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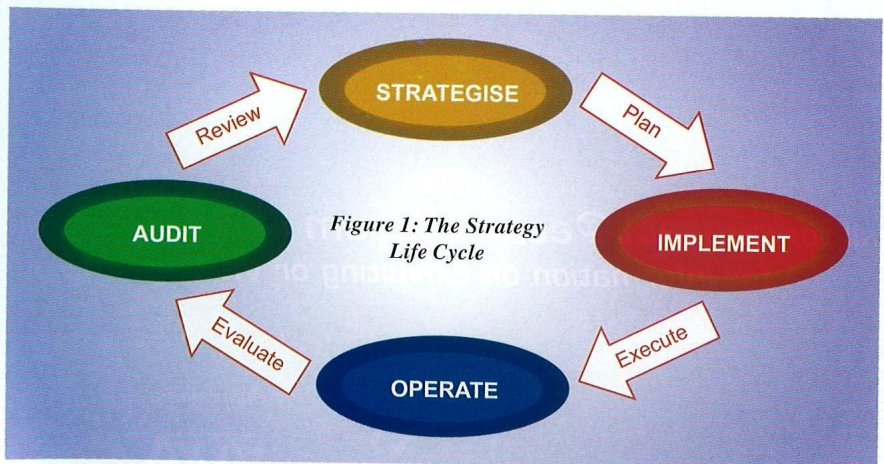
Profit

from Integrated Management System

Professor KC Chan, Dr CM Tay and Dr Eko Indrajit explain how an integrated management system, aided by product and performance standards, can guide the process of people, papers (information) and practices to achieve a risk free business performance.

There are three types of work in the Knowledge-Based Economy (KBE) namely, Digital, Routine and Project. The paramount importance of Information and Communication Technology (ICT) was treated in the January/February issue of MEN.

ICT lays the foundation to connect, coordinate and communicate more precise information (Knowledge Advantage) to create, develop, shape and apply strategies for successful execution (Action Advantage). The strategy life cycle is depicted in Figure 1.



Based on research conducted by **Professor Kaplan** of the Harvard Business School (2001), 90 percent of strategies failed during the execution phase. To succeed, the execution phase needs to transform strategies (intangibles) into projects (tangibles) for performance (measured in terms of cost, time, quality and touch) and business results (measured in terms of profitability, liquidity, revenue growth). All activities and tasks are governed by the company's policies. Management involvement and commitment is crucial to ensure that an Integrated Management System (IMS) is in place to guide routine work. Thus, relying on an IMS that guides the process of people, papers and practices, aided by the discipline and speed of

execution, will result in consistent product and performance outcome for business results. The list of various ISO standards to form the IMS framework¹ shown in Figure 2.

In Search of Risk-Free Performance

The IMS model rides on the TQM process of 'Plan-Do-Check-Act'. See Figure 3.

The radical pace of the changing business landscape in a free market is bombarded with intractable problems and endless opportunities with shorter economy, product, business and

process of documented system; 'Check' to attain the planned product and performance standards;

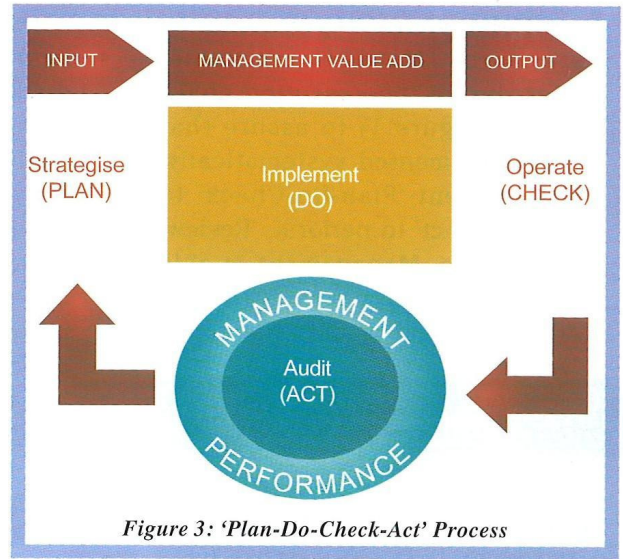


Figure 3: 'Plan-Do-Check-Act' Process

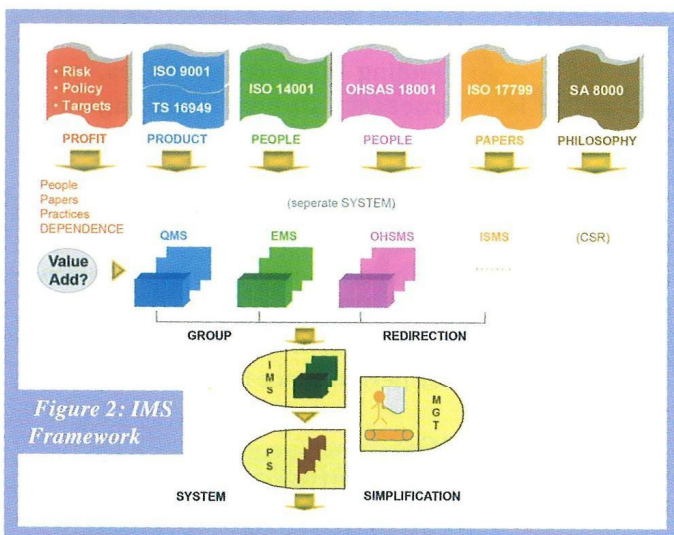


Figure 2: IMS Framework

¹ CSR	=	Corporate Social Responsibility
EMS	=	Environmental Management System
ISMS	=	Information Security Management System
ISO	=	International Standards Organisation
OHSAS	=	Occupational Health & Safety Accreditation Specification
PS	=	Performance System
QMS	=	Quality Management System
SA	=	Social Accountable
TS	=	Technical Specification

technological life cycles. Organisations have to cope with the need to enhance shareholders' wealth as well as satisfy customers' needs. Customers are the ones who pay our salary, hence, to be a significant contributor to customer's

success becomes a longevity pill for business survival. A win-win business solution is vital.

The process of People, Papers (information) and Practices are organised into a systematic process for Product and Performance standards, ie: a documented risk-free management system. Performance by execution is assured by Management. Management 'Plan-Do' in accordance with the planned

'Act' to improve the system and performance. In essence, execution is more than just the discipline of getting things done. It is doing it with speed to the expected quality by management action (programme) while confirming with the proven methods (procedures) and guided directions (policy). The goal of risk-free performance through IMS



Figure 4: The House of Risk-Free Performance.

to meet the challenges of the KBE is shown in Figure 4.

The IMS components are shown in Figure 5.

Goals of IMS

IMS is one of the main columns to support an organisation striving for business results. The emphasis

is to ensure that Management takes leadership in the 'Plan-Do-Check' execution cycle and 'Act' to take corrective actions in line with the planned performance standards. Management value-adds during the execution phase (revisit Figure 1) to assure that it is implemented systematically. Management 'Plan-Do-Check' to conform; 'Act' to perform; 'Review' to improve. Management is able to show business results (Action Advantage) and re-learn (Continual

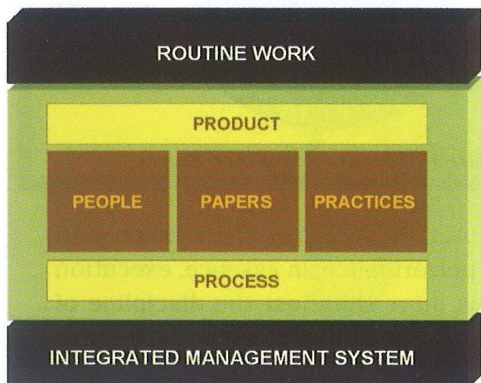


Figure 5: The IMS column.

Improvement) backed by records (Documentation), supported by the performance audit that further adds value to the business by highlighting the glaring areas for improvement and/or to reduce the variations in the performance.

Only what can be measured can be managed. So, the performance standards for achievement will be 'Risk-Free Policy-Objectives-Targets' and linked to the key performance indicators of the business, focusing on enhanced customer satisfaction. IMS seeks faster, better, cheaper, fresher, safer and healthier competitive advantages for sustainable business results.

IMS is an effective model because of its simplicity founded on the TQM process. It incorporates the

human and technical aspects of implementation. See Figure 6.

IMS organises, formalises, simplifies and standardises across the three streams of excellence:

- System Excellence – clear documentation of guided directions (Policy), proven methods (Procedure), timeline and risk-free level of performance (Programme).
- Management Excellence – management discipline in execution or action for performance standards.
- Performance Excellence – management assurance in risk-free performance to meet strategies and policies.

A Management Value-Add checklist needs to be developed to ascertain the maturity level of System, Management and Performance Excellence.

The Technical Aspect of IMS is to ensure corporate performance in relation to various risks associated with Environmental, Occupational Health and Safety, Product Safety and Quality. This is stringently stipulated by the various ISO Standards. These

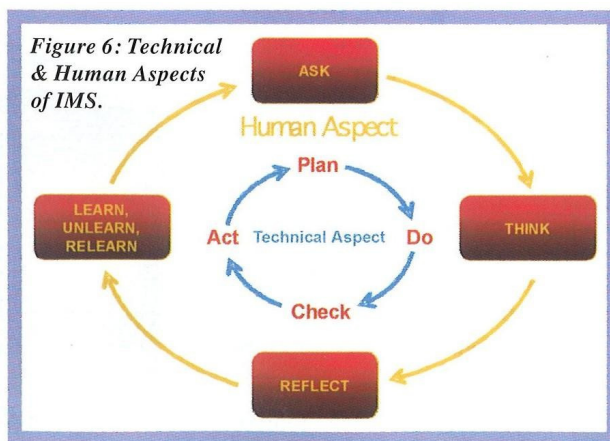


Figure 6: Technical & Human Aspects of IMS.

international standards provide a common language for risk-free performance and pave the way to ease the minds and hearts of various stakeholders.

The Human Aspect of IMS is in the realm of continuous learning, doing and teaching for risk-free performance culture in managing transition for

good to better and best performance. The essence of 'Learning-Unlearning-Relearning' entails asking (before planning), thinking (before doing), reflecting (before checking) and learning (before acting). This is the Action Learning approach of Questioning Insight (why this way?) and Reflection (what went wrong?). There is connection from knowing to doing and it is cyclical to reach greater heights of wisdom.

Leveraging Knowledge Advantage To Action Advantage

IMS manages the transition from Knowledge Advantage (Strategise) to Action Advantage (Implement, Operate) for effective change (Audit) in conjunction with the TQM process:

PLAN

1. Process mapping and analysis for defining the core processes, map processes to benchmark against proven International Standards, assess business risks, legal issues and work aspects for risk prevention control measures.
2. Process documentation and review for documenting company policies, procedures and programmes to set key performance indicators (KPIs).

DO

3. Execution preparation by training, communicating for crisis preparedness so as to get commitment and involvement from management and team members of the improved system and revised performance targets during the execution phase.
4. Process execution and integrated process, project management for applying and adopting quality management tools focusing on management business value-add to the 'Plan-Do-Check' cycle for conformance; 'Act' cycle for revised performance and unlearning; 'Review' or 'Reflect' for improvement and relearning. The goal is to achieve one function, one procedure, one mind, one heart and one voice, given

the different stakeholders' interests, for alignment on agreed performance standards.

CHECK

5. Integrated process, project control, performance monitoring and execution audit for proactive process monitoring by inspection, supervision, audit and reactive monitoring by reject, incident, accident, crisis, complaint and fine. Conformity, performance audit and project control is usually in the form of tracking and managing for variance in the resources (cost), scope (quality), schedule (time) and human dimension (touch) within predetermined targets.
6. Integrated performance monitoring for the proactive monitoring of policies, objectives, targets and profit-linked KPIs focusing on customer satisfaction.
7. Execution audit for full performance audit on Management Value-Add, leading to business results of revenue growth, profitability and liquidity.

ACT

8. Corrective actions and human learning is captured in the process steps from (1) to (7) audit for corrective actions, capturing lessons and any revisions to the system. The human behaviour 'learning-unlearning-relearning' process value-adds to the performance and business results of the company, ie: performance culture.
9. Certification and benchmarking for best practices and its integrated processes are endorsed and validated by an external Certification Body. The performance of the company is benchmarked against the best-of-its-class in the industry.
10. Continual improvement for self-assessment on KPIs and management review for collective improvement is driven by the 'Plan-Do-Check-Act' cycle (for performance culture), the 'Plan-Do-Observe-Reflect' cycle (for Relearning). The challenge for the

human aspect of IMS is in consistent pursuit of a breakthrough strategy to achieve risk-free performance through Integrated Project Management to strive for the capability to perform, excellence in execution, and the culture of performance, leveraged on the foundation of information and communication technology (ICT).

The Ability to Execute

IMS emphasises the following:

- It is built on the free market principles of competition and productivity for customer satisfaction and corporate responsibility.

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- It employs an integrated management solution approach as multiple interests are aligned to one Integrated Management System (IMS).
- It meets the International Standard requirements for external certification and market recognition.
- It employs a common language to align the project-linked KPIs for business results.
- It bridges the gap of company policies, strategies and the ultimate assured business results through management value-add in keeping record, continual improvement and relearning for sustainable performance.
- It engages the human aspect of IMS to 'Unlearn (Ask-Think) – Relearn

(Reflect-Learn)' in the 'Plan – Do – Observe – Reflect' cycle to arrive at new strategies for facing new challenges/requirements/regulations and achieving risk-free performance consistently.

- It regulates a self-renewal system to drive management, based on the Action Learning approach for effective change, through self-assessment and management review.
- It demands management's commitment and involvement in preventive, corrective and improvement actions with speed of execution supported by IPM and supplemented by performance audit.
- It is effective and efficient in prevention of repetitive mistakes, despite the manpower turnover and the environmental changes.

Insights

IMS is a pragmatic model in the quest for sustainable competitive advantage (relearning) for business results backed by systematic ISO documentation (records) in the KBE era. It is effective, yet simple to execute. IMS identifies and works on the dual needs of Technical and Human Aspects of TQM philosophy.

To be sure, IMS is anchored as one of the three pillars of the house for risk-free performance (revisit Figure 4). IMS focuses on the performance of the organisation to attain the business results by Management Value-Add to the routine work, ultimately consistent in satisfying and/or delighting customers and other stakeholders. The next pillar, Integrated Project Management (IPM), as a centre of excellence in execution, will be explored in the July/August issue of MEN. ICT ensures speed of execution, IMS enables the ability to execute, IPM enforces the discipline in execution; anything less, the business is at the peril of extinction. The right prescription is the fastest route to recovery. 