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Raising SME competitiveness through quality management

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Introduction to Exemplas

- UK's largest provider of public-funded SME support
- Part of a €300m Group:
 - University, Chamber and Government
 - circa €60M turnover per annum
 - Not for profit distribution
 - Staff of some 550
- Specialising in:
 - Business support
 - Developing skills/unlocking talent
 - Economic development
- Active in Europe and the Middle East



Our Knowledge of the Subject

- 16 years as a training and consultancy centre for SMEs
- Leadership and management development, mentoring and coaching
- Organisational audits (IIP, EFQM, ISO, H&S, info security, carbon footprint)
- Consultancy/Advice to support change and improve competitiveness
- Recognised and awarded as one of the UK's 100 most visionary organisations



Outline of the Presentation

1. The problem with SME competitiveness
2. What is quality management
3. What are the benefits & costs for an SME
4. Some key quality standards that you shouldn't miss



The problem with SME competitiveness



What is SME competitiveness?

- It means you make money, and maybe other things too
- You do this sustainably, over time
- You do it more successfully than your competitors
- But this means you need to know how good you are and you need to keep getting better
- It also means you need to focus on what is mission critical



What does it depend upon?

- The quality/attractiveness/relevance of your product or service, and how it is delivered
- The efficiency with which you deliver that product, by reducing cost and managing your suppliers
- The effectiveness of your staff, underpinned by their motivation and attitude
- The loyalty of your customer, client, patient, passenger or purchaser
- It also depends on the external environment



And what does that depend on?

- Your awareness of/response to external environment
- Your drive and passion, and your ability to lead
- Your ability to retain & respond to the changing and fickle needs and whims of your clients
- Your ability to attract, motivate and retain staff with extraordinary capabilities
- The focus you give to the management of results within your organisation
- Your knowledge of your weak spots, how honest you are with yourself and your willingness to lead change



So what is the problem?

- The problem with SMEs is scale, average staff size of 6 (20M in EU employing 126M people)
- Their strengths and weaknesses
- Lack of resource and specialisation lead to multi-tasking, which can lead to a lack of focus
- Insufficient time is given to assessing or improving underpinning systems
- Training/staff development is limited to essential technical competencies
- Today's issues focus attention away from longer term results management



So, what is quality
management and how
can it help



Firstly, where did “quality” come from?

- Inspection and quality control engineering, led to the adoption of statistical process control in 1920s
- By 1940s this was becoming recognised as adding value in manufacturing
- The Japanese manufacturing machine was rebuilt in 1950s/1960s around “total quality” and began to threaten markets elsewhere
- Total quality management followed in the West in 1980s, and in the UK, BS5750 was introduced as the control methodology, followed by the ISOs
- Today there is significant research of beneficial impact
- Development of holistic frameworks such as EFQM



So what is Quality Management?

- Approach to management that gives everyone responsibility for delivering quality to the customer
- Views each task as a process that is in a customer/supplier relationship with the next process
- The objective at each stage is to meet the customer's requirements in order to maximise satisfaction
- Provides challenge to organisations that have to manage the conflict between cost-cutting and the commitment of employees to continuous improvement
- Achievement of quality can be assessed by quality awards and quality standards



So how does that help the SME?

It means that, for the things that matter (product, systems, staff/management, client loyalty):

- You can measure how good you are
- You can compare your organisation with others
- You can develop a structured course of action to enable you to improve
- You can look back and see how far you have travelled
- You can be recognised for the changes you have made



It is also about your people

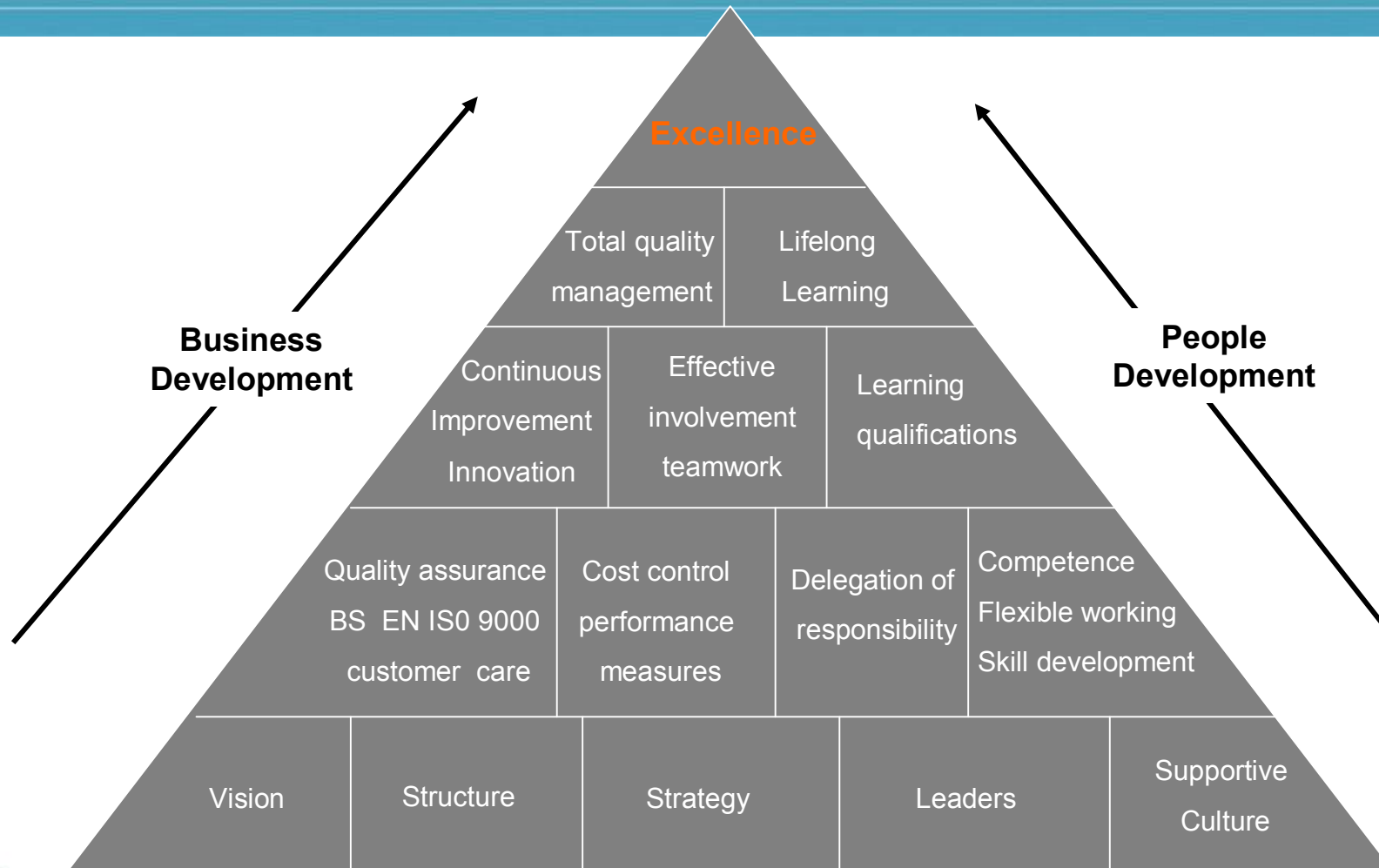


Myth: *People are your greatest asset*

Reality: *High performance, high impact, agile people are your greatest asset!*



Excellence – business & people together



The benefits and costs for an SME



Benefits pre-certification

- Giving focus to priority areas to address, so you can use your resource more effectively
- Providing an impetus to change, which can energise staff
- Enhancing communication, morale and job satisfaction
- Ensuring consistency of products and/or services
- Refreshing your marketing & sales and providing new opportunities
- Improving operating efficiency, resulting in fewer mistakes, and saving money



Benefits post-certification

- Certification can provide publicity and credibility
- It can enhance the commitment of your staff
- Makes it easier to access larger/ government contracts
- Necessary pre-condition to successful international trade
- Access to EU/public funding
- It can lock you into a regime of continuous improvement



But what does it cost?

- Money
 - Varies from standard to standard
 - Usually delivered by advisers and assessors
 - Advisers often in competition, so competitively priced
 - Assessors can be expensive
- Time/staff resource – dedicated resource?
 - Strategy change & communication
 - Culture/management change
 - Systems change/documentation
 - Training/coaching
 - Data collection and compliance
 - Review and re-recognition



Some key quality standards that you shouldn't miss



The essential four

1. ISO9001, of course
2. Investors in People
3. Customer Service Standard
4. EFQM Excellence Model



What are the ISO standards?

- A wide and internationally-recognised framework of standards for specific industries/contexts
- ISO 9001:2008:
 - Provides standardised requirements for a quality management system, regardless of sector, size, etc,
 - Does not dictate how they should work in a particular organisation
 - Requires the organisation to audit itself, to verify that it is managing its processes effectively
- Other common ISOs include:
 - 14001 (Environmental Management Systems)
 - 18001 (Health & Safety)
 - 27001 (Information Security)
 - 50001 (Energy Management), etc



What is Investors in People?

- A quality system for human resource development, consistent with ISO and EFQM, that demonstrates commitment to excellence through people
- An international benchmark of good practice in people management & development
- A framework for managing change, improving performance and developing an organisation
- A tool to link an organisation's aims and objectives to individual performance and development



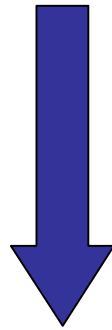
INVESTORS IN PEOPLE



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What is Investors in People?

Improving people performance



To improve organisational performance



Management Themes



Benefits of IIP – improving performance

- 85% of organisations working with the Standard found it a useful business improvement tool
- 95% of IIP recognised organisations agreed that IIP links skills and people development to organisational strategy
- 82% of IIP recognised employers found it helps people achieve their potential while 78% said it improved staff commitment
- 70% of IIP recognised employers believe it produces a competitive edge
- 97% agree that it is recognition of an organisation's commitment to its employees

Source: Realising Business Ambitions through People in Times of Change (2008)



Benefits - profitability

- “As a direct result of Investors in People, TNT Express Ltd reported a 45% increase in profits in the first six months of this year, in contrast to profit warnings issued by its main competitors”



Alan Jones, Group MD, TNT Express Ltd



ICS ServiceMark



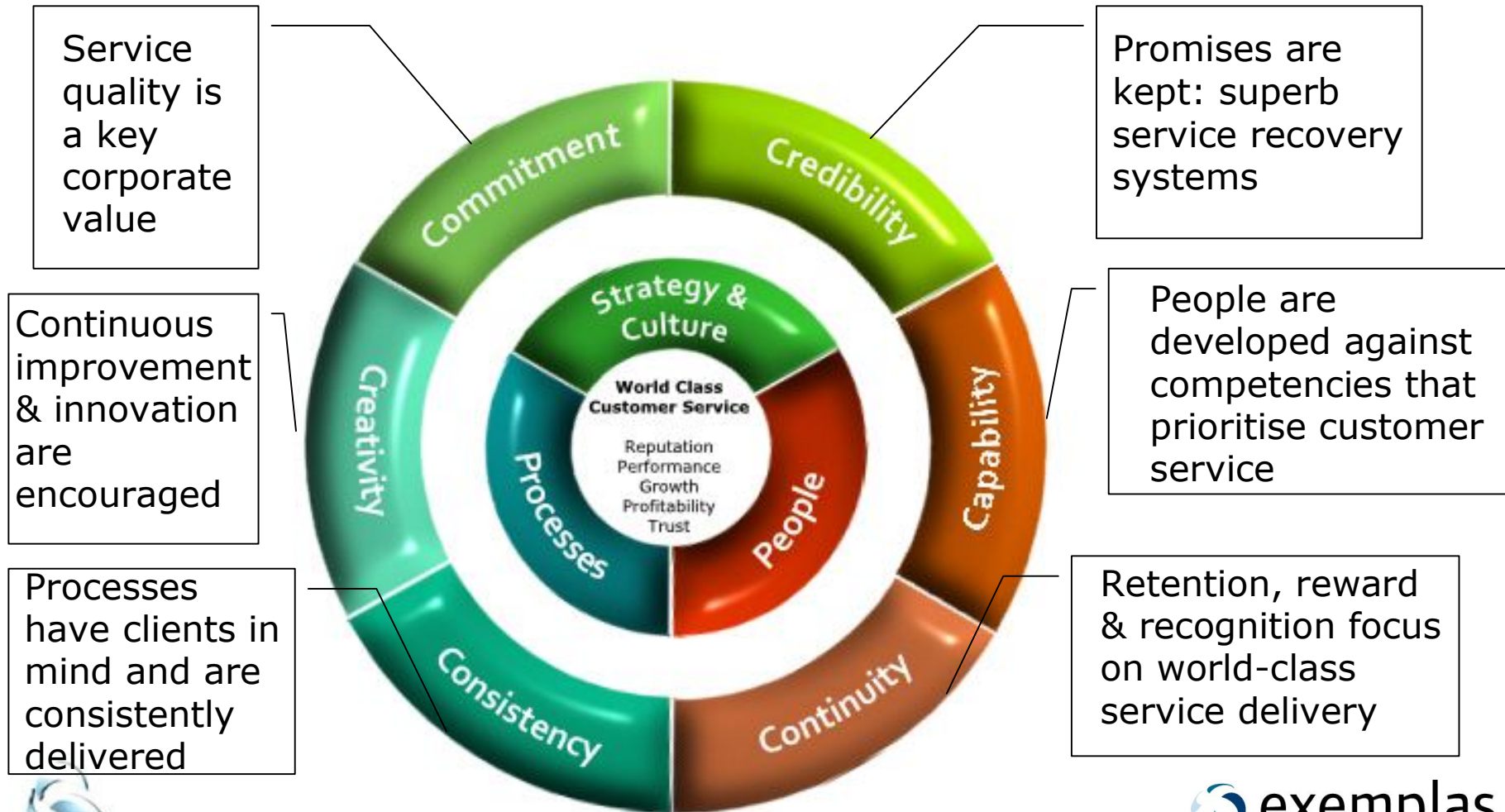
Institute of
Customer Service

What is ICS ServiceMark?

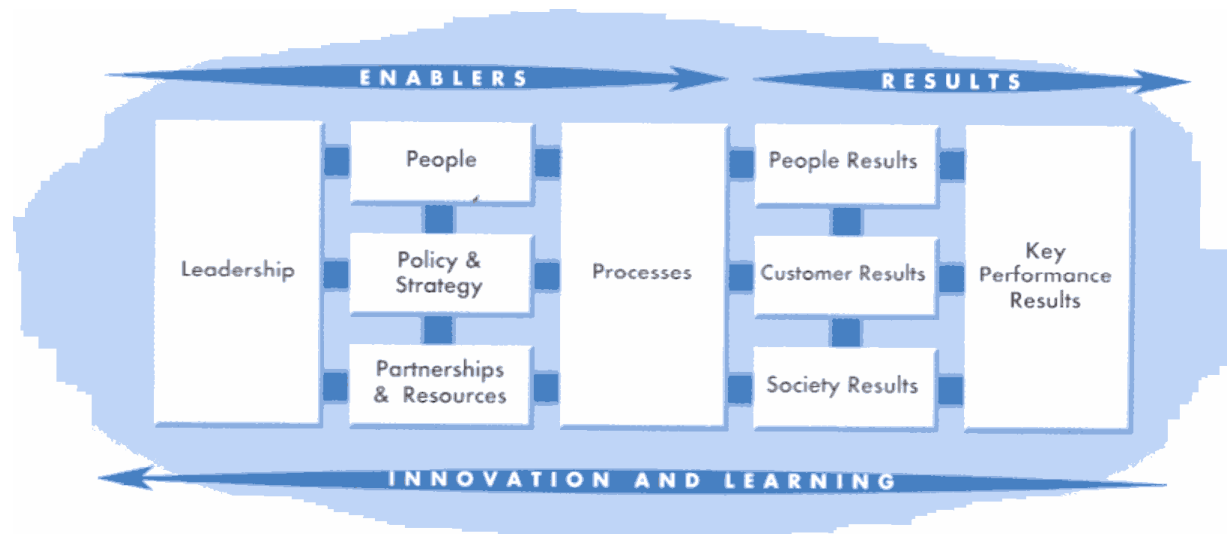
- A quality standard for customer service from the UK's Institute of Customer Service
- Assesses customer service within the context of the business as a whole
- Based upon research across sectors and businesses of different sizes
- 3-way assessment - self-assessment and assessment by your clients, as well as independent assessment
- Provides a benchmark against model criteria
- High uptake among local authorities, banks and the leisure industry



Dimensions and Elements



EFQM Excellence Model



- Pan-European
- Holistic
- Non-prescriptive
- Score-based, but only “winners” get awarded
- Longer term high scorers are asking for more.....



In summary.....

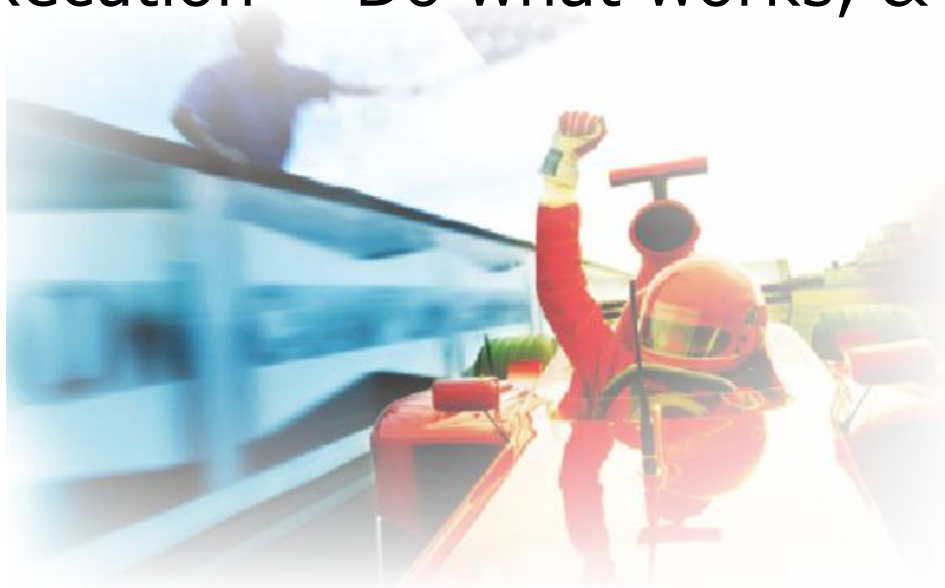
"Quality is never an accident; it is always the result of high intention, sincere effort, intelligent direction and skilful execution"

William A. Foster



4 rules of thumb to embed quality.....

- High intention = Have a clear plan for the business
- Sincere effort = Use your people & resources well
- Intelligent direction = Give clear leadership
- Skilful execution = Do what works, & do it thoroughly



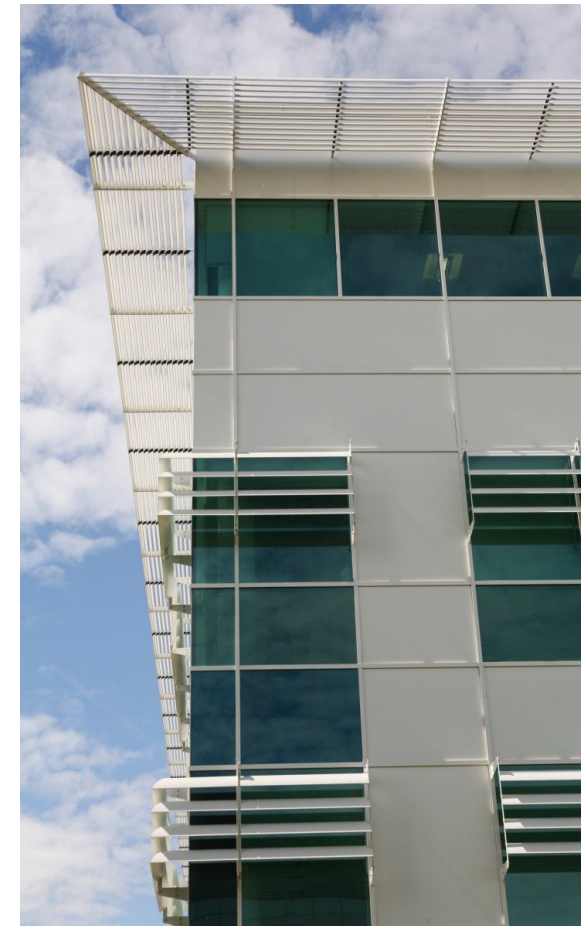
Thank you

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How does that help an SME?

- A list of ten benefits to having your company go through the registration process for [ISO certification](#) for ISO 9001:2000 Quality Management Standards (QMS) is provided here.
- **1. Increased Efficiency.** Companies that go through the ISO 9001:2000 Quality Management Standards certification process have given a lot of thought to their processes and how to maximize quality and efficiency. Once certified for QMS, the processes are established and guidelines in place for anyone to follow easily, making training, transitions, and trouble-shooting easier.
- **2. Increased Revenue.** Studies have shown that ISO QMS certified companies experience increased productivity and improved financial performance, compared to uncertified companies.
- **3. Employee Morale.** Defined roles and responsibilities, accountability of management, established training systems and a clear picture of how their roles affect quality and the overall success of the company, all contribute to more satisfied and motivated staff.
- **4. International Recognition.** The International Organization for Standardization (ISO) is recognized worldwide as the authority on quality management.
- **5. Factual Approach to Decision Making.** The ISO 9001:2000 QMS standard sets out clear instructions for audits and process reviews that facilitate information gathering and decision making based on the data.
- **6. Supplier Relationships.** Mutually beneficial supplier relationships are one of the key attractions to ISO certification. Following the processes for documentation and testing ensure quality raw materials go into your production system. The process also requires thorough evaluation of new suppliers before a change is made and/or consistency with respect to how and where orders are placed.
- **7. Documentation.** The ISO QMS standard requires documentation of all processes and any changes, errors and discrepancies. This ensures consistency throughout production and accountability of all staff. This also guarantees traceable records are available in case of non-compliant products or raw materials.
- **8. Consistency.** One of the foundations of ISO; All processes from research and development, to production, to shipping, are defined, outlined and documented, minimizing room for error. Even the process of making changes to a process is documented, ensuring that changes are well planned and implemented in the best possible way to maximize efficiency.
- **9. Customer Satisfaction.** Client confidence is gained because of the universal acceptance of the ISO standards. Customer satisfaction is ensured because of the benefits of ISO 9001:2000 QMS to company efficiency, consistency and dedication to quality service.
- **10. Improvement Processes.** The ISO 9001:2000 QMS outlines audit processes, management review and improvement processes based on collected data. Improvements are carefully planned and implemented based on facts, using a system of documentation and analysis, to ensure the best decisions are made for your company.



What are the necessary preconditions?

- The organisation needs a long-term **commitment** to continuous improvement.
- Adopt the philosophy of zero errors/defects to change the **culture** to right first time
- Train people to understand the **customer/supplier** relationships
- Do not buy products or services on price alone – look at the **total cost**
- Recognise that improvement of the **systems** must be managed
- Adopt modern methods of **supervising and training** – eliminate fear
- Eliminate barriers between departments by managing the **process** – improve **communications** and **teamwork**
- Eliminate goals without methods, standards based only on numbers, barriers to pride of workmanship and fiction – get **facts** by studying **processes**
- Constantly educate and retrain – develop **experts** in the organisation

Develop a **systematic** approach to manage the implementation of

