be felt for many years afterwards.

We only need to cast our minds back to the 2007/08 global financial crisis which was caused through failures in the international banking sector's corporate leadership, where they created too much money, too quickly and they used it to superficially inflate house prices and the 'bubble' so to speak, eventually burst. The global financial crisis is probably an ultimate example of dysfunction, and lessor examples of alleged board dysfunction such as the recent cases of the SABC, SA Post Office, SAA, Pinnacle Holdings, VW and MTN pale in comparison. It is believed that a good board will not make a company, but a bad one will inevitably kill it. It has also believed that troubled boards outnumber functional boards by a wide margin.

Recognising board dysfunction

It is imperative that we are able to detect -- at its early stages -- when the board is leaning toward some form of dysfunctionality, and it is critical that these are addressed well before any serious problems occur. A dysfunctional board typically fails to make decisions that are in the best interest of the company and this causes several problems for the company. Understandably, the impact of a dysfunctional board is bad for the bottom line. Dysfunctional boards can tarnish or destroy entire brands.

The most common warning signs of board dysfunction may include:

- overly dominating (or arrogant) individual/s;
- inability to work through difficult conversations / shutting off debate;
- lack of communication;
- inability to focus on goals;
- inability to make decisions / avoidance of accountability;
- personality clashes and / or conflict;
- overstepping board of director roles;
- lack of teamwork / commitment;
- inattention to results;
- fear of the unknown;
- non-participation;
- personal or political agendas, and
- absence of trust.

In his book, "The Five Dysfunctions of a Team", Patrick Lencioni sets out five main areas which he believes will lead to a team -- or board for that matter -- becoming dysfunctional. Interestingly, through the use of a pyramid schematic, at the base of the pyramid we find TRUST -- or its absence -- this being the root cause of most dysfunction.

Think of the mistrust element as being the toxin which poisons the next four elements in this pyramid. Leading from a lack of trust which may be found amongst the board members, one can then expect the issue of CONFLICT to arise. When we speak of conflict, we are specifically referring to unproductive conflict which is a completely negative element. Of course, as mistrust and *unproductive* CONFLICT are allowed to brew within an already tense boardroom, issues of individual and / or collective non COMMITMENT is most likely to arise.

With these three toxic ingredients at play, it is inevitable that the members of a board will try and avoid any areas where they are held personally ACCOUNTABLE and this predictively will lead to negative RESULTS of various forms in the boardroom, and

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ultimately the company at large. It is important to note that TRUST between the members of the board cannot be overlooked. This is after all one of the key ingredients which either makes relationships work or fail. When any form of mistrust is allowed to breed amongst board members, it creates a 'superficial harmony' amongst board members. In these circumstances, there is a lack of genuine discussion and robust debate between the board and its members. In the absence of robust debate -- being one of the key duties expected of directors -- how can it be said that they are serving the best interests of the company? Expectedly, when trust fails in the boardroom, everyone feels the tension and relationships are tested to the hilt. This is also one of the main reasons why boards become polarized and lobby groups are formed, most often manifested by a stand-off between executives versus non-executive directors.

This situation, being just another example of boardroom dysfunction, has a direct (negative) bearing upon boardroom decisions, particularly when these decisions are contentious and the full commitment of the board is required. Indeed, through mistrust, the full commitment of the board will be lacking. This lack of commitment is quite bizarre, considering the fact that a board member may have agreed to certain of the actions at a board meeting, but inwardly he or she does not support some and / or all of the board decisions. Behaviour of this sort could also be the result of board members who are:

- low on IQ / EQ and self-esteem;
- fixated by their own egos;
- not truly concerned with the affairs of the company (but more so their own);
- fearful of addressing conflict;
- not committed to the objectives of the company (neither the board), and
- not committed to building and maintaining solid business relationships.

Indeed, when speaking of individuals who occupy board positions, it is not uncommon that when they first began their directorship career, they may have been somewhat 'naïve' in many of their duties, and they would have diligently followed good practices of directorship. However, the sad reality of success and power for many individuals (i.e. accepting our human frailty) is that success can go to one's head and in these circumstances; their priorities are no longer focused upon the company, but rather their own. As these individuals change, so their rules apply and no longer those of the collective?

Some of the common pitfalls these directors may fall into include:

- becoming tunnel visioned (e.g. unapproachable, lost perspectives, rigid);
- losing their fear (e.g. invincibility, irrationality);
- fear of failure (e.g. too risk averse);
- arrogance (e.g. know it all);
- isolated (e.g. elitist / insular mentality, ivory towers, excessive structures & bureaucracy);
- controlling (e.g. micro-managing); and
- surrounded by "yes-men" (e.g. only want to hear good news to pump their egos).

Dealing with board dysfunction

In a fast-changing world, leaving a board in a dysfunctional state is a sure recipe for company disaster, both internally and externally. An explicit process -- including proper policy -- must be put in place to deal with a dysfunctional board of directors. The process should be implemented before real problems occur and which would become more difficult to resolve if it were left unchecked. The fiduciary duty owed by the board to the company -- collectively and individually -- must urgently seek to eradicate any dysfunction within the board (or its members) and create a more productive climate to achieve the company's objectives.

As mentioned earlier, TRUST is a key issue and it is imperative that the members all trust each other and this can only be achieved over time, as well as through team work. What is however important is that directors should not be fearful of addressing dissenting views and or opinions, including conflict amongst themselves. Indeed, it would be safe to say that directors are not expected to always agree on matters, and it is incumbent on directors to state their varying opinions (or disapproval) -- with sound reasoning -- should they believe this would be in the best interests of the company.

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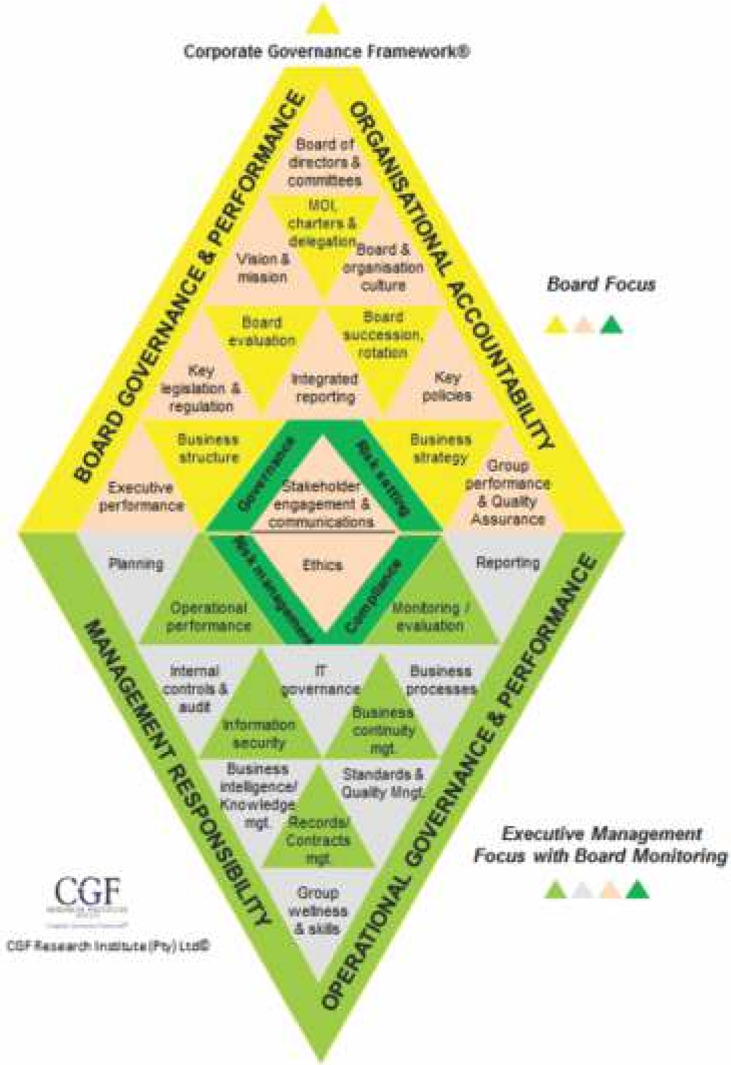
Therefore it is incorrect for any director to believe a position on the board will always be a "bed of sunshine and roses". When directors are able to approach matters where they differ from their peers, and when this is done with respect and dignity toward the other person, then this healthy difference of opinion will allow for more meaningful debate and hopefully a better outcome for the company. Such an approach requires trust, and when it is done correctly, the company is able to benefit directly – directors will also benefit as they begin to understand their peers at a different level, not least also breaking the curse of superficial relationships.

Preventing board dysfunction

Boards and board meetings must have a strong, authentic leader with a clear agenda that makes them more productive, and through this approach assists the board to prevent various forms of board dysfunction. Indeed, whilst there are many variables which could cause a board to become dysfunctional, a number of preventative measures could be implemented to avoid this from occurring. Some of these measures may include:

- incorporate specific provisions in the company's MOI, Board Charter and policies (e.g. codes of conduct, conflicts of interest, delegation of authority);
- ensure a proper director selection process & benchmarking is in place;
- the board must emphasise an alignment with the company's value system (particularly in its recruitment of non-execs);
- restrict directors to serve on a limited number of boards;
- ensure there is the correct skill, experience and mix of directors on the board;
- conduct periodic board profile and skill set analysis;
- conduct timely board assessments (internal and external);
- use good governance procedures and understand the importance (significance) of a board and board meeting;
- disarm the board critic (overly disruptive director);
- set agreed annual goals;
- schedule time to review goals and update action plans;
- ensure continual communications and utilise social functions to build trust;
- build trust amongst members of the board and between the board and employees (avoid antagonistic atmosphere);
- conduct board induction / training across all jurisdictions;
- provide executive coaching and mentorship; and
- employ external advisors to diffuse excessive boardroom tension.

Whilst I have provided a number of measures for companies to consider -- in an effort to prevent boardroom dysfunction -- I wish to also state that a robust *Corporate Governance Framework® would greatly assist a company to deal with all of these issues, including the afore-mentioned factors. Whilst a Corporate Governance Framework® provides the board and each of its members a real-time dashboard of the company's mission critical components, it also allows directors the ability to interact with the company's executive and management levels in respect of any and all types of risk which may impact the company. Through a Corporate Governance Framework®, all the board members would have a better understanding of the business, and such which is devoid of any 'secrecy' or 'privileged information' matters.



Expectedly, access to this type of information -- namely that which covers all the key aspects and components of the business -- would enhance not only the director's own understanding of the business, but it would also go a long way to stimulate trust amongst the board and the board committee members. This is exactly in line with the King III tenants which state that the board of directors must have unrestricted access to all company information, records, and so forth.

Indeed, there is a strong argument which suggests that much dysfunction within a company may be caused not only because of a poor chairman or some of the other 'stimulants' which I have mentioned earlier, but it can also occur -- and in fact be exacerbated -- when the company has no central command framework which provides the board and management a central view of the company's overall health (i.e. traditional and non-traditional organisational risks).

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As postulated by Patrick Lencioni that (MIS) TRUST is most likely one of the key ingredients that causes dysfunction, it stands to reason that if directors are not codified upon knowing where their accountability begins and ends, and similarly when management fail to understand their responsibility; dysfunction across the company is most likely to occur.

One of the quickest ways to debilitate a board -- and often this breeds mistrust amongst the executive and non-executive directors -- is when information is not forth-coming and / or complete. And whilst the independence of non-executive directors must be upheld, it is equally important that they not only receive reliable and sufficient information for their decision making, but also that they have a proper understanding of the business which they co-direct together with the executive directors. Accordingly, for the board to believe and know that it is a fully functional unit, all its directors must have sufficient high-level understanding of both the strategic and operational areas of the organisation, and these areas must be directed in concert. Without a Corporate Governance Framework® in place, this becomes almost impossible.

Conclusion

As I conclude this presentation, which will form the basis of further discussion by our esteemed panel of speakers; one has to ask whether a board would have become dysfunctional had the directors on the board actually done their work properly in the first place? They are the fiduciaries and they are expected by law, to protect the organisation. Despite various codes of good governance, including glossed-up directors' public reports and their espoused policies, many organisations and their company officers continue to misbehave in predictable ways, because their boards of directors have turned out to be nothing but ineffective watchdogs.

> *"... there are no bad organisations, only bad boards and it can be just one, or a few directors who may lead the organisation astray. Through their poor leadership and questionable governance practices immeasurable harm is brought to the organisation, including its exposed stakeholders."*

Clearly this is not what is expected of a board, and organisations who are found guilty of "ethical lapses" and errant behaviour must be severely punished. So, in my opinion it is good governance when an organisation is punished by the market, to which the board is ultimately accountable. Three recent examples are:

- Pinnacle Holdings - nearly R1.5bn wiped off their market capitalisation due to an executive director allegedly being involved for bribery and possible insider trading violations
- VW - €8 billion put aside to cover costs of the crisis, and 20% drop in share price (€25 billion wiped off VW market value - ⅓ of its stock market value)
  - o recall est. of 11 million vehicles worldwide
  - o the €8bn excludes costs for litigation, fines or customer compensation
- MTN - fined $5.2 billion by Nigerian regulators (wiped off 20% off the company's market value)

The board has a legal and moral duty to ensure it is completely functional, and it must maintain such functionality if it is to claim that it is fulfilling its fiduciary responsibilities, as well as meeting shareholder expectations and averting legal quandaries. Further to this point, effective board directors are expected to have four basic qualities, namely, independence, expertise, bandwidth, and motivation. If directors do not have these traits, problems are bound to arise and it will be impossible for them to properly fulfil their oversight responsibilities. Research suggests that if a director has all four of these characteristics, then the company's likelihood of governance failure and / or board dysfunction will be greatly reduced.

It is befitting to end off this presentation with a quote extracted from the Public Protector, Advocate Thuli Madonsela's report entitled "*When Governance and Ethics Fail*":

"*When governance and ethics fail, you get a dysfunctional organisation. Sadly those in charge cannot see that their situation is abnormal. That has been the case at the SABC for a long time...*" - Former member of the SABC Board (Source: "When Governance and Ethics Fail" Report of the Public Protector February 2014)

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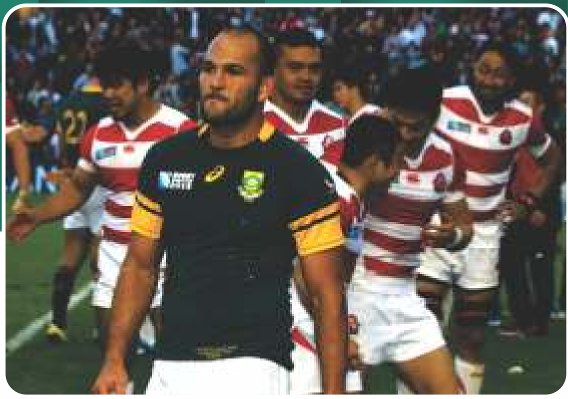
Quality in Schools

Many of our readers are parents themselves or interact often with children. We have asked our education editor, a retired headmaster, to share thoughts on how to get Quality principles and practices instilled in young people.



A very rude awakening

Richard Hayward

Nobody gave the Japanese minnows much chance before their rugby match against the mighty Springboks. The game turned out to be the biggest upset of the 2015 Rugby World Cup. At the final whistle, the Cherry Blossoms had won 34-32. For the South African team, their coach Heyneke Meyer and millions of their fans across the country, the result was a very rude awakening.

After the match, Schalk Burger reminded everyone that the Boks needed to be gracious in defeat, no matter how hard such a terrible loss hurt them. The Japanese deserved to be applauded. Then he added that it was time to, "… be very harsh on ourselves when we start preparing for Samoa … the only way to fix this is to take this World Cup by the scruff of the neck. We are not going to retreat into our shells."

It's not only Springbok rugby players who get rude awakenings. We all do. At this time of the year there will also be thousands of children on the receiving end of rude awakenings. The results of exams and tests will be released.

When children and parents read the results on the report cards, there are two very different responses. The first one is a defeatist attitude: the exams were too hard; the teachers marked too strictly and a string of other excuses. Family talk is about dropping the subjects where the marks were low or even dropping out of school altogether. The gut feeling is that there's no point in trying anymore.

The other response is that of courage and determination. Yes, the child failed or did far worse in the exams than expected. Yet there's a belief in the principle of continuous improvement. Two hard but honest questions are often confronted by the child: Why did I fail or underperform? What am I going to do to improve?

Failure should be viewed for what it is – a learning experience. Neil Flanagan (page 35) quotes from Robert Schuller's book, *Tough times never last but tough people do*:

- Failure doesn't mean you are a failure …It does mean that you haven't succeeded yet.
- Failure doesn't mean you have been disgraced … It does mean you were willing to try.
- Failure doesn't mean you are inferior… It does mean that you are not perfect.
- Failure doesn't mean you don't have it … It does mean you have to do something in a different way.
- Failure doesn't mean you'll never make it … It does mean it will take a little longer.

To the Springboks' credit, they picked themselves up from the canvas after the heavy blow from the Cherry Blossoms. Their subsequent games showed the legendary grit for which the team is world-famous. These words of Oliver Goldsmith could aptly describe the team's mind frame:

Our greatest glory consists not in never failing
but in rising every time we fall.

Together with failure can come intense emotions. A child could, for example, become extremely aggressive or moody. In severe cases, long-term depression can set in. Then there is the tragic instance where a young person could take its own life.

When failure happens, the family and the school need to give emotional support to the child. There's a need to get failure into perspective – it never is the end of the world! In fact, the whole unpleasant experience can be beneficial for long-term character development.

When the emotional intensity has dropped down, the time is right for an honest discussion. Usually adults don't need to churn out good advice and tips. Simply listen to the child. You might ask the occasional gentle question to help guide the child towards understanding on his own the best way forward.

In your own family may there not be any 'very rude awakenings' when the end-of-year report card arrives. If the report isn't glowing with praise of scholastic achievements, may there only be gentle 'wake-up' calls! Whatever the report card contains, be mindful of car-maker Henry Ford's response to failure. His description of failure sums up the way that we should view it when it enters our lives:

Failure is only the opportunity
more intelligently to begin again.

Flanagan, N and Finger, J 2013. *The management bible*, Cape Town: Zebra Press.

Richard Hayward does SACE (South African Council for Educators)-endorsed courses under the aegis of SAQI. For more details, please contact him at rpdhayward@yahoo.com or on 011 888 3262.

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All courses offered by the South African Quality Institute are presented in association with other course providers and are available to all organisations and individuals. 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 discount applies to SAQI members. For more information or to register contact Vanessa du Toit at (012) 349 5006 or vanessa@saqi.co.za

1. Each course listed on the training schedule can be completed individually or form part of the overall three levels of certification.
2. 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.
3. The courses listed below form part of a specific Certificate and all modules should be successfully completed to qualify for the Certificate.
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L2	**SAQI Certificate in Quality Control***	**10**	**R 18,874**												
B41	Introduction to Quality Control	2	R 4,277		8-9			23-24			1-2		10-11		
B90	Introduction to Statistical Techniques	3	R 5,160		10-12			25-27			3-5		12-14		
B91	Introduction to Statistical Process Control (SPC)	3	R 5,160			7-9			27-29		22-24		31-2		
B79	A3 Problem Solving	2	R 4,277			10-11			30-1		25-26			3-4	
L3	**SAQI Certificate in Quality Assurance***	**13**	**R 24,034**												
B48	ISO Requirements 9001:2015	3	R 5,160			14-16						5-7			
B24	Procedure writing	2	R 4,277			17-18						8-9			
B16	Internal Quality Auditing	3	R 5,160				18-20							14-16	
B92	Advanced Statistical Techniques	3	R 5,160				4-6						3-5		
B77	Advanced Product Quality Planning (APQP)	2	R 4,277				7-8						6-7		
L4	**SAQI Certificate in Quality Management***	**15**	**R 31,706**												
B38	Development of a QMS	5	R 10,693									26-30			
B01	Cost of Quality	2	R 4,277										17-18		
B58	New SA Quality Excellence Model	2	R 4,277										19-21		
B74/B76	Lean for Manufacturing/Service Industries	4	R 8,182											21-24	
B93	Policy Deployment (Hoshin Kanri)	2	R 4,277											28-29	

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