

# 24<sup>th</sup> World Congress on Total Quality and Leadership

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## Theme Paper

### Building Quality Organisations in the 21<sup>st</sup> Century

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Business and thought leaders from the international community of company directors will shortly be assembling in Trivandrum, Kerala for the 24<sup>th</sup> World Congress on Total Quality and Leadership. They will be joined by public policy makers, academic authorities and senior professionals to discuss this year's theme which is the building of quality organisations for our 21<sup>st</sup> century.

What do we mean by a quality organisation and how is this different – for example - from a high performance organisation? What aspects are we seeking to improve? Do we want our organisations to be more productive, effective, efficient and capable, or more agile, flexible, adaptable and resilient? Should the focus be upon responsiveness and being quick to act and respond?

Is there a requirement for a management team and other staff to be more open, receptive and perceptive? Should the emphasis be upon building an organisation that is innovative and pioneers and learns, or one that is sustainable, responsible and attractive and helpful to talented people? Collectively, and at different levels, are the people of an organisation sufficiently ambitious?

What about fairness and the ethical dimension of quality? Do we want our companies to be more caring, accountable, inclusive and transparent? There are practical and affordable steps that a board could take in all of these areas to achieve its aspirations. Smart directors look for the most cost-effective way of making simultaneous progress in a number of dimensions.

Those who have designed or redesigned organisations will be aware that there are a number of factors that one may need to address when setting out on a transformation journey, starting with vision, purpose and values and the extent to which these are shared, the organisational and market context, and the challenges and opportunities that are faced. There may be particular governance and leadership considerations, goals, objectives and differentiators to be taken into account.

Some organisations may need to be more diverse and less homogeneous than others. Is the entity where certain aspects and areas might need to be improved intended to be permanent or temporary? When do changes need to be operational? What is the desired geographic reach? Is a single solution required or multiple models to reflect factors such as location, talent, know-how, processes, systems and tools or the availability of resources?

What is meant by a quality organisation can depend upon the context. Furthermore, the existence of an organisation is not a sufficient rationale for devoting effort to improving all aspects of its quality and/or performance. Are parts of the entity actually required? Would customers register and be willing to pay for improvements in these areas? Could certain areas be outsourced, or the activities undertaken by customers themselves, or by suppliers and business partners?

The size and complexity of many corporate organisations remains an issue. Too often the people and processes of companies and other bodies are barriers between customers and the realisation of customer aspirations. If certain activities were stopped or taken out would customers, clients and users of services notice or care? Rather than seek to improve the quality of some areas of organisations should they simply be removed?

Many of those who move to a web-based e-business model find that many aspects of their previous organisations are no longer required, while certain areas such as fulfilment can be cost-effectively outsourced to other organisations that are better able to reap economies of scale. Maybe process efficiency - particularly of certain key processes – and how one relates to and works with customers and business partners is the issue rather than one's organisation.

Boards should also be alert to the number of activities under way in contemporary organisations. How many of these impact upon customers or are a source of differentiation or competitive advantage? Corporate initiatives may keep people busy and help them to justify their jobs. They can also generate fees for the external advisers and consultants who advocate their adoption, but are they actually needed?

Directors should keep their feet on the ground when asked to approve new initiatives. They should question whether there are vested interests behind what is being proposed, and whether suggested activities are for the benefit of a company and its customers or to help colluding vested interests.

Improving quality or excellence can be used to justify a wide range of new activities. Some of these may be proposed for the best of motivations, even when evidence of their cost-effectiveness might be lacking and other adopters have found them expensive, time consuming and a distraction.

One sometimes encounters a herd effect as people advocate and bring to the board approaches that others use because they feel they may be less likely to be criticised for suggesting something that has been widely adopted. Proposing something different and specific - even if it thought to be relevant and appropriate - might result in greater accountability and blame if it subsequently disappoints.

The use of a general approach such as business excellence is sometimes an excuse for not thinking about and addressing specific considerations. Rather than proposing the adoption or modification of a general model, should the executive team be rolling up their sleeves and focusing upon particular work-groups and helping them to remain relevant and competitive and making it easier for them to deliver key corporate objectives?

Their drawbacks, downside and risks involved when widely used practices are adopted are often concealed as those employing them endeavour to disguise failure, rationalise their experience, or ascribe their good fortune to their chosen initiatives and their own efforts rather than other and more likely causes. Experienced board members should not be surprised by the extent of insouciance, naivety or self-deception found among the people their organizations employ, especially at a senior level. People can be persuaded and misled by their own biases and partial interpretations.

Once it has been decided to present a matter to a board, a paper and/or brief presentation might need to be prepared. Invariably if time is limited detail may have to be shed. Space and time devoted to counter-arguments, risks and concerns may be reduced and the case for what is being proposed exaggerated. Insecure presenters who do not wish to be regarded as indecisive, or accused of “sitting on the fence”, may strengthen the argument for a suggested course of action.

Directors need to be alert to generalization, partiality and gloss. They should be prepared to question, probe and challenge to ascertain if pros and cons have been fairly stated and if alternatives have been properly explored. Some proposals benefit from a momentum and familiarity that encourages acceptance amongst colleagues. In such cases, the independence and objectivity that non-executive directors might contribute can be invaluable in the boardroom.

Board members should be open to new ideas, but they should also retain a healthy scepticism and determination to avoid groupthink. “Going with the flow” can sometimes be a recipe for disappointment and failure. The reasoning for what is being proposed should be probed. Is it necessary? Are there cheaper, quicker and less disruptive alternatives? Should the focus be upon simplification rather than elaboration and further complexity.

Is too much attention devoted to organisational issues? How many people buy or consume one's products

because of the form, nature or structure of one's organisation? Do customers even know much about how their suppliers are organised? Should boards be focused upon the concerns of customers, particularly service quality rather than organisational quality?

Should there be more emphasis upon the human side of quality? An advantage of 'new leadership' is that its focus upon helping people can deliver benefits for people, organisations and the planet. Providing better support can reduce stress and build confidence and capability, while enabling people to better understand the consequences of decisions can lead to more sustainable outcomes.

There is also supply chain quality to consider. However, excellent one's organisation it may only contribute a small proportion of the value of an offering to an end customer. Directors need a sense of proportion and an appropriate perspective. Maybe a board should focus on supply or value chain quality rather than organisational quality. Greater and more beneficial impacts upon customer experience might be achieved by working externally with business and channel partners rather than looking inwards at one's own organisation.

In a changing and uncertain market context few boards can afford to initiate steps to build a quality organisation and then sit back and seek to enjoy the fruits of past decisions. What is appropriate for today may no-longer be relevant in a few months time as market conditions change, competitors innovate or customer requirements and preferences change. Organisations and their constituent elements may need to evolve and quickly adapt in order to remain competitive and relevant.

Over twenty years ago in the first edition of my book *Transforming the Company* I critiqued bureaucratic models of organisations and advocated more flexible and adaptable alternatives that embraced networks of relationships with customers, suppliers and business partners. Subsequent publications starting with the three volume *The Responsive Organisation* set of reports set out how to introduce the new ways of working, learning and operation required to remain competitive.

Boards need to be as vigilant as ever when avoiding the comfort of cosy generalisation and motherhood statements about quality and excellence. With contemporary concern for sustainability and the careful husbandry of scarce and/or finite resources, they should challenge easy assumptions such as that more quality is necessarily a good thing. Providing affordable options that work may involve reducing certain aspects of what has hitherto been regarded as an indicator of quality.

As further measures are added to balanced scorecards and initiatives become more elaborate are we in danger of over complicating matters? Long lists of competences are produced for directorial and management roles that only a superhuman would satisfy, yet many organisations routinely believe their people meet such requirements. Boardroom issues should be addressed in terms of what is in the best interests of a company and the right thing to do in the circumstances. Is doing this and ensuring that more cash is generated than is spent be that complex?

One can sometimes be too sophisticated for one's own good. If matters appear overly complex, steps can often be taken to simplify them. For example, contending interests could be set out ahead of a decision and a view could be taken by a board on the extent to which different stakeholders should be accommodated. Organisational concerns and voluminous board papers should not be allowed to cause introversion, or to obscure the importance of customers for sustained success.

How relevant are TQM principles for the inclusive and holistic transformation of business organisations, and what do we actually mean by "inclusive" and "holistic"? Does inclusive embrace people with disabilities, supply chain partners or other networks and relationships? Is "holistic" a question of ensuring that all pieces of the jigsaw puzzle required for effective transformation are in place, or that multiple interests, requirements or capabilities are addressed?

Perhaps we need to rethink what terms such as quality and excellence should mean in a contemporary context. Are such general terms still helpful, or should we be seeking a new vocabulary that is more aligned

to the specifics of what one might wish to achieve? Is striving for quality and/or business excellence the same or different from - and better or worse than - setting out to build a high performance organisation that can simultaneously satisfy multiple stakeholders?

Directors should be prepared to ask fundamental questions. Is an organisation's business excellence model adding value or is it largely a waste of time? Too many models, check-lists and tick-box approaches are bland, general and unfocused. Responses from their advocates should also be followed up. If their use is justified in broad brush terms such as "ensuring areas like customers are not overlooked" a company may require more than an excellence model.

Directors should never be impressed by activity alone. A seemingly endless flow of new initiatives could indicate a lack of focus. Striving for excellence in all areas and aspects of operations might not be affordable, or compatible with conservation and sustainability. One should question historic trade-offs such as those between cost, time and quality. In my reports *Transforming Knowledge Management*, *Talent Management 2* and *Transforming Public Services* on building high performance organisations I set out affordable options for simultaneously achieving multiple goals.

Delegates at the world congress in Trivandrum will consider the nature and quality of the corporate leadership required for successful change and transformation. 'New leadership' with its switch of emphasis from planning and formulating strategy to intelligent steering and implementation, and from top-down management and motivation to helping and supporting, can enable organisations to remain current, competitive and relevant as situations and requirements change.

There are often better options. It would be helpful if more delegates shared their experiences of what not to do, what to avoid and how to recover from mistakes. More holistic requirements can be met by 'new leadership' with its cost-effective ways of delivering multiple objectives. Today there are affordable approaches that can quickly benefit people, organisations and the environment. The interests of people and organisations can be more aligned than has hitherto been the case.

In the past, improving quality often meant working people harder. Boards need to adopt quicker and more affordable approaches. They need to support people rather than squeeze them, and sustain capabilities rather than sweat them to breaking point. 'New leadership' with its greater emphasis upon helping people to do difficult jobs can reduce stress and increase confidence and competence as well as improving performance and other outcomes for companies and their customers.

Some managers who have been accustomed to working long hours to cope with the demands of their jobs find it difficult to adjust to the demands of the boardroom where impact is usually the result of reflection, thinking, gaining trust and succinctly making one's points at appropriate moments. Interests of different stakeholders have to be balanced. Contribution is about establishing direction, resolving critical issues and taking important decisions rather than processing an in-box.

Effective directors are also alert to what is happening around them. They monitor marketplace trends and developments and shifting priorities and pressures. They consider their implications. They probe excessive generalisation and look beyond buzz-words. They question assumptions and explore alternatives. They take time out to reassess their company's prospects and think longer-term.

IOD international conferences are designed for networking and the exchange of views on current and critical issues. The forthcoming world congress in Kerala presents an ideal opportunity for business leaders to take stock of where they are and reflect and share views on the most appropriate forms of organisation and leadership for achieving their visions and sustaining success.

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improve director, board and corporate performance. An experienced chairman of award winning companies, audit and risk committee chair, and vision holder of successful transformation programmes, he has held public appointments at local and national level. Colin is the author of over 40 books and reports, including *'Transforming Knowledge Management'*, *'Talent Management 2'*, *'Transforming Public Services'*, *'Winning Companies; Winning People'* and *'Developing Directors'* available from [www.policypublications.com](http://www.policypublications.com). Since being the world's first professor of corporate transformation he has held professorial appointments in Europe, North and South America, the Middle East, India and China. He was educated at the LSE, the London Business School and the Universities of Aston, Chicago, South Africa and Southern California. Colin is a fellow of seven chartered bodies and secured first place prizes in the final examinations of three professions.