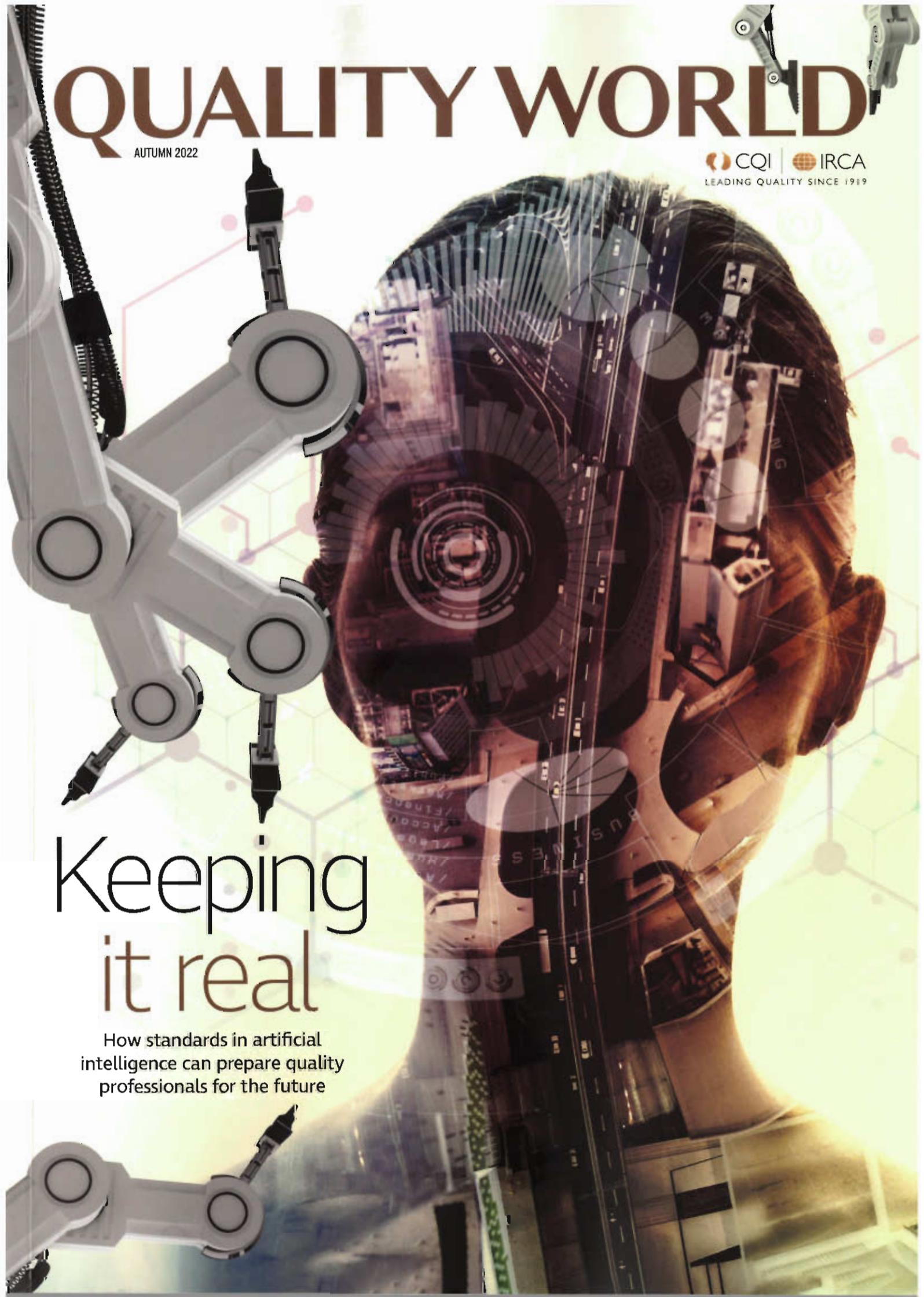


QUALITY WORLD



AUTUMN 2022

CQI | IRCA
LEADING QUALITY SINCE 1919

Keeping it real

How standards in artificial
intelligence can prepare quality
professionals for the future

FROM
THE
EDITOR

The death of Her Majesty Queen Elizabeth II in early September affected us all in some capacity. While the Platinum Jubilee in June was a time for celebration, this sad passing gave us cause for reflection.

A beacon of stability through turbulent times, The Queen was, for many, a constant in a rapidly changing world. Her dedicated service and commitment never wavered during her 70-year reign. As our profession looks ahead to this year's World Quality Week in November, and its theme of 'Quality conscience: Doing the right thing', we would do well to recognise how the Queen embodied that spirit of doing the right thing.

World Quality Week is an excellent opportunity to showcase the best of the quality profession in all sectors. I know that many of you already have plans under way for how best to mark the occasion, and I look forward to sharing some of these events in the next edition of *Quality World*. On page 11, we share some tips on how you can mark the occasion at your own organisation, and we encourage you to share your plans on social media.

Still on the theme of doing the right thing, this edition of *Quality World* includes a number of features focusing on people and organisations that are doing just that. On page 14, meet the team at Hayleys Fabric PLC, in Sri Lanka, who won the Sustainability Award at the International Quality Awards (IQA) in June, while, on page 26, learn how the team at Alfred H Knight used a range of quality tools to develop the mobile technology that landed them the Digital Innovation Award at the IQA.

How will you celebrate World Quality Week 2022?

Let me know at editorial@quality.org

Tracy Tyley

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ISSN 13528769, Vol 49 Issue 3
Cover photo: iStock.com/metamworks
Published by the CQI
Registered charity: 259678

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The theory of excellence

Excellence models are used by senior management to achieve results for their businesses. Can similar models be scaled up to deliver excellence at national and societal levels? The Society and Active Citizenship Model (SAC Model) has been developed by Yves Van Nuland in Belgium and Grace L. Duffy in the US, but what can quality professionals learn from it in their own pursuit of excellence?

How do you assess an organisation's progress towards excellence? One way is by using an excellence model. This is primarily a self-assessment tool used by internal assessors, although sometimes external assessments are made, for example when an organisation submits a report to a national quality award programme.

It is not, however, only organisations that can benefit from using an excellence model. If the model is scaled up, the management of a country, state or region can also be assessed.

The Society and Active Citizenship Model (SAC Model) allows a government or leadership body to systematically monitor the development of a country. This is not done through the application of one checklist for the country, but through the regular (for example, monthly) application of the SAC Model

by all the country's public sector organisations.

If that sounds like an ambitious goal, then yes, it is. It is also feasible, however, and can provide valuable indicators that government or societal needs are being met by identifying improvements, highlighting where lessons can be learned from failure, showing where help to tackle challenges is required, and helping to set clear priorities for the future.

These, of course, are the types of insights that quality professionals across all sectors will be familiar with and find useful. So how and where can the SAC Model be applied?

Public sector management

The focus of the SAC Model is management of the complete public sector of a country, state, or region, and how it can be improved. The public sector is described as 'all organisations of the public sector'





“The focus of the SAC Model is management of the complete public sector of a country, state or region, and how it can be improved”

or AOPS, and includes two categories:

1. Organisations that depend on taxpayer funding for at least 50% of their budget through (in)direct payments or grants, including governmental entities such as ministries, agencies, and departments, as well as regional and local organisations such as cities, fire departments and police stations.
2. Other public service organisations, including government contractors, such as defence and social service suppliers, and not-for-profit organisations.

When the public sector, or AOPS, is referred to in this article, it refers to both categories.

The SAC Model assesses the effectiveness of AOPS through various methods. One example is through expenditure. Since World War II, there has been

a steady increase in spending on AOPS. Indeed, there are some countries (including Belgium, the Netherlands, Italy and France) where more than 50% of GDP is spent by AOPS.

A government might decide this is too high a percentage and wish to reduce it, and applying the SAC Model can help provide a pragmatic solution, holding AOPS leaders to account for their results and using feedback from third parties (for example, citizens), to discover where and how to manage their budgets more economically.

When the SAC Model was tested by Dr Van Nuland in a municipality in Belgium, it was observed that leaders were not accustomed to proving their accountability, nor required to give evidence of meeting agency goals through key performance indicators (KPIs).

Often, the public sector was not driven by results or being enabled to improve. ▶

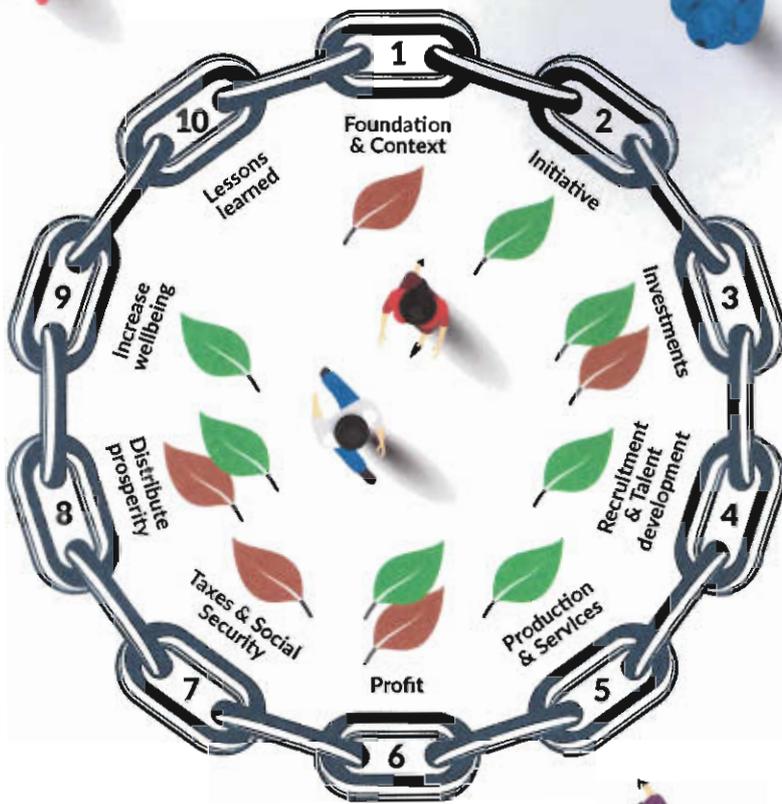


Figure 1: Overview of the 10 links of the SAC Model.
 © Yves Van Nuland and Grace L. Duffy (2021). All rights reserved

How the SAC Model works

The SAC Model is believed to be currently the only excellence model that can be used for the assessment of a country, state or region. While most excellence models are similar in content, the SAC Model's structure and content are different.

The SAC Model consists of 10 linked areas:

1. Foundation and context
2. Initiative
3. Investments
4. Staff recruitment and talent development
5. Production and services
6. Profit
7. Taxes and social support payments
8. Distribution of prosperity
9. Increased wellbeing
10. Lessons learned, fed into next planning cycle.

The order of the links (see Figure 1) is important. Each link must be well developed to sustain effective management of a country, state or region. Each link is influenced by stimulating factors (indicated in Figure 1 by a green leaf) and inhibiting factors (indicated by a brown leaf). And each link is only as strong as the management of all underlying entities.

The SAC Model starts with creating and

- 1 Government services, sectorial lobby groups, labour unions, employer organisations, political parties
Overregulation, monopolies, lobbying groups
- 2 Leadership development, entrepreneur establishes company
- 3 Government regulations, entrepreneurs, reinvest part of the profit, political parties
Political parties, regulation
- 4 Job seekers, unemployed, new graduates, pensioners, self-employed
- 5 Suppliers, partners, consultants, contractors
- 6 Envy of politicians, envy of citizens, envy of journalists
Philanthropy
- 7 Tax inspectors, social control inspectors, courts & lawyers
Overtaxation, unfair taxation
- 8 Government services
Politicians, labour unions, "Our people first", pressure groups
- 9 Social economy
 Government services, education and healthcare, social support, social sector, politicians, pressure groups, labour unions
- 10 Government services, sectorial lobby groups, labour unions, employer organisations, political parties, integration of immigrants

maintaining a foundation (link 1), through which private entrepreneurship becomes possible. This first link is managed mainly by all organisations of the public sector. It includes infrastructure maintenance, inspection and control activities.

Entrepreneurs then take the initiative (link 2); they set up companies and make investments (link 3); they recruit staff (link 4); manage operations (link 5); and make a profit (link 6).

They then contribute to the development of the country by paying taxes and employing its citizens who also pay taxes. The tax money is managed by the government (link 7). This further develops the foundation for living, working and leisure (link 8).

Many AOPs are responsible for the development of the wellbeing of the people, for example through education and healthcare. Each AOPs, when it employs an excellence model as a self-assessment method, analyses areas like human and gender equity, resilience, sustainability, safety, public health, integration of certain groups within society, and stakeholder satisfaction (link 9). Organisations from the wellbeing sector can build on that to improve the wellbeing of the population in a systematic and structured way.

Links 1, 7, 8 and 9 are managed largely by AOPs. Links 2, 3, 4, 5 and 6 are executed mainly by

“The SAC model is believed to be currently the only excellence model that can be used for the assessment of a country, state or region”

privately owned companies. Link 10 applies to all.

According to Van Nuland and Duffy, the non-prescriptive nature of the SAC Model, in which the responsible managers are accountable, is one of its strengths. This is in contrast with standards such as ISO 9001 and ISO 14001, which are more likely to be mandatory.

AOPS participation

Each AOPS can apply an excellence model, but this would not necessarily lead to ‘excellence’ as countries are complex entities, with frequent interactions and overlaps between many thousands of public sector organisations.

A country will achieve sustainable and excellent results only when all organisations of the public sector participate in the application of the SAC Model. Typically, each AOPS leader posts at least two KPIs monthly on a public sector website. Then, with interaction among third parties (for example, citizens and the leaders of AOPS), the country can progress on its journey to excellence.

For example, in an educational department, leaders might systematically follow up the results of the Organisation for Economic Co-operation and Development’s (OECD) Programme for International Student Assessment (PISA). This might in time lead to a top five OECD ranking position for the country’s schools (bit.ly/3TgmWuB)

Remember, no complete country assessment is performed in the application of the SAC Model. Instead, third parties provide their understanding,

ideas and suggestions concerning the published KPIs of AOPS, and AOPS leaders must then decide whether to accept that feedback. If most of the country’s AOPS make systematic progress in a majority of their KPIs, the country will achieve excellent results.

AOPS leaders can demonstrate through the application of KPIs how they manage budgets, human resources and infrastructure. If they can prove that there is a clear link between their actions and the results of their KPIs, they can prove how they create added value for the country or region. In that way, they contribute to the successful and sustainable development of the country.

Other conditions that can be assessed, and which also add to a country’s progress towards excellence, include enabling freedom of speech, eliminating corruption or fraud, prioritising education and developing an entrepreneurial spirit. ▶



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QUESTIONS TO PROMPT A JOURNEY TO EXCELLENCE

When embarking on an assessment of quality, all types of organisations need to answer key questions such as:

- Is the organisation managed well and effectively?
- Are decisions aligned with organisational strategic goals?
- Are all key organisational processes under control?
- Is a benchmarking methodology actively used?

- Is continuous improvement actively applied?
- Are the results achieved considered to be excellent?

Each AOPS needs to answer additional questions such as:

- Is there overlap of activities with a colleague AOPS? If so, minimise the overlap.
- Can the outcome be achieved more economically? If so, do it, thereby

saving public budget.

- Can collaboration among colleague AOPS minimise costs? If so, do it!
- Are all societal needs covered by one or more AOPS?
- What added value does AOPS provide for the society?
- Does AOPS positively contribute to an increase of welfare and/or wellbeing in the country?
- Does AOPS contribute to a favourable climate of entrepreneurial spirit?

“One example of stakeholder interests is currently being felt in health and social care”

Doing the right things

To attain excellence, every organisation – both privately owned companies and AOPS – need a well-developed approach for the establishment and realisation of their strategic plans. This is what we call ‘doing the right thing’.

Additional tools, such as the Pareto principle and Kaizen methodology, are important, as is the self-reliance essence economy (SEE) principle. Every AOPS leader systematically applies these three simple principles, reflected in the following questions:

- a) Self-reliance: to what extent is the decision contributing to an increased self-reliance on the part of citizens and companies? Thus, the government only rarely subsidises citizens or companies.
- b) Essence: to what extent are the activities and corresponding KPIs essential to and within the scope of AOPS?
- c) Economy: to what extent are all activities executed economically? Is the procedure or process too complex? Can it be simplified, ie, has Kaizen been applied systematically?

If the answer to any of the three questions is negative, the leader should redesign or delete that activity and/or KPI.

There are many stakeholders that have an interest in the effective functioning of the society and country. Each AOPS should manage its stakeholders in such a way that the general interest and long-term benefit prevails. It is also a leader's responsibility to explain any decisions that affect, or potentially conflict, with stakeholder interests.

One example of stakeholder interests is currently being felt in health and social care. The population of Europe is ageing and, as that continues, older people will start to outnumber the younger people who are needed to support their health and social care. Can we afford the costs for retirement and healthcare for this older population? Related to that, the younger generation may fear that there will not be enough money left for themselves when they too arrive at pension age. Will supporting the older generation leave enough money for the effective functioning of the country as a whole?

Characteristic	Excellence Model	SAC Model
Management model	Yes.	Yes.
Scope	One organisation.	One country, state, or region.
Primary objective	Achieve excellent results for all stakeholders of the organisation or company.	Achieve excellent results for all stakeholders of the country, state, or region.
Application of the concept 'doing the right things'	Yes.	Yes.
Application of the concept 'doing the things right'	Yes.	Yes.
Number of stakeholders	Limited number (10, max 20).	A large number (> 100).
Expectations of stakeholders	Rather easy to reconcile the contradictory expectations of the stakeholders.	Difficult to reconcile the expectations of such different groups in society.
Lobbying groups	Limited pressure.	High pressure of these groups on AOPS.
Number of organisations concerned	One.	Thousands or more.
Impact of political parties	Limited.	Can be very high.
Self-assessment	Applicable for the organisation.	Can be applied for every AOPS separately. Not applicable for the country as a whole.
Requirement to apply	No.	Moral obligation.
Relationship with other organisations	Only when the company is a part of a larger whole (eg, multinational, large ministries such as Department of Defence, Department of Education, Department of Health).	Multiple interactions of one AOPS with other AOPS are possible. The relationships are shown through multiple URL links for each KPI on AOPS' websites.
Management by KPIs	Yes.	Yes.
Continuous systematic feedback from third parties	No.	Yes.
Adding value for the customers	Yes, better products and services delivered.	Yes. 1) better services offered to all stakeholders of the country; 2) it allows third parties to easily find reliable, complete, accurate facts and figures.
Long-term outcome of applying the model	Excellent results for all stakeholders. Long-term survival of the companies.	Sustainable results for the country. Decades of welfare and wellbeing are guaranteed for the country.
External feedback	If the organisation is assessed by assessors such as a state or country quality excellence award.	Third-party systematic feedback is an integral part of the SAC Model.
Prescriptive	No, although the criteria used by the model gives a checklist that can be used as a source of inspiration for implementing processes and improvements.	No, the core activities and strategic objectives of AOPS are used as guidelines for the management of processes and KPIs.

Table 2: Comparison SAC Model and Excellence Models.

Comparing the SAC Model with excellence models

At first sight, the SAC Model may look very similar to standard organisational excellence models, but there are some major differences. Table 2, left, provides an overview of these differences.

The basis of good management for both excellence model types is the results-based management approach. This means that the leaders of the organisations apply KPIs in an active and systematic way. With both, intentions are not enough; measurable and tangible results and progress must be demonstrated.

Conclusion

If it is difficult for any company or organisation to manage changes and improvements, such as

restructuring, or the application of new technology, then the application of a large change programme across a whole country is even more difficult. Such a complex process is like piloting a huge oil tanker – it takes a long time to change course.

There are two main approaches through which large-scale country or community change can be successful.

- 1) Changes are done by AOPS. This scale of change is more feasible.
- 2) Third-party feedback, which gives leaders an indication from outside the organisation that they are progressing well.

As previously stated, the SAC Model isn't a prescriptive model; it guides leadership to identify their own improvements, which reduces resistance to change.

There have been some visible failures of major state or country changes, as can be seen recently in Venezuela and Greece, and other governments needing assistance from sponsoring countries or EU financial inflows, or with the financial crisis of 2008 in the USA.

Nevertheless, a country's population expects sound management during any period of change, and to see positive progress.

The application of standardised KPIs allows AOPS leaders to achieve their planned results, to solve encountered problems and to set clear priorities. The SAC Model provides the structure for these changes to be pragmatically achieved at a countrywide level. The methodologies and insights gained from the SAC Model can form a useful paradigm for quality professionals too. ■

PARTIAL LIST OF EXCELLENCE MODELS AVAILABLE GLOBALLY

USA: Malcolm Baldrige National Quality Award Framework: bit.ly/2E9ac2e

Europe: European Foundation for Quality Management: bit.ly/3nHJwhs

Japan: The Deming Prize: bit.ly/3bEKrfB

Canada: Canadian Business Excellence Model: bit.ly/30uw8IV

Australia: Australian Business Excellence Framework: bit.ly/3bPHXLw

UAE: Government Excellence Model: bit.ly/3NLGLWR

Turkey: Turkey Excellence Award: bit.ly/3led1k8

South Africa: South African Excellence Model: bit.ly/3AwmXUn

Public Sector Europe: Common Assessment Framework: bit.ly/3P7FNFB

