

# Executive Panel

## QUALITY AND CORPORATE MANAGEMENT

**Chair of the Panel: Marcos E. J. Bertin,**  
IAQ Honorary Member, Argentina

To improve the quality of the enterprise in today's highly competitive markets, good management is essential, but it is not enough. Also needed is good governance with an effective and independent Board of Directors guiding and assuring that management successfully implements its strategies and plans. Very often the effective implementation of a demanding strategy requires a structural improvement and adaptation of the management systems, policy, strategy, culture, structures and processes which are the principal focus areas for the governance and management of the organization.



The IAQ Quality in Governance Think Tank was established in 2005 with the purpose to contribute to the practice of Governance in all spheres, but particularly:

- in corporations
- through effective utilization of quality concepts
- for equitable and sustainable growth
- without causing harm to the Planet Earth

**For more information about our Think Tank see: <http://www.iaqweb.org/thinktanks.asp>**

It is a privilege and honour to have three outstanding panellists, top Managers from Japan, Europe and U.S.A. They will introduce their approach and experiences to improve the quality of their organizations to be more competitive and successful.

**Following the lectures, the Panel will discuss the following issues:**

- Most countries today have National Quality Awards. In some cases the model used for excellence includes the role of the Board of Directors. In the opinion of the Panel, Governance should be included or its weight increased based on a formal Board evaluation?
- In the coming future significant changes that are without precedent will probably reset global markets. Biotechnology, nanotechnology, and robotics are examples of the “exponential technologies” that are projected to have a high impact on economies, environment and business. However, the majority of companies in the world are SME's and many are family owned. In the opinion of the Panel what should they do to identify new commercial opportunities and minimize their risk of obsolescence in this fast-changing future?
- One of the rules for developing more responsible Boards of Directors emphasizes the role of independent directors. How can individuals be identified who are able to fulfill this demand while at the same time offering substantive advice to senior management? What qualifications do the members of the Panel believe are most important when seeking out independent Board members?
- Within the functional organization of a company the role of Chief Quality Officer is independent of the key operating functions of R&D, marketing, and production and, as a result, is able to facilitate cross-functional improvements. The same is true of both Human Resources and Information Technology. But, the Finance function is not truly independent as it exists to serve the owners. What ideas can the Panel suggest about how these so-called three independent functions can help to support an independent Board of Directors?

The short bibliographies of the Chair and Lecturers you can find in alphabetic order:

<http://eoq.hu/iaq/biography.pdf>

## **ABSTRACTS OF THE LECTURES:**

### **Promotion of GQM and Increasingly Important Roles of Top Management in the Global Perspective**

**Makato Nakao**

President and CEO of GC International AG, Switzerland

Chairman of GC Corporation, Japan

GC is a manufacturer specialized in dental materials and equipment, and is the fourth largest group of the world market share with over 600 types of products sold in over 100 countries. Believing our mission as a “dental company” is to contribute to the extension of “healthy life”; living independently without long-term care, we set the “Vision 2021; Challenge to the No. 1 dental company of the world through making further contribution to the healthy long-living society.” All GC Associates (we call an employee a GC Associate) around the world have been making concerted and united efforts for its realization by 2021, our 100th anniversary, and striving to promote Vision Management, putting GQM (GC’s TQM) as the core of management tool.



GQC (GC’s TQC) was introduced by the late former President and my father at the 60th anniversary in 1981. Then, at the 70th anniversary, we developed GQC into “new GQC” under the slogan of “improvement of corporate quality”, and accelerated our expansion into the global market through CI, M&A’s and ISO9001 certification. Then, aiming to meet the needs from the business environment and cope with the tasks of the new GQC, we developed it into GQM and announced the shift at the 75th anniversary. We introduced GQM, focusing on “improvement of customer satisfaction”, “improvement of GC Associates satisfaction” and “improvement of the quality of work” as 3 pillars, and continued efforts for “establishment of a work system and its continuous improvement” and “challenge to an innovation towards realization of what we intend to become.” After receiving the “Deming Application Prize” as the first dental company in 2000, we continued efforts to expand the circle of GQM activities within GC Group and to dentistry. So far, 4 companies of GC Group received the Japan Quality Medal, 2 received the Deming Application Prize, and 2 received the Japan Quality Recognition Award. In 2012, I received the Deming Prize for Individuals on behalf of all GC Associates. Enjoying this honor as a source of mental resonance, I promised to widely communicate the importance of TQM to other top management. Following the establishment of GCI AG, our multinational support company in Luzern, Switzerland in 2013, I relocated to Luzern for spearheading management.

In this presentation, I am going to explain my efforts for promoting TQC/TQM over the past 33 years, and the essential roles of top management from the viewpoint of an executive doing business with multinational customers increasing in line with recent business trends, facing ethnic diversity, differences among age, gender, cultures and civilizations in intensifying global competition. I would be quite pleased, if it would be informative and thought-provoking to you all.

# **Excellence and Values – Way to EFQM Prize and Zero Defect**

**Willfried Heist**

Vice President of KNORR-BREMSE Ltd, Germany

A multinational company with more than 100 years of history, consisting of numerous European (and overseas) locations decided not only to participate in the EFQM Competition but win a Prize for Excellence for the European locations.

The company went through rapid development in recent years and beside the organic growth had several mergers and acquisitions and as a conclusion for this activity a colorful mixture of local and company culture, different manufacturing processes and quality approaches came to light. On top of that the local companies had relatively high independence and decentralization in contrast to strong centralized organizations in the headquarters. In this circumstance the biggest challenge was for the corporate governance deploying the target all over Europe, persuading the local management to find their own answers to the inconvenient questions such as: if the quality is paying off, how to provide and allocate the resources within the given budget and how to accept the idea of challenging the Prize.



This presentation will address the role of governance to manage the organization and development of standardized and unified processes based on the EFQM model. During preparation each location improved the activities related to the principles of Target setting, Customer focus, Management attention and Results orientation. One of the most important elements was the derivation of the KPI's - including indicators of governance and management - coming out of Strategic Planning process. Based on the RADAR approach each location executed the self-assessment of activities with the consequent loop with action plan for improvement. During this process the company's Business Process Management: developed from PIQS to TMS to Truck Excellence.

The management commitment, the successful deployment of targets, the involvement of all levels of employees lead to markedly improved results inside the group as well, such as the KB Business Excellence Award, Total Quality Award, BE Award (with KPIs), KE Award by the AG and within the competition in each application, ending up with achieving the Special Prize Winner of EFQM European Quality Award.

The next identified major challenge was to elaborate the way to sustain the continuous improvement of Company's quality performance.

Inside the Truck Excellence model 'Quality First – Zero Defect Strategy' was established. The main elements of strategy are the Management consequence focus, People awareness of Zero defect and product safety, Design robustness and reliability management, Customer satisfaction, Zero defect production and Supplier quality. The actual status is shown in Quality First Maturity model.

The future bears utmost importance on incorporating quality thinking and awareness into genres of the company. Experience of 100 years of company activity and successes over recent decades made possible to define the Corporate Values related to quality such as reliability and responsibility, technical excellence and entrepreneurship. The ultimate target is to achieve zero defects and substantially enhance the product safety system.

# The Price of Non-Policy

**Gregory H. Watson, USA/Finland**

Chairman, Business Excellence Solutions, Ltd.

In the strategic formulation process of an organization's Policy Deployment System what is the meaning of policy? As a minimum, policy may be described as an ideological system that aligns everyone to work toward the same organizational intent and ends. Thus, direction must make sense and employees must be motivated to participate in a strategic dialog so that the best long-term direction may be established. Policy formulation as a process is unclear in the Japanese hoshin kanri approach to policy management. It is also unclear as to the role of the Board of Directors as to their role and engagement process in the development of organization-wide policy. An integrated performance management system supports an organization-wide policy deployment mechanism and this requires alignment of measurement systems to deliver overall organizational performance metrics such as shareholder value and brand value. Thus the building blocks used for continual improvement of work process measures in the daily management system (e.g., quality, cost and time) must support the key strategic performance indicators (KSPI) that indicate long-term strength of the organization and track the development of the profitable results in the shorter-term. The purpose of Board-level policy is to drive the direction of strategic improvement. However, as all improvement ultimately is embedded in the daily management system; what is the role of the Board in this process and how can it provide direction without engaging in micro-management of the daily work? How should a Board's goal-setting process aligned with management's target-setting activities to assure enterprise-wide coherence of an energized business system? This presentation will address these questions as well as the price organizations pay for lack of involvement in this process of strategic policy formulation by the Board and will recommend development of a more strategic dialog as a means to rectify this difficulty.

