



Making Operational Governance Count

2017

Is your business at risk of a scandal?

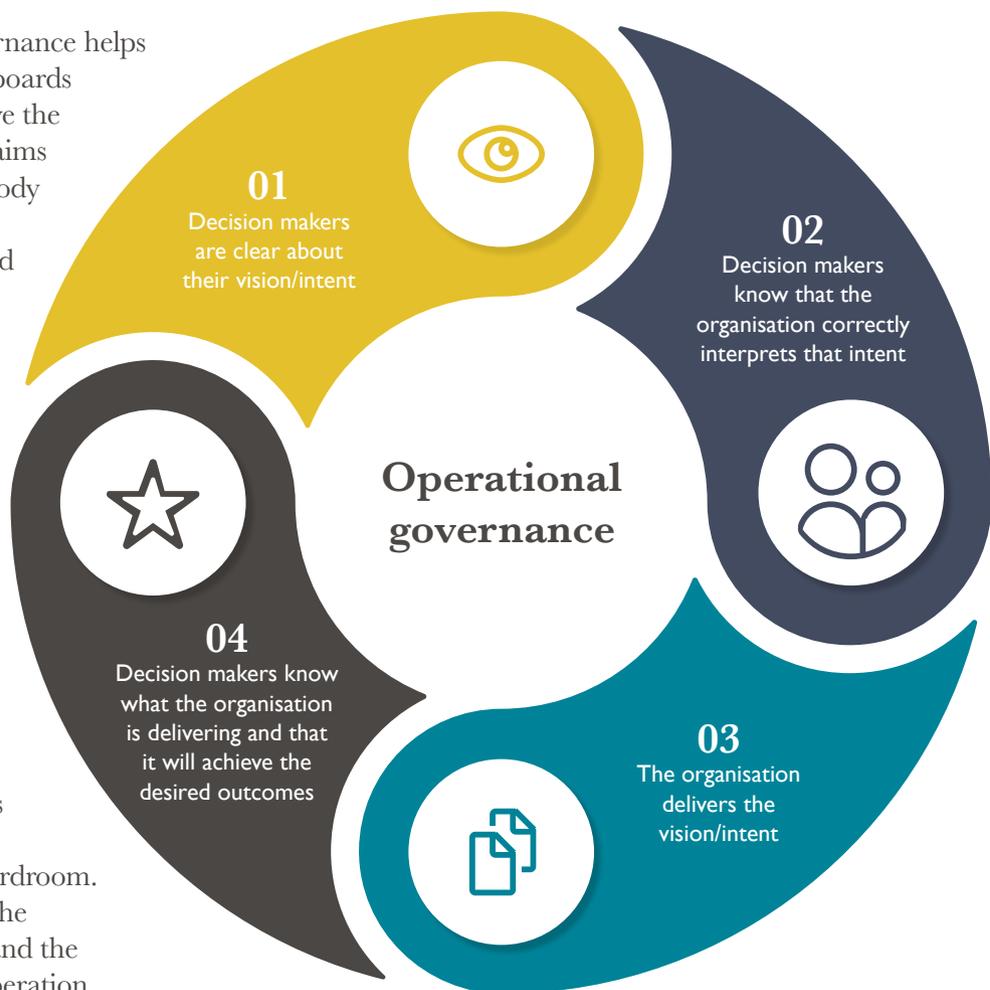
No board ever sets out to lose the trust of its customers because of financial shenanigans or mis-selling. But, as shown with the scandals around PPI, Volkswagen emissions and horse meat, it can happen even in what appear to be established, well-organised companies.

You may think your business could never make such mistakes. However, these scandals are perfect examples of what can happen when there is a systematic failure of **operational governance**.

There is always a danger of group-think in organisations and industries. Take your eye off the ball and assume everything is fine and long-established norms can, ultimately, lead to a combination of ‘cock up’ and ‘conspiracy’.

Robust operational governance helps you avoid this. It is how boards and executive teams move the boardroom and C-suite aims and ambitions into the body of their organisations. Without it, only the board knows what it wants – full stop. With it, the board also knows that the organisation understands what the board wants, delivers what the board wants, remedies any deviation from what the board wants and feeds back to the board that all these things have happened.

Operational governance lets you know the board’s intent has been realised correctly beyond the boardroom. It is the bridge between the people who set strategy and the people who put it into operation.



Why operational governance matters

You may not be at risk of misleading the public, but if your organisation has poor operational governance, you could be losing money.

Operational governance takes your corporate governance to the next level. You may be doing all the necessary work to comply with the multitude of regulations and codes required by, for example, the Financial Reporting Council (FRC) but it is operational governance that makes this work effective and efficient, allowing space for the corporate strategy to be delivered.

However, businesses today have to consider more than financial performance and shareholder value. There is now a focus on total organisational performance and impact for a wider range of stakeholders.

Without operational governance, you can't be sure if the board's wishes are being carried out in a way that balances the interests of all these stakeholders – management, employees, customers, suppliers, financiers, government and society.

You may have shortfalls in leadership behaviours, product and service performance, compliance, safety, ethical decision-making and supply chain fraud you're not even aware of.

For example, are you really sure you are:

- Complying with the latest laws and standards?
- Avoiding loss and damage to your reputation?
- Understanding business challenges before they escalate?
- Improving efficiency and productivity?



12%
of a project's value
lost to rework

“A 2005 study found that, on average, 12 per cent of a construction project's value was lost to rework. In an industry that struggles to make returns of more than three per cent, this is significant. Quality and the reduction of rework is a remarkable opportunity for contractors and clients alike.”

Seán Connolly, quality leader at Expanded, a Laing O'Rourke company

How can I improve my organisation's corporate governance?

Start by asking yourself the following questions:



Governance

- Will your strategy actually result in the business you want – have you tested this?
- How does your strategy link to the underlying structures, processes and controls in your business?



Assurance

- Does your current assurance regime actually measure the desired outcome? How do you know if you are hitting your ambitions?
- Is this merely extending the scope of current audit activity or do you need a new / augmented approach?



Improvement

- Do you change / modify and improve your governance based on actual feedback from the business? Or do you just hope you got it right first time / that compliance will be enough?



Leadership

- Are you empowering the leaders of culture in your organisation?
- Are you clear about the power your senior corporate executives have (after all, lots of things are done in their name)?



Context

- Are you using the right people?



6X

increase in revenue due to Quality Management programmes

“For every £1 a business spent on a Quality Management programme, costs were reduced by £16. Quality Management programmes also yielded impressive ROI estimates for revenues, suggesting that for every £1 spent, revenues were increased by £6.”

Cass Business School, 2012

Make quality a priority

Quality professionals are the business partners you need to ensure operational governance is effectively implemented within your organisation. Quality experts can be the difference between being brought down by a scandal and taking your business to the next level.



£56m
in added employee
productivity

“If a company with 1,000 employees moves from the bottom 20 per cent of the quality (culture) index to the top 20 per cent, it can gain more than £11m in added employee productivity. For a company with 5,000 employees, this figure can be estimated at £56m.”

*Corporate Executive Board,
2012*

They know how to make sure you have a system in place to:

- Identify all your business requirements
- Establish if your system is capable of satisfying those requirements
- Develop any additional competency
- Check that requirements have been satisfied
- Report and flag issues
- Resolve / address those issues.

Quality needs to be at the heart of your business.

Partner with the CQI



The Chartered Quality Institute (CQI) is the global chartered body for the quality profession. We work to advance the practice in all sectors, improving the performance of organisations by developing their capability in quality management.

In partnership with executives across the globe, we support organisation-wide objectives, including the development of good governance, agile assurance and a culture of continuous improvement.

We are your partners in delivering quality, helping your people develop the abilities and types of behaviour you need for your organisation to be successful.



MEMBERSHIP

We have 20,000 member industry leaders across the globe so you have exclusive opportunities to collaborate with other world-class professionals.



CORPORATE PARTNERSHIP PROGRAMME

We can work with you to develop the strategy and tools you need to embed a culture of quality and operational governance.



TRAINING

We can equip your quality team with the skills and capabilities they need to deliver effective operational governance.

Partner with the CQI, the global professional body for quality – we are perfectly placed to support you in achieving effective operational governance.

Find out more

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