

Quality

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On the road to quality

Pick up the business section of a newspaper or tune in to one of the many business programs on TV and there is a good chance someone somewhere will be articulating a view on the quality agenda, about organizations having sound (or poor) risk management practices or about executives effectively (or ineffectively) managing reputational issues faced by their organization.

Not unreasonably, the casual observer may be forgiven for thinking that, if the organization had delivered a quality product or service in the first place, then its executives would not now have to be spending valuable time looking backwards, revisiting past decisions and concentrating on fire-fighting risk and reputation issues – with their implied threat of serious damage to both, brand and image in the marketplace. Effective quality management would have allowed for significant available time instead, to concentrate on the organization's main goals – including the delivery of superior value to stakeholders.

As a corollary and a reasonable, but not excessive, amount of management time would then be needed to concentrate on the business of risk. Effective pursuit of the quality agenda can be regarded as an important contributory step in the successful management of potential risk and reputational damage. This is not to say that achieving quality is a panacea that will guarantee a smooth, trouble-free ride. Far from it: there are also many external threats to an organization, including physical security, counterparty and political risk and even over-the horizon risks that are presumed to be out there but have not yet been identified – all of which are outside the direct delivery orbit of a quality product or service. However, it would also be reasonable to expect an enlightened organization to have a comprehensive enterprise risk framework in place, or at minimum a business continuity plan that would anticipate and set out a blueprint for the navigation of potential threats.

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Nailing down quality

Whether the organization is delivering products or providing services, in order to successfully manage the quality agenda it is necessary to define what the organization and its end users perceive as quality, capture it by having an operational framework in place and then devise a plan to achieve and maintain the stated quality objectives. It is as important to ensure that all personnel within the organization are on the same wavelength when it comes to the pursuit of these objectives. Similar to the proverbial "attempting to nail jelly to a wall,"¹ determining what quality is exactly can be challenging, as it comes in many shapes and forms and can be rather difficult to pin down in relation to an organization's goals. Webster's Dictionary, for example, offers various definitions of quality, such as "a peculiar and essential character," "an inherent feature," "degree of excellence," "superiority in kind." Unfortunately, today's vocabulary has rather overworked the quality concept and applies it on a daily basis to a wide variety of situations, so we now also understand quality in the context of, for example, fathers spending quality time with their children, soccer players delivering a quality ball into the box or people who read a quality newspaper.

Preparing for the journey

Realistically, organizations are typically concerned with the quality agenda when they recognize the need to publicly demonstrate their capabilities or to improve their services, ultimately with a view to increasing their market share. Sometimes management will recognize in private that they need to do better and will voluntarily undertake a comprehensive overhaul of their existing systems and procedures. For those that procrastinate, the marketplace tends to do the job for them.

As mentioned, management should initially determine what quality means and what it stands for in terms of their products or services, with a view to determining where improvements can be made and how 'superiority in kind' can be achieved. This assessment should also take into account the marketplace perception of the offerings. Some organizations will have in place a

Quality Management System (QMS) manual to define the procedures they require in order to achieve their quality objectives, but many others will not. For those organizations that are embarking on the journey for the first time, the appointment of a focal point within the organization to take ownership of the quality project is strongly suggested. Do not underestimate the number of man-hours that will be required to complete the initial set-up. As the QMS manual builds, a number of gaps will likely become evident between policies and procedures the organization has in place and what it ultimately needs in order to achieve its quality objectives and those gaps may take time to plug and could prove expensive to implement. When a QMS manual is in place, management will want some assurance that operations are in fact being conducted in accordance with stated policy and this is where a Quality Audit department proves its worth in ensuring that procedures are being followed and expected standards are in fact being met. It is also important that the system produces documentary evidence of performance to enable effective audits to be carried out and for processes to be performed again as necessary.

Quality is not just about process, work quality or organizational issues. A quality management system can only be as effective as the people who will be responsible for maintaining it. Effective, regular training for all personnel is essential. The goal is to embed quality into the very fabric of the organization so that its pursuit becomes almost second nature. Quality can also be reflected in the way the organization is perceived, how it treats its people and what it does for the community. Sometimes, simple solutions are the most effective – for example, an employee free to report unethical or shoddy work practices to superiors without fear of retribution is a very powerful tool. For professional services firms, avoiding the wrong type of clients, acting independently at all times and hiring good quality talent might be the answer.

In conclusion

For those organizations wishing to explore the quality agenda further, there are a number of both, national and international standards bodies, such as the

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International Organization for Standardization (ISO), that encourage organizations to become quality certified and they provide extensive resources to support that objective. When a QMS is embedded into the organization's culture it can then be used as a foundation for developing and implementing other management systems such as an Information Security Management System (ISMS) or a Business Continuity Management System (BCMS). ISO certification in these areas is also possible.

It would be only fair to point out that, depending on the niche the organization is intent on building for itself in its marketplace, there is also a perfectly acceptable and legal market demand in many parts of the world for low-cost, low-quality offerings.

No doubt, the quality journey is an interesting one. The road can be bumpy but there is much scenery to admire along the way. However, beware, there is no final destination as this is a journey of continuous improvement unless, of course, quality inertia or complacency is the goal.

by **Graham Lucas**, Risk and Reputation leader, Deloitte in the Middle East

¹ hint: the secret for nailing jelly to a wall is to nail the concentrated cubes, but not to mix with water – alternatively, try increasing the density of the jelly by adding more powder and less water than the recipe says