



SUMMIT SYSTEMS LIMITED

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**BUSINESS SEMINAR FOR
MANAGERS AND
KEY PERSONNEL.**



TOTAL QUALITY MANAGEMENT
(a Philosophy to motivate staff
to perform better)
and
QUALITY ASSURANCE
(Business System/s)

Parts of our Seminar

Introduction – We (SSL) are offering QA/TQM in NZ

The NZ Government has mandated quality assurance (QA)

Examples of major disasters in NZ where short cuts were a contributing factor

Examples of clients that have succeeded with QA

20 principles of Total Quality Management

Why you and your team need to be involved

What the terms mean

- **TOTAL QUALITY MANAGEMENT (TQM)** means that quality assurance will apply to ALL parts of your business with no exceptions and every staff member will be trained to deliver the best possible results
- **QUALITY ASSURANCE (QA)** means that your business will give an assurance to all customers relating to quality of products and services and they will be of the correct size and material on schedule every time with no exceptions

Important Qualifications

For companies and organisations

- **In 1996 Transit NZ (the biggest spender of Govt Funds through Transfund and now called NZ Transport Agency) introduced quality assurance systems TQS1 & TQS2.**
- **Most Local Bodies and Govt Departments also adopted the same qualifications.**
- **Many corporates and other organisations also adopted the same qualifications.**
- **It is estimated that 84% of large entities now have regard for some form of quality assurance (QA)**

Important Qualifications

Qualifications now apply to a very wide range of organisations

For Example

- **The Construction industry sectors (about 50 types)**
- **Contractors of all types (about 50 types)**
- **Manufacturers of all types (about 100 types)**
- **Designers of all sorts (about 50 types)**
- **Most Professional groups (about 50 groups)**
- **Government Depts, Local Bodies and Corporates**

Purpose of Seminar

To discuss and demonstrate how Qualifications now apply to a very wide range of organisations

Most companies now need some form of Quality Assurance (QA), for example.....

- **Agriculture, horticulture, viticulture and all types of rural industries (perhaps 200,000 sites)**
 - **Food sector industries (well over 30,000 sites)**
 - **Transport, warehousing & distribution (approx 10,000 sites)**
 - **Wholesale, Marketing and Retail (say 40,000 sites)**
 - **It is really difficult to find a sector that QA does not apply to.**
- It therefore may apply to your organisation**

Important Qualifications

There are several types of QA qualifications

- ISO 9000, ISO 14000, ISO 18000, ISO 22000 (International Standards for quality, environmental, safety and food), are usually for very large organisations and exporters
- TQS1 and Q Base are for medium or small companies
- TQS2 is an introductory QA system and not suitable for winning large tenders or supply contracts.

Important Qualifications

There are several types of QA qualifications

The Summit System TQM/TQS1 is a full quality system for all types of New Zealand businesses and organisations that wish to be preferred suppliers to a very wide range of organisations. This system is easy to do and helps clients win valuable and profitable tenders.

It includes all of the TQS1 NZ standard but in addition and even more importantly, includes the methodology to actually win the tenders and become an on-going preferred supplier.

It also teaches clients how to gain the best price and NOT the lowest price which is the mentality of the past.

Important Qualifications

There are several types of QA qualifications

It is common for contractors to find it hard to believe that the lowest price is no longer considered the preferred price.

You may need to allow us to give you several examples of clients who have eventually believed us and have raised their prices by 10% to win the tenders.

The reason why the lowest price is no longer the best price is that the lowest price has probably been pruned - perhaps even to the point where short cuts will be taken. This creates risks and the potential for breakdowns, accidents and fines.

Preferred Suppliers

Becoming a preferred supplier

- **Summit Systems Ltd will help you become a preferred supplier**
- **We will teach you how to quickly and accurately complete a formal quality plan and associated documents for issue to principals**
- **We will train all of your staff in QA principles for TQS1**
- **We will train you to win tenders and contracts. We can provide a special course for Managers and Supervisors**

Preferred Suppliers

Financial benefits

- We will help you with your estimating and contingency sum procedures
- We will help your staff complete plant hire and other costing analyses
- We will help you understand how the attributes system works
- There are four main methods that are used.....

Tendering Methods

There are four main methods that are used...

**Nearly all significant organisations
requiring goods and/or services have
introduced one or more of the following
methods**

Tendering methods

The four main methods that are used...

ONE Competitive Pricing, price will prevail so long as all suppliers are suitable and can meet the six other attributes

Price is no longer the only factor.

TWO Weighted Attributes - the price may be about 50% of the decision and six other factors will be equally important.

Attributes (seven of them) are now most desirable

They are relevant experience, track record, technical skills, resources, management skills and methodology

Tendering Methods

The four main methods that are used..(contd).

THREE Brook's Law is a two envelope method

- Envelope 1 will provide all information (especially qualifications) but not the price
- Envelope 2 will contain the tender price information but this envelope will NOT be opened unless the qualifications are good enough for the project

FOUR Target Pricing is a methodology where the price must be within a pre-determined range

Several pricing methods may be used by some principals

Tendering Methods

- **Advanced methods**
- **Contingent sum**
- **Liquidated damages**
- **Transit (NZTA) pre-qualification**
- **Combined method**

Performance and Reward

■ SAFETY - QUALITY - COST

Transit NZ (NZTA) sometimes offers bonuses of hundreds of thousands of dollars for completion on safety, on quality and on cost - but ahead of time (by days/weeks).

Auckland Transport measures performance by way of KPIs measured monthly. It also uses a rewards system called the 40:40:20 rule. Under this –

- 40% of renewals work is included in contracts;**
- 40% of renewals awarded based on performance;**
- Minimum of 20% of renewals will go to open tender.**

Who wants QA?

There are up to 50 types of organisations that now look for Quality Assurance

For example: DoC, DoE, Housing NZ, Regional Councils, District & City Councils, Govt Depts e.g. HM Defence Force, Police, Prisons, Revenue, Welfare, Labour, Health, Education, Fulton Hogan, Transfield, Energy Companies, Port Companies, Marsden Point, NZ Steel, Downer, Works Infrastructure, Forestry, Irrigation, Airports, Fonterra, Transpower, Telecom, Auckland Transport, NZ Aluminium Smelters, Meat Companies, Toll Holdings, Forestry, Fishing, Timberlands, Rail, Gas, Hospitals, Drainage, Irrigation, Catchment, Engineering, CHH, Tourism, Mining, Energy, Rail, LATEs, NZQA

There are also some that DO NOT REQUIRE QUALITY ASSURANCE, OR NOT AT THIS POINT IN TIME . For example Insurance Companies - it is believed that they can make money out of business risk/failure

Preferred Suppliers

- **Primitive methods of the past**
- **Time and mileage**
- **Contractors Blue Book**
- **Quantity surveying and pricing**

The benefits of QA

- Preferred suppliers often get the best jobs
- They also get more jobs and repeat jobs
- They are on the “approved” list/s (not published) and it is common for there to be 3-4 for each activity
- They can get bonuses for completion ahead of time
- Their profits are higher than the average and this is usually by 10-20%.
- International statistics are available to verify this

Become a Qualified Supplier

- What would 10-20% extra profit do to your organisation?
- You need to become a Qualified Supplier
- The Summit Systems Consultant will give you a quotation for your acceptance
- We can also offer top quality Safety Qualifications (OHSIP NZS 4801/ISO 18000)
- Our top Safety system is designed to meet 7 of the International Standards including OSHA 200, BS 8800, 5 Star SA, Safetymap AU, AS/NZS 4360

Become a Qualified Supplier

The Safety Qualification for Injury Prevention and ACC Accreditation

- The Summit Systems Injury Prevention system is designed to stand up in court and to ensure that clients do not get fined. This is calculated to be worth \$1000 p.a. to the average site with 5 staff.
- It is also designed to reduce accident frequency and accident costs by 75%. For the average NZ site this is worth at least \$2000 p.a. (\$4000 p.a. if the indirect items are included).

Become a Qualified Supplier

Other benefits of The Summit System for Safety - OHSIP/NZS4801/ISO 18000

- Very large employers can get up to 80% off their ACC premiums under the Accredited Employer Programme (AEP)
- Medium and small employers can get up to 20% off their ACC premiums under the Workplace Safety Management Practices (WSMP) scheme or 10% under the Workplace Safety Discounts (WSD) scheme plus experience rating bonuses 30%
- *OSH 6 Steps or Basic Safety systems are unlikely to work. We give them away. Would you like one?*
- How much is 10-40% off your ACC worth?

What a Management System Looks like

A book of about 200 pages that needs to be personalised. It is NOT a health and safety system until personalised, signed off and implemented.

PART ONE contains up to 30 pages of policies relating to quality

PART TWO is forms for use and can be 30 pages

PART THREE is work instructions relating to the main activities for your business in relationship to work performed for others

PART FOUR is a set of checklists to provide for internal audits

PART FIVE is company profile, site specific plan format and information about reporting procedures

How to benefit your organisation

Let us run a free seminar or course at your place for your suppliers and sub contractors

Let us train all of your staff and managers to achieve a culture change and to gain acceptance of principles for improved performance. This is called Kaizen in Japan and means "improvement", or "change for the better"

Let us help you set up relationships with other quality assured companies so that together you can maximise your market penetration

Let us help you with system certificates so that you can qualify for Government, Local Body or Corporate work

Completion of this seminar

- Please complete the course evaluation page
- Complete the request for an attendance certificate
- Complete the short test if you would like a qualification certificate
- Phone us for systems information 09 438 7555
- Website www.summitsystems.co.nz. We can provide a copy of our company profile on request.
- Let us plan ahead for a further meeting

Time to Reflect

“Coming together is the start,
Keeping together is progress,
Working together is success.” - Henry Ford

The hallmark word or motto of IBM is **T H I N K**,
IBM is the largest business machine company in the USA.

“He was a very good fireman and it was very sad that he
got killed, but he broke 21 of our rules. Short cuts are not a
good idea.” - a former Commander of NZFS Tauranga

Conclusion

Quality standards ARE legally required for Health and Safety performance. The HSE Act even specifies “excellence” in Section 5.

Quality Assurance is NOT compulsory but it is a very good idea for businesses that wish to survive, succeed and service the community. But it is fair to say that NOT all sectors will adopt QA. Some will carry on with their mistaken beliefs that they do not need any standards apart from what they happen to foster in their own minds.

For example, in recent years NZ lost 30 finance companies as a result of their low quality standards and poor decision making. Let us also note that (among several silly policies) they decided to borrow short and lend long - which will work for a time, but is normally guaranteed to fail.