

Quality Standards for Competitive Advantage

Delegate Pack

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Introduction

Setting the Scene

Value For Money

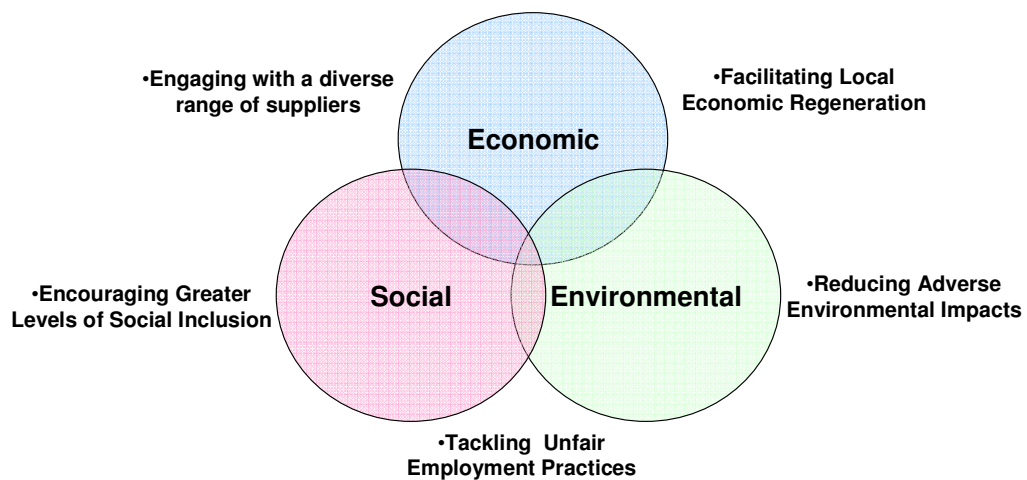
All public sector organisations are subject to the 'Value for Money' (VfM) Principle.

'The optimum combination of whole-life cost and quality (or fitness for purpose) to meet user's requirements. This is rarely synonymous with price'.

This principle which underpins purchasing decision making embraces the concept of the "price-quality" relationship. This means that public sector organisations will not automatically select suppliers based on lowest price but instead may consider a variety of elements including: innovation, ability to deliver, references, and environmental and social considerations.

Sustainable Procurement

Sustainable procurement is a priority for the public sector as a whole. It is a term that you will hear used increasingly as more and more organisations seek to change the way they run their purchasing processes and select suppliers. Sustainable procurement practice incorporates the following kinds of activity:



As a supplier there will be a variety of requirements that you will be expected to meet in order to help fulfill these objectives, ranging from having the relevant policies in place, providing evidence of business and professional standing, and demonstrating a commitment to Corporate Responsibility (CR).

Today's workshop is designed to equip you with the necessary knowledge and skills to develop the quality standards and policies required to successfully tender for public sector contracts.

Policies Overview

A key requirement of pre-qualification and tender processes is having certain policies in place. The most common core requirements are to have policies in the areas of:

- Quality Assurance
- Health & Safety
- Equal Opportunities
- Environment & Sustainability

In addition there are a range of other areas where evidence may be required including:

- Business Ethics
- Corporate Responsibility
- Business Continuity
- Travel

Why have policies?

Even for organisations not intending to competitively tender for contracts there are numerous reasons and business benefits to having robust policies in place, including:

- They help to clarify and articulate values, principles and working approaches within the organisation for clients and for staff
- Ensuring legal compliance
- Increased customer satisfaction
- Business efficiencies
- Increased profitability
- Performance improvement
- Improved workforce morale

Approaches to Quality Management

Quality management provides a framework for a business to manage its business processes and activities. It can help a business improve its efficiency by providing a best-practice model for it to follow.

Quality Management Principles

The ISO 9001 standard is based around 8 core quality management principles which can form the basis for your own internal management systems even if you choose not to gain formal accreditation.

1. Customer Focus

Customer satisfaction is essential for any business. Working to recognised quality management standards can help you to meet and exceed customer expectations.

2. Leadership

Securing commitment from senior management is crucial to ensure that new working practices are aligned to overarching corporate objectives, and seamlessly integrate into the existing business infrastructure. Top management must lead by example.

3. Involvement of People

Staff at all levels of the organisation should be a part of and input to the quality system. This sense of empowerment will help to overcome fear of the unknown. Clear and honest lines of communications engender a feeling of mutual respect and minimise the build up of any hidden frustrations that may hinder success.

4. Process Approach

The process approach enables an organisation to consider how all the different business activities interlink rather than just individual functions and departments.

5. System Approach to Management

Ensuring that management structures and resources are deployed in a systematic way is an essential component of quality management systems. As with the process approach it considers systems as they span across the organisation.

6. Continual Improvement

Performance improvement is not a one time exercise; quality measures must continually be reviewed to ensure they are still relevant according to business needs and customer expectations.

7. Factual Approach to Decision Making

Bad business decisions are often caused by lack of information, inaccurate assessments and poor definition of options. By examining cause and effect, looking at trends and variances and consulting within the business, insight is gained into how the business works and where problems exist.

8. Mutually Beneficial Supplier Relationships

Supply chains have a valuable role to play in supporting you in achieving your quality objectives; similarly by working closely with suppliers you can assist them in improving performance.

Quality Management Systems

There are often negative connotations associated with implementing quality systems, rooted in the idea that quality systems are all about developing lots of onerous procedures and retaining reams of documentation. The reality is that even for highly formalised standards such as ISO 9001 there is plenty of scope to establish a system that is appropriate to the size and scale of the business, and therefore does not become overpowering and unwieldy to manage. Core elements of a quality system will typically include the following types of activities:

- Developing Process & Procedures
- Document Management
- Undertaking Audits
- Performance Measurement

Process & Procedures

Process mapping is all about identifying the who, what and when. Of crucial importance in the context of a business is mapping processes that span across different functions and departments as it is within these interfaces where inefficiencies often emerge.

By mapping out processes visibility is gained into the way things are done, as such it is possible to eliminate unnecessary steps (streamline), identify points where errors occur, reduce wasted resource (and cost) and improve overall business efficiency.

Document Management

Documentation need not consist of multiple lengthy and complex texts. Instead, it can be combination of Process Maps, Checklists, Forms and Pictures. Furthermore, documentation does not need to be paper based. The key thing is to ensure that in whatever form you hold documentation it is accessible to all relevant parties, designed with the end user in mind, and is clear and consistent to avoid misinterpretation or confusion.

By documenting information we can communicate the aims and objectives of the business to stakeholders, ensure consistency in working practices, facilitate staff training and development and collate evidence of success (crucial for writing PQQs and tenders).

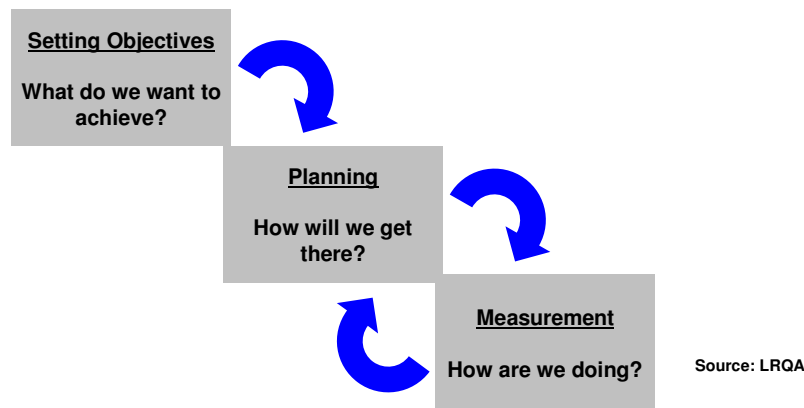
Auditing

Whilst an essential part of certifies quality management system such as ISO 9001, auditing is not necessarily an activity you might undertake for internal management systems, but is none the less worthy of consideration.

It is not uncommon for organisations who have numerous policies and procedures in place to find that in reality many are not being adhered to, resulting in inefficiencies and customer dissatisfaction. Auditing enables you to understand whether systems that you have developed are being implemented, maintained and are working effectively.

Performance Measurement

Performance measurement is all about understanding how you are doing as a business.



Without measurement you have no control

In any performance measurement system it is essential to measure both quantitative and qualitative aspects. For example conformance to specified timescales or budgeted output levels would not be appropriate for measuring customer satisfaction as it is the method of service delivery (e.g. behaviours) that tends to form customer perceptions.



Performance measurement also encompasses concepts such as benchmarking - a process of systematic comparison between comparable organisations. A common

mistake with benchmarking is that companies use it to simply compare costs or reassure themselves of how well they are doing. Whilst the process may highlight areas of good practice which can be built upon, the purpose of the exercise is to tease out underlying performance and management related issues and prioritise areas for change and improvements.

Other Policy Frameworks

Health & Safety

Health and safety is about preventing people from being harmed by work or becoming ill through work.

The health and safety climate has been changing over the last few years. The Corporate Manslaughter and Corporate Homicide Act 2007 will allow courts to hand down unlimited fines if someone dies as a result of 'gross failure' of senior managers to comply with health and safety law. It is expected that in the future fines in excess of £1m for injuring or killing employees and others will not be uncommon.

Latest Stats

In 2007/2008:

- 2.1 million people were suffering from an illness they believed was caused or made worse by their current or past work.
- 229 workers were killed at work, a rate of 0.8 per 100,000 workers.
- 136,771 other injuries to employees were reported.
- 34 million days were lost overall (1.4 days per worker), 28 million due to work-related ill health and 6 million due to workplace injury.
- There were 1,137 offences prosecuted by HSE resulting in 839 convictions. The average penalty per conviction was £12,896.

Who does it apply to?

Health and safety law applies to all businesses however small. It covers employees, full - or part-time, temporary or permanent; the self-employed; young people doing work experience; apprentices; charity workers; mobile workers and homeworkers.

Under section 2(3) of the Health & Safety Act at Work Act there is a requirement for all employers (with more than 5 employees) to have a written health and safety policy. Tender evaluation panels will expect your health & safety policy to reflect your organisational activities.

Equality & Diversity

Equality & Diversity is about not discriminating against racial/ethnic, gender, cultural, disability, age, sexual orientation, and social differences in staff, suppliers and customers.

An employer will, in most cases, be liable for any discriminatory acts by its employees. For example:

- a manager conducting interviews in a discriminatory manner
- employees harassing a disabled colleague

Simply showing that an act of discrimination was not authorised by the management of the company is not sufficient. As a contractor for a public authority, you may also have a duty to make sure you work in a way that actively promotes equality, rather than just avoiding discrimination.

Key areas of responsibility that your policy should address include:

- Recruitment and job advertisements
- Pay, benefits and workplace conditions
- Pregnancy, maternity and parenthood
- Making reasonable adjustments for disabled employees

There are numerous pieces of legislation relating to equality and diversity, key pieces of equality and human rights legislation which you should refer to in your policy document include:

- Sex Discrimination (Gender Reassignment) Regulations 1999
- Race Relations Act 1976 (Amendment) Regulations 2003
- Employment Equality (Religion or Belief) Regulations 2003
- Employment Equality (Sexual Orientation) Regulations 2003
- Disability Discrimination Act (Amendment) Regulations 2003
- Employment Equality (Sex Discrimination) Regulations 2005
- Employment Equality (Age) Regulations 2006

Environmental / Corporate Responsibility

Sustainability issues have gradually crept up the corporate agenda over the past two decades. Global warming, ozone depletion, pollution and the increase in population and economic growth have all contributed to this, and as such the pressure on organisations to address the way their business activities impact upon the environment and local communities has increased.

The business benefits of having policies in the areas of Environmental and Corporate Responsibility are numerous but may include:

- Reduced overhead costs
- Better control of environmental liabilities
- Improved staff retention
- Positive PR for the company
- Opportunities to win more business
- Increased investment appeal
- Improved relationships with local communities

There is a significant amount of legislation relating to environmental management. The area most likely to be relevant to any small business is waste management. For more information on environmental legislation visit: www.netregs.gov.uk - environmental guidance for your business.

Standards & Accreditations

QMS Standards

There are over 20,000 formal quality standards falling into two broad categories:

- **Technical** - Specification that businesses use to shape products / services to meet regulatory needs.
- **Quality Management Standards (QMS)** – Recognise best practice for the way business should be run.

ISO 9001

ISO 9001: 2000 is an internationally recognised Quality standard. The ISO 9000 family addresses what the organisation does to fulfill:

- The customer's quality requirements, and
- Applicable regulatory requirements, while aiming to
- Enhance customer satisfaction, and
- Achieve continual improvement of its performance in pursuit of these objectives.

All ISO management systems follow the Plan – Do – Check – Act (PDCA) operating principle.

- **Plan** – establish objectives and make plans (analyse your organisation's situation, establish your overall objectives and set your interim targets, and develop plans to achieve them).
- **Do** – implement your plans (do what you planned to).
- **Check** – measure your results (measure/monitor how far your actual achievements meet your planned objectives).
- **Act** – correct and improve your plans and how you put them into practice (correct and learn from your mistakes to improve your plans in order to achieve better results next time).

Key Points

Certification is not a requirement of any of ISO's management system standards.

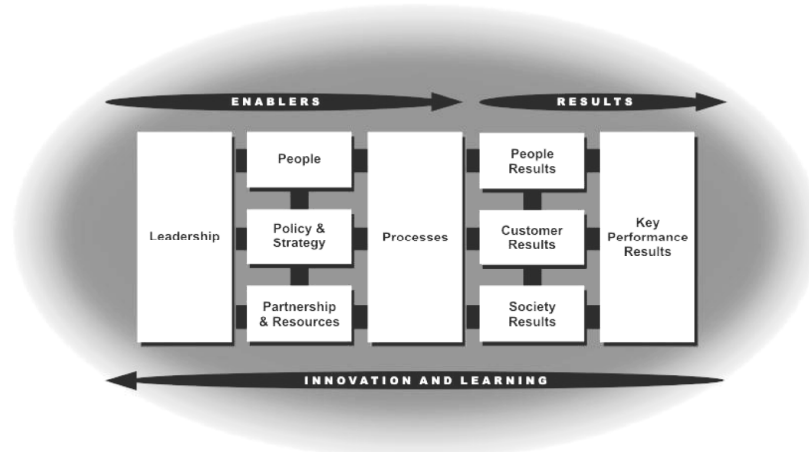
Certification refers to the issuing of written assurance by an independent external body that your management system conforms to the requirements specified in the standard.

Where certification is pursued, make sure the certification body has been accredited by United Kingdom Accreditation Service.

Whilst ISO 9001 certification can be beneficial in accessing public sector contracts it is not generally regarded as a prerequisite.

EFQM Excellence Model

The EFQM Excellence model is a self assessment diagnostic tool that can assist organisations develop goals and vision. It focuses on the “systematic nature” of business (cause & effect). The model forms the basis for the EFQM Excellence Award.



Source: © EFQM Brussels

The framework is based on 9 criteria. Five of these are 'Enablers' and four are 'Results'. The 'Enabler' criteria cover what an organisation does. The 'Results' criteria cover what an organisation achieves. 'Results' are caused by 'Enablers' and 'Enablers' are improved using feedback from 'Results'

Investors in People

In 2008 there were almost 40,000 organisations currently working with Investors in People (IIP).

IIP assists organisations in improving business performance and competitiveness by implementing a planned approach to setting and communicating business objectives and developing people. The assessment process involves interviews with people all across the organisation.

Health & Safety Standards

Formal accreditations and schemes include:

- OHSAS 18001 - International occupational health and safety management system.
- CHAS – Scheme for health and safety pre-qualification in the UK.
www.chas.gov.uk
- Constructionline – A register for pre-qualified contractors and consultants aimed at improving efficiencies for buyers and suppliers in the construction industry. **www.constructionline.co.uk**

Environmental and CR Frameworks

There are a range of standards and frameworks to choose from in the areas of environmental management and corporate responsibility, these include:

Formal Accreditation Options:

- BS 8555 – British Environmental Standard for SMEs (Same structure as ISO 14001)
- ISO 14001 – International Environmental Standard - The ISO 14000 family addresses "Environmental management". This means what the organisation does to:
 - Minimise harmful effects on the environment caused by its activities, and to
 - Achieve continual improvement of its environmental performance.
- EMAS - Eco-Management and Audit Scheme
- SA8000 – Social Accountability Standard

Responsible Business Practice:

- Good Corporation Standard – www.goodcorporation.com
- Organisation for Economic Co-operation and Development CR Guidelines - www.oecd.org
- Small Business Journey – www.smallbusinessjourney.com

Standards & Accreditations - How to choose

Step 1: Research the market:

- What do your competitors use?
- What do you need to gain a competitive advantage?

Step 2: Consider your customers:

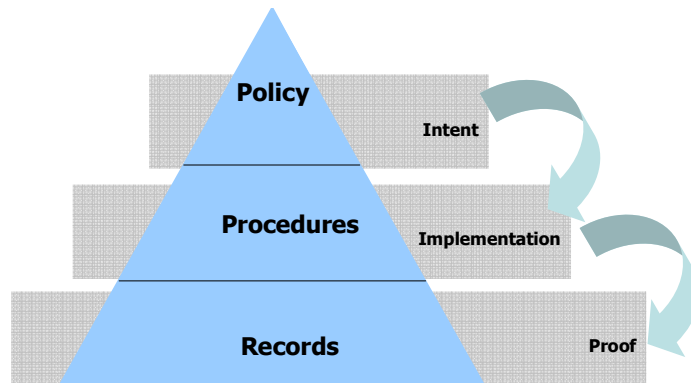
- What will impress your existing customers?
- What will enhance your services in order to attract new customers?
- What are the most common tendering requirements?

Step 3: Seek professional advice

Developing & Improving Your Policies

Policy Statements

Before any detailed action plans can be developed a set of overarching objectives must be determined. Typically these are encapsulated in a high level policy document.



In essence a policy statement is a written statement regarding your commitment and what you intend to do. Typically a policy statement will address the following:

- Broad aims of the company and description of core activities.
- Outline policy commitments.
- Person responsible for implementation.
- A summary of how the policy will be implemented.
- Supporting systems and documents.
- Expectations from suppliers, contractors and staff.

The policy should be annually reviewed to ensure that it continues to reflect company operations, and corporate aims and objectives.

Policy Implementation

Implementing policies is about thinking about what you do as opposed to a policy document which sits on a shelf. Remember that policy statements set out aspirations and objectives which in order to be realised and achieved must be translated into an implementation plan which is executed and monitored in a systematic way so that policies are truly embedded into the organisation. Key issues to consider when developing implementation plans include:

- The plan should address areas where changes are genuinely needed and will make most impact. This can be achieved by reviewing business practices at the outset.
- The aims and objectives of the plan should relate back to your policy but provide more detail.
- The plan should clearly detail the steps you will undertake to meet aims and objectives.

- You must define your success criteria i.e. the measure of performance you will take to assess whether objectives have been met.
- In order to assess the impact of change you must set measurable targets in relation to objectives.
- You must recognise the role of people in successful implementation of new systems and practices. Consult and communicate with stakeholder groups to gain buy in.

Embedding Policies into your Tender

In addition to VfM principles, tender evaluation criteria are increasingly taking environmental and social considerations into account. When you are preparing your PQQ and Tender submissions consider ways that you can integrate the principles of your policies into your methods and approaches. Think about:

- Have you shown evidence of being efficient and reliable?
- Have you demonstrated how quality assurance standards and measures will be adhered to?
- Do your working practices show regard for health & safety issues?
- Are your objectives relating to sustainability, regeneration and equality objectives evident in your tender response?

Remember that you can be both explicit and implicit in the way you relate your tender responses to your policies to ensure that messages are successfully conveyed to the evaluator.

Next Steps

Possible actions arising from today's workshop may include:

- Develop missing policies.
- Review existing policies in line with good practice to ensure they are up to date.
- Consider how to embed the policies within the organisation.
- Re-launch policies internally via staff presentations, notice boards and web based systems.
- Undertake research on formal accreditations and standards.

Appendix A – Help & Guidance

General Guidance

<p><u>Equal Opportunities</u> Equality and Human Rights Commission www.equalityhumanrights.com DirectGov http://direct.gov.uk/en/Employment</p>	<p><u>Health & Safety</u> Health & Safety Executive: www.hse.gov.uk Contractors Health & Safety Assessment www.chas.gov.uk</p>
<p><u>Quality</u> Business Link www.businesslink.gov.uk Chartered Quality Institute www.thecqi.org British Quality Foundation www.quality-foundation.co.uk</p>	<p><u>Environmental</u> Environment Agency www.environment-agency.gov.uk Envirowise www.envirowise.gov.uk</p>

Help with Developing Policies

There are a number of websites where you can access guidance on how to develop policy documents including model formats and templates.

Business Link: What types of policies should I set up?	www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1073791959
Business Link: Writing and communicating staff policies	www.businesslink.gov.uk/bdotg/action/detail?type=RESOURCES&itemId=1073791960
Business Link: Creating a quality policy	www.businesslink.gov.uk/bdotg/action/layer?topicId=5000751331&site=181
HSE: Write your health and safety policy	www.hse.gov.uk/business/policy.htm
Envirowise: Developing an environmental policy	www.envirowise.gov.uk/uk/Our-Services/Tools/Developing-an-environmental-policy.html
NCVO: Example equal opportunities policy	www.ncvo-vol.org.uk/askncvo/hr/index.asp?id=177
ECNI: Example equal opportunities policy	www.equalityni.org/archive/pdf/FinalModelEqualOpp0307.pdf