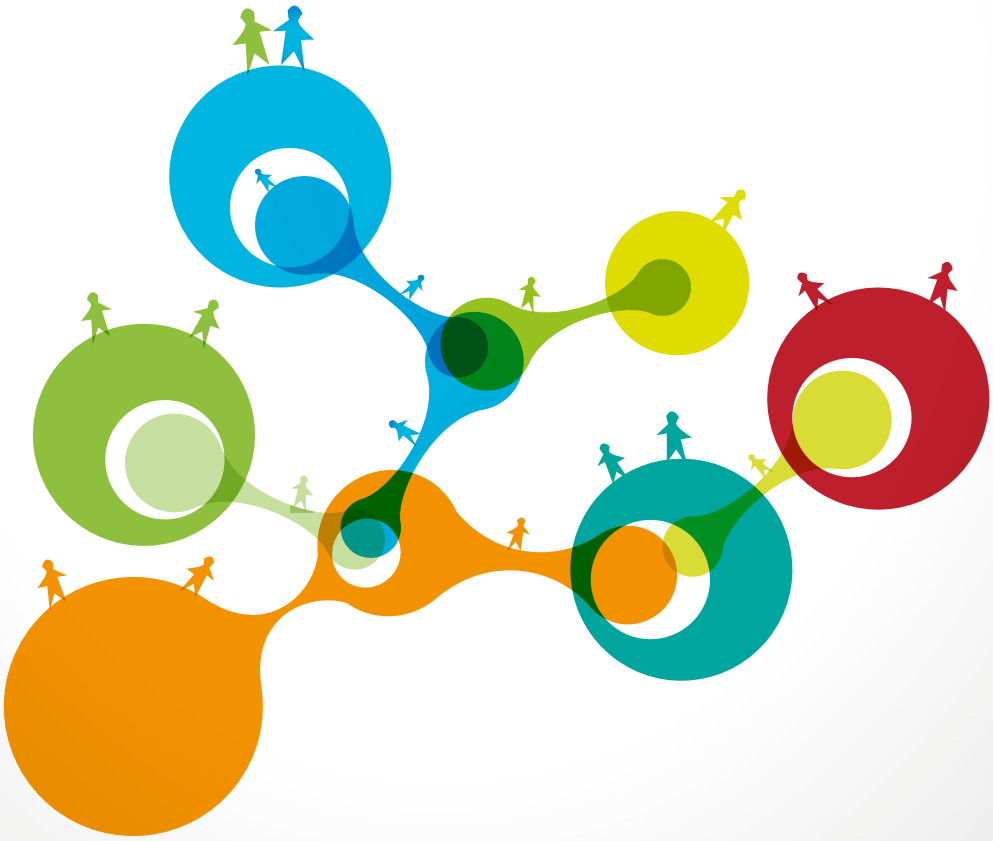
European Commission

SUMMARY REPORT

# METHODS OF QUALITY MANAGEMENT

## STUDY VISIT REPORT



Employment, Social Affairs and Inclusion

NOVEMBER 2018

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The European Network of Public Employment Services was created following a Decision of the European Parliament and Council in June 2014 (DECISION No 573/2014/EU). Its objective is to reinforce PES capacity, effectiveness and efficiency. This activity has been developed within the work programme of the European PES Network. For further information: http://ec.europa.eu/social/PESNetwork.

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## STUDY VISIT REPORT

Written by Timo Weishaupt, in conjunction with ICF

NOVEMBER 2018

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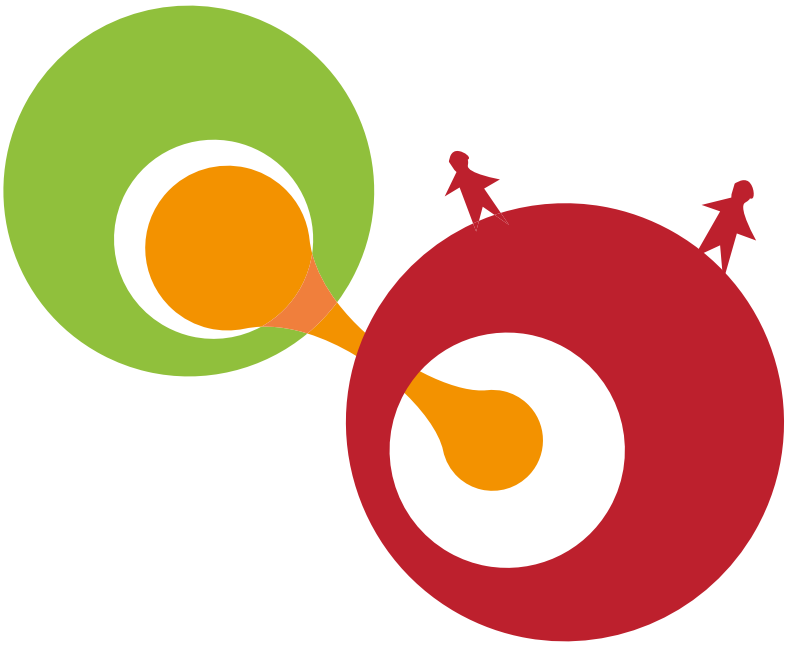


As part of the Holistic Support strand, a second Study Visit[1] was held from 20 to 21 September 2018 at the Austrian Public Employment Service (PES), the *Arbeitsmarktservice* (AMS), in Vienna. This Study Visit focused on achieving business excellence by process-oriented quality management based on self-assessment with a strong focus on customer and staff orientation. Representatives from 10 PES were present: the Belgian-Flemish, Bulgarian, Croatian, Cypriot, Czech, Estonian, Icelandic, Lithuanian, Slovenian, and Slovakian PES.

## 1. Quality management in Public Employment Services: A brief introduction

Quality management in the private sector became prevalent in the 1970s, following innovations in **Japanese manufacturing**. Quality management typically refers to the continuous process of monitoring and optimising all steps in a production chain, while improving customer satisfaction and employee productivity. In contrast to pure management-by-objectives systems, quality management actively seeks to involve staff at all levels to increase accountability, trust, and ownership. In the 1980s, the first **quality standards** were introduced and primarily applied in goods production. It did not take long for public sector service providers to follow suit in light of a general embrace of a **New Public Management (NPM)** philosophy and new technological advances in computerisation. Among the early front runners were PES, including the Austrian, Danish, and Dutch PES. In the early 1990s, PES relied on certifications based on national quality handbooks before switching to Total Quality Management (TQM) approaches such as the **DIN ISO 9001,** the **European Foundation of Quality Management (EFQM) Model of Excellence,** and the **Common Assessment Framework (CAF)** in the late 1990s (Weishaupt, 2010, p.469).

Total Quality Management (TQM) is a holistic, customer-focused, evidence-based process with the explicit goal of continuously improving service quality and business operations. High levels of organisational communication are a necessary component to create and maintain staff commitment. More specifically, TQM approaches provide a **multi-dimensional, comprehensive** management framework with a focus on **continuous improvement**. TQM is ***multi-dimensional*** as, among other things, it differentiates three dimensions of quality (Bruhn, 2013, p.38): First, in order to be considered a quality service, the service must actually be delivered; this is considered the minimal requirement or **must-have dimension**. Second, and more important, *expectations* need to be met, i.e. the service delivers what it should in the eyes of clients. This dimension is harder to define as expectations rise with the quality of service provision (and thus its reputation), and thus defining what constitutes 'good performance' may constantly be in flux. This second dimension is also referred to as the **performance dimension**. A third dimension of quality considers the clients' reaction to receiving a service or good. A high-quality or 'delightful' service exceeds clients' expectations. Accordingly, this is considered the **enthusiasm dimension**. To briefly summarise it in the words of Nojaki Kano, 'customer satisfaction is the difference between expected and experienced quality' (Kano et al., 1984). While measuring the first dimension is relatively straightforward, the other two dimensions of quality management require additional steps and measurement via a range of *objective* and *subjective* criteria.

**Objective criteria** include predefined, quantifiable, numeric indicators. Examples relevant to PES are the number of benefit claims processed in a given time or job vacancies filled. Moreover, objective measures include statistical analysis and evaluations (e.g. the effectiveness of a training course), or benchmarking exercises, whereby performances are ranked. Next to these *numbers-based* forms of measurement, *external assessments* through 'mystery shoppers', certifications by third parties or professional audits are often part of PES' repertoire. **Subjective criteria**, in turn, are based on various types of feedback by clients (jobseekers and employers in the case of PES) as well as staff.

**Note**: While client feedback and satisfaction is indeed a crucial indicator for any quality assessment, it need not be the only one (Bruhn, 2013, 35ff). Firstly, service delivery is based on the existence of 'good will' to cooperate by the client, who may not be interested in cooperating, or have preconceived notions about a PES, government services, or (particular) staff. Moreover,

1 Study Visits are a newly introduced learning format that allows a medium-sized group of PES representatives from 7 to 10 countries to explore one specific practice or approach in a hands-on fashion. This may include site visits, intense learning experiences based on practical examples and applications, and an opportunity for the host PES to showcase their practices.

various involved stakeholders may have competing interests, which can result in an impasse as not all expectations can be met simultaneously. For instance, a speedy placement in a job might be a 'success' in the eyes of a placement officer, but not appreciated by the client who may have preferred a different type of job, employer, or better pay.

Measuring quality thus requires a mix of objective and subjective, client-oriented and enterprise-oriented criteria, while also considering the context within which the services are provided. This context in turn can be differentiated into a **triad of categories**: (1) a '**structural category**' which captures the preconditions of offering a specific service (e.g. office space, staff, resources, etc.); (2) a '**process category**' which considers the (technical and interpersonal) way in which a process is actually delivered; and (3) the '**outcome category**', i.e. the end result and the changes the service has made for the client (Donabedian, 1980). This view clearly stresses that *outcomes* should not dominate quality assessments and that all three elements are interlinked, which is why TQM is also considered a ***comprehensive*** system.

**Note**: Quality management is not another layer of control, but a system that is built on trust, commitment, and mutual respect and appreciation.

Finally, TQM is designed with a focus on ***continuous improvement.*** A frequently used method in quality management is the so-called **PDCA cycle** (see Graphic 1), which stands for plan-do-check-act, or sometimes also plan-do-check-adjust. The underlying idea is that quality management is an iterative process that requires continuous monitoring (including objectives, targets, and indicators), evidence-based evaluations, and subsequent innovations and improvements.

## Graphic 1: The PDCA Cycle


**Plan**:
Defining objectives, identifying hurdles, developing strategy.

**Do:**
Implementing plan to achieve objectives and overcoming hurdles.

**Check:**
Monitoring and evaluating progress.

**Act/adjust:**
Standardising what worked; changing what did not work.

## 2. What the national PES office needs to provide (prerequisites)

In order to successfully implement a TQM system, several (structural) prerequisites need to be met. While some of these features need to already be present at the beginning stages, others may be introduced over time as the system matures. The more prominent prerequisites are noted below.

**a)** A key requirement to implement a TQM system is **practical support** and **leadership at the top level at each level of governance**. At the national PES office a team of well-educated quality managers need to be responsible for the design and oversight of the TQM system, train (and certify) regional and local staff, provide guidance and supporting materials (including strategy maps, handbook, guidelines, risk portfolios etc.), promote innovations and a culture of change, and

assist when new challenges or questions arise. Good leadership also requires using a suitable communication style, including language that is easily understandable to all staff, visualisations of goals, values and procedures, and creating an overall positive atmosphere at the work place (e.g. through accepting mistakes as 'learning opportunities' or raising critique by starting with 'how can I help you become even better at…').

In the Austrian PES, a four-year cycle process – **Management Assessment (MASS)** – which involves regular assessments at all PES levels of governance has been institutionalised (Pöschl, 2018)[2]. The process is organised and monitored at federal level, by a certified EFQM assessor, who has also earned a university degree in quality management and is a licensed EFQM trainer/examiner. The quality managers of the regional offices are also required to undergo external EFQM training and often also (voluntarily) undergo further education in various aspects of quality management. In smaller local offices, the head serves as the quality manager him- or herself; in larger units, he/she appoints quality assistants to oversee quality affairs. All of the local quality managers (or assistants) undergo three-day internal training based on the EFQM model. Every year, the local offices in three of the nine regions (*Bundesländer*) are formally assessed on the basis of EFQM standards (see below). In the fourth year, all offices of the Austrian PES come together and the results are discussed and rewards announced.

The local managers, who 'own' the quality management (QM) process, are obliged to regularly report to the regional heads of the Austrian PES, who in turn come together to exchange their experiences and learn from each other **every three months**. The regional heads also conclude management agreements with the national Board of Directors. Once a year, all local managers meet at a quality management day. Site visits, written reports on strong and weak points, and workshops on specific themes relevant for the individual office(s) complement this process.

This continuous, leadership-based, bottom-up/top-down process enables the constant flow of information and allows the national PES office to formulate performance targets.

**b) A quality management system needs access to valid, up-to-date and comprehensive data** such that the data can be analysed by both the controlling and quality management staff. The Austrian PES often relies on a combination of a **data warehouse** as a system for data *reporting*, and the so-called **Balanced Score Card (BSC)** for data *analysis*. The BSC was originally developed by Robert Kaplan and David Norton (Kaplan and Norton, 2007)[3]. The BSC takes a long-term view on an enterprise's performance and tries to capture the above described complexity in services delivery by developing objectives, targets, Key Performance Indicators (KPIs), and actions relative to four interlinked perspectives:

1. *Financial*: financial performance, effective resource use
2. *Client:* client value, satisfaction and/or retention
3. *Internal:* efficiency, quality
4. *Learning and growth:* human capital, infrastructure and technology, culture

**Note**: Access to data is certainly a necessary component for any type of quality management system. However, the number of indicators and scope of data can be built over time. Not every PES can or must start with a data warehouse and the BSC. PES can start 'small' and slowly build capacity over time.

The Austrian PES relies on a **data warehouse** to store the data, which is mainly provided by Statistics Austria and updated every fortnight or once a month, depending on the indicator. The **BSC**, in turn, is the tool chosen to select and assess the data (European Commission (Author: Arbeitsmarktservice), 2013; Wilk, 2016). The BSC in 2018 **comprises**

2 Please consult the appendix for a brief overview of the Austrian PES governance structures.

3 For a short introductory video, please go to: https://hbr.org/2007/07/using-the-balanced-scorecard-as-a-strategic-management-system, last accessed on 30 August 2018.

**25 indicators** including a variety of process- and quality-oriented targets such as client satisfaction (both jobseekers and employers), manager feedback, case durations, and a trust index. Generally speaking, the fewer indicators chosen, the easier the system is to operate. However, deciding which indicators (not) to pick is difficult as various (local) needs and preferences need to be reflected. The BSC is mainly a **holistic tool** for and by the Austrian PES itself and thus complementary to the politically determined performance management systems based on national objectives defined in the context of the Europe 2020 Strategy and the government's labour market agenda (Weishaupt, 2016, p.19).

**All local PES offices are assessed on the basis of the BSC**. The overall performance of each local PES office is calculated and represented as a single numerical value (European Commission (Author: Arbeitsmarktservice), 2013, p.2). The system is considered transparent, easy to understand, and fair. Low performers undergo a diagnosis with the help of the federal quality management team, always under the positive premise of 'what can we do even better'. Framing low performance with a positive attitude is crucial in the Austrian PES's approach. In practice, low performers often improve rather significantly over time, which furthermore helps to maintain a positive attitude as upward mobility is possible and achievable. The Austrian PES no longer forms clusters but reviews each office individually.

**Note:** The BSC can also function as a **steering tool**: once a (new) issue is included as an indicator in the BSC (and weighted accordingly), it becomes a priority in the PES strategy.

**c)** In addition to leadership, expertise and data, successfully implementing a quality management system depends on the **commitment of staff at all stages of service provision**. In order to motivate staff, the benefits of the QM system need to be clearly communicated, the assessment needs to be considered fair, and good performance needs to be rewarded (at least symbolically).

**For the Austrian PES, quality management is not simply a second layer of performance management**, institutionalised via the BSC. Rather, it is a system that is about building trust, creating a positive atmosphere and paving the way for sustainable cooperation (see more below). Next to a culture of 'welcoming mistakes' from which staff can learn, the Austrian PES institutionalised a fair and transparent system of recognition and appreciation. Performance can be **rewarded through individual and team-based bonuses** (yearly bonuses of up to about a monthly wage). This system is considered successful as it is based on clear standards and comparison. Indeed, the bonus depends on a score calculated in the BSC for the local level – all labour market policy (LMP) targets are factored in – and can be monitored throughout the year. This way, each individual can see at any time on which indicators improvements ought to be made. A previous system in which individual managers had the discretion to award bonuses was seen as suboptimal as it could either lead to subjective judgements (which may lead to resentment) or to managers equally sharing the bonus among staff (which thus fails to recognise individual achievement). Besides the financial reward, the Austrian PES relies on a variety of **symbolic recognitions**, for example via annual team awards, etc.

**d)** Finally, another structural ('soft') feature that supports a successful implementation of a quality management system is the availability of an **intranet platform** on which to communicate and share information, ask questions, or get new ideas.

In addition to their existing intranet, the Austrian PES introduced a comprehensive internal social media tool called '**Connections**' in 2016. Connections supplements the Austrian PES intranet, where all official information is processed, as it offers numerous additional features. For instance, Connections allows PES staff to join specific 'communities' (which may be open or moderated) and to create 'WIKIs' on themes such as quality management, process management, customer orientation, and other themes. Connections is also used to provide access to visualisations of all processes. Connected to Connections are several other databases, including 'Ideefix', which is a tool designed to share good ideas and good practices (Galehr, 2016); 'PRODOK', which documents current projects (includ-

ing project targets, all essential documents, milestones, and participants); 'RIDOK', which provides staff with access to all relevant guidelines; and a Client Monitoring System (CMS), which presents aggregated results from customer surveys and other sources (see Machat-Hertwig, 2017). The intranet platform also includes a 'lessons learnt process', in which local PES list measures they have used in order to achieve the BSC targets and rate them in terms of 'impact' (how effective the measure is) and 'effort' (resources made available). In an accompanying document, they explain the measures in more detail. A year later, the strategy is reviewed and lessons are drawn about what worked and what did not work. **Every year, three PES offices are awarded for either sharing or introducing a good practice.** On these occasions, these PES offices are invited to present their innovative measures and to showcase their good practices. **The intranet thus serves an important function in the Austrian PES's continuous improvement process (CIP).**

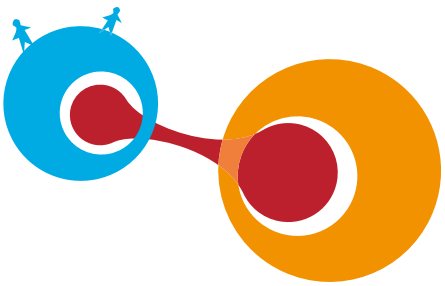
## 3. The EFQM as an example of TQM and Austrian PES quality assessments

There are a variety of frameworks that are commonly applied by PES to implement TQM including custom-made handbooks, ISO 9001:2015, the Common Assessment Framework (CAF), and the standard set out by the European Foundation of Quality Management (EFQM). **The Austrian PES opted for the EFQM model in 1999** (Pöschl, 2016). EFQM has been applied for over 30 years by over 50 000 organisations, also and especially by private sector companies.

Graphic 2 illustrates the dynamic logic of the EFQM approach. The EFQM – with only minor differences to the CAF – is based on 9 criteria (and 32 sub-criteria), including **5 enablers** (i.e. elements an organisation needs to perform) and **4 results** (or criteria for what an organisation 'achieves').

### Graphic 2: The EFQM Model


Source: http://www.efqm.org/efqm-model/criteria/enablers, last accessed on 7. October 2018



In the EFQM model, **leadership** is a crucial ***enabler*** for success as leaders and leadership are needed to 'shape the future and make it happen, acting as role models for its values and ethics and inspiring trust at all times'[4]. In addition, the EFQM model stresses the necessity for a clear mission and vision (**strategy**), a focus on creating a staff-oriented business culture which promotes trust, commitment and opportunity (**people**), well-managed external **partnerships** and internal **resources**, and well-designed, managed and improved **processes**, **products** and **services** to generate increasing value for customers and other stakeholders[5].

The ***results***, in turn, are focused not only on business results, but also on customers, who are people as well as relevant societal stakeholders. Managing results requires reliable and valid data, including a set of (differentiated) KPIs and clear **targets** to determine the successful deployment of a business strategy, based on the needs and expectations of the relevant stakeholder groups. Importantly, given the iterative and reflexive nature of the process, the results need to be assessed, discussed, communicated, and causal relationship understood such that the results can subsequently inform leadership decisions, organisational strategy and staff activities (**PDCA logic**).

**The EFQM system operates on the basis of a points system**, which awards up to 500 points for enablers and 500 points for results. Each of the 5 enablers is worth up to 100 points; the customer and business results are 150 points each, while the other results are 100 points each, totalling 1 000 points. When a PES scores more than 300 points, it has reached the quality level 'recognised for excellence'; reaching 500 to 550 points signifies a '5-star excellence' level. The Austrian PES has defined the ambition to always exceed 500 points, a goal which it reached in 2011 and 2015. Reviews take place every four years. During the last review, the Austrian PES reached 600 to 650 points as a whole, while the best regional office (Oberösterreich) was awarded 700 to 750 points. **Since 2005, the Austrian PES and its regional offices have received several national awards, certifications, and distinctions**[6].

## 4. Quality management as process management

Quality management requires the optimal implementation – and continuous improvement – of processes. At the very beginning of process management is the need to define all relevant processes in the organisation. Hammer and Champy (1993) **define a process as a set of activities that, taken together, produce a result of value to a customer**.

**Note:** Several activities may be grouped into a task (or specific phase in the process) and moving from one task to another may be considered an **interface**. For example, a person has lost her job and makes a first appointment with the PES to claim benefits. The issuing of benefits is the process, for which several tasks are necessary (e.g. filling in forms, undergoing profiling, drafting of an individual action plan, etc.); each of these tasks can then be broken down into several actions.

How to best design this process first requires defining the '**process architecture**' (see Biazzo and Bernardi, 2003) – sometimes also referred to as a process map – including the specification of each step necessary and the identification of possible risks. Second, a process has to be made 'visible' which requires (a) defining '**process owners**' and (b) **documenting standard procedures** which can be followed (Biazzo and Bernardi, 2003, 155). The process architecture and process visibility make a process manifest. Third, it needs to be decided how each process will be monitored, which requires the definition of KPIs and setting up an organisational framework for monitoring. Fourth, the way adjustments and improvements are made needs to be spelled out, that is, a clear articulation of 'change management' is necessary.

Designing, monitoring, evaluating and improving processes can be done with the help of a **process management tool**. At first, the Austrian PES relied on such professional software. Over time, the Austrian PES realised that the financial

4 This section draws heavily on the information provided by the official EFQM website, available at http://www.efqm.org/efqm-model/model-criteria, last accessed on 7 October 2018.

5 More details can be found on the EFQM website or at https://ec.europa.eu/easme/sites/easme-site/files/Paper-EFQM-framework-Innovation-Agencies.pdf, last accessed on 8 October 2018.

6 See https://www.staatspreis.com/index.php?id=6584, last accessed on 2 September 2018.

resources needed to run the software exceeded the perceived benefits and opted for an EFQM-inspired, but self-designed, process. The Austrian PES has carefully designed process maps with the help of Excel spreadsheets, which are accessible as a WIKI on Connections. Prior to preparing the Excel sheets, the Austrian PES teams carefully accessed each step of the process using a process data sheet, a picture card method or other tools, which specified the process (name, number, type, and purpose), visualised the process (workflows, data sheet, photo documentations, and/or cartoons) and added details (tasks and functions, up- and downstream process, process partners, and responsibilities) as well as figures (e.g. customer satisfaction or performance figures.) Please refer to Appendix B for a practical example used by the Austrian PES.

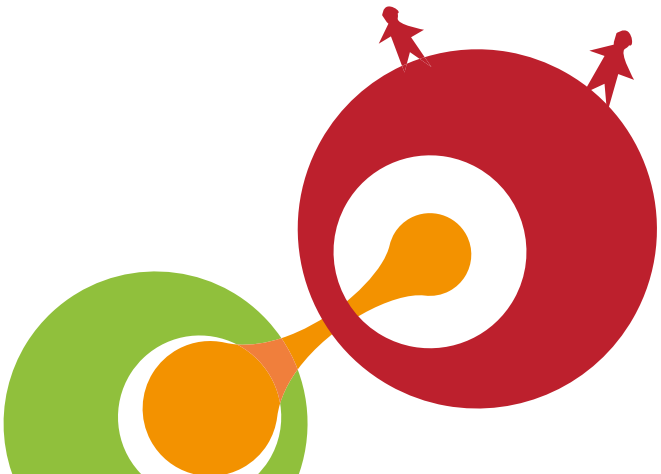
**Note: Operating the phone service line can serve as an illustrative example.** The Austrian PES generated a 'fact sheet' for the entire process of operating the service line, which includes basic information such as the process name, process definitions (what is (not) included, with what goals), the associated BSC indicator, the associated documentation of information (relevant documents, data warehouse, CMS, etc.), support services, risk factors, how a process is triggered, what the main outcome is, and what the main factors are for successful implementation.

On a second, more detailed 'process sheet', the service is broken down into four active phases (or tasks), each of which is sub-divided into sections with practical information about the workflow, outcomes, interfaces, risks, and success factors. Graphically appealing and easy-to-understand handouts are also available to staff that illustrate possible scenarios for each phase. In the given example, this includes four types of phone calls, including one that can be dealt with by the operator him or herself; a phone call that necessitates contacting a different unit (but is concluded by the service line operator); a phone call that necessitates a transfer to a different unit (and is resolved there); and a phone call that requires a call back. The phases include phase 0 (preparation prior to a phone call), phase 1 (taking a call, identification of caller), phase 2 (identification of concern, making a decision how to proceed), phase 3 (communicating decision and ending the call), and phase 4 (documenting the call and decision).

**Documenting all possible risks** is a key element of the Austrian approach, especially since 2017 when a new system was introduced and added to the Austrian PES QM handbook. In the given example, possible 'risks' include malfunctioning of the software/telephone, too few staff to take all calls, outdated information, wrong information provided by external sources (e.g. media), incompetence of service staff, miscomprehension of concern, communication deficits (e.g. language barriers), staff not documenting decision or triggering call back, or caller wanting to only talk to the operator. In particular, the interfaces (actions between phases) are considered high risk.

The involvement of staff is a key factor in innovation and improvement as they are closest to the daily routines and procedures. Hence, in order to **assess and improve processes**, the needs, experiences and expectation of all stakeholders should be considered. Moreover, including staff creates ownership and a sense of appreciation. **Staff involvement can be achieved via a number of methods.**

A classic method is the so-called **Delta Plus technique**. For this technique, the staff form three groups and are asked about some topics: 'what works well' (Plus); 'what can we do even better' (Delta); and 'what should we improve, but need help with' (the outside Delta). Each group writes down their impressions in a different colour. After about 10 minutes, the groups can 'grade' each other's ideas with a plus or minus sign (agree/disagree) or a question mark, which signifies that the idea is not clear. Afterwards, the groups decide on priorities and derive activities (measures). Graphic 3 provides a template for this technique.



## Graphic 3: The Delta Plus Technique

| WHAT WORKS WELL? | WHAT CAN WE EVEN DO BETTER? | WHAT WE SHOULD IMPROVE, BUT NEED HELP WITH |
|---|---|---|
| -<br>-<br>- | -<br>-<br>- | -<br>-<br>- |
| Plus | DELTA | The outside DELTA |

Another common method is called **365 brain writing**. In order to solve a specific problem or reach a specific goal, six people are each given a sheet of paper with the table shown in Graphic 4.

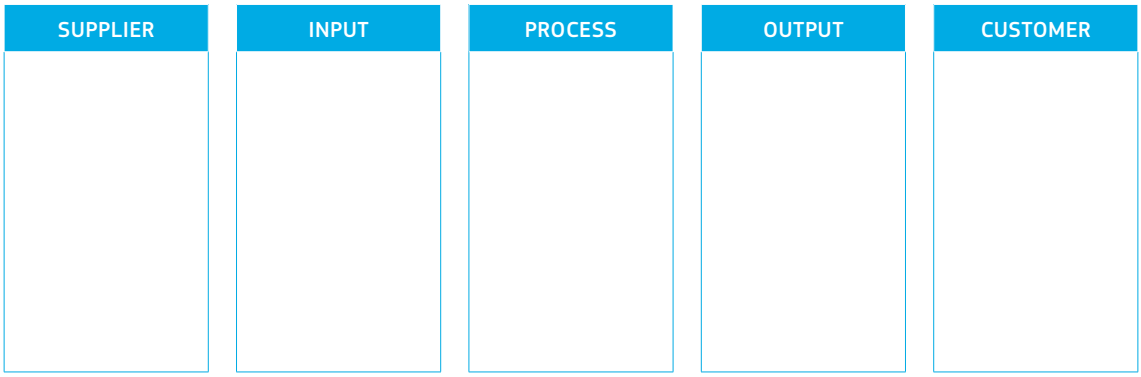
## Graphic 4: 365 Brain Writing

| | | | | | | |
|---|---|---|---|---|---|---|
| 1 | | | | | | |
| 2 | | | | | | |
| 3 | | | | | | |

Each of the **six people** writes down **three ideas** they can think of that are relevant for the task at hand in row 1. After **five minutes**, the paper is handed to the person on their left. Everyone then fills out row 2 and hands the paper to the next person, etc. If a person does not have three ideas, he/she leaves the box blank and the next person may add his/her idea in addition to the usual three. After 30 minutes, the six sheets are filled with a total of 108 ideas, which can then be discussed, prioritised and used as the basis for further discussions and planning.

There are numerous other techniques including, for instance, the so-called **reversal method** (where staff are asked what could be done to make a process worse and then they are asked how to turn negative lessons into positive trends); the **Pit Stop method** (where staff go through a list of predefined questions, which can be done over time, e.g. staff receive the questionnaire and complete it during the work week); or the **SIPOC method** that seeks to visualise and thus define the **s**uppliers, **i**nputs, **p**rocess, **o**utputs, and **c**ustomers for a given process and many more. A template for this method is shown in Graphic 5.

## Graphic 5: SIPOC Template




No matter what method is applied, it is very important that the results are **organised** and **prioritised** (to limit the number of ideas), and solutions are **jointly developed** to build ownership.

**Note**: Process management is a continuous cycle which is well captured in the following quote: **'when you stop getting better, you stop being good'**.

## 5. Quality management and client orientation

Part and parcel of TQM is client/customer orientation. For PES, there are two types of clients, namely jobseekers and employers. Obtaining information about how clients value the services provided by a PES vary, ranging from surveys (by phone, mail, internet or in person (e.g. exit surveys after a PES visit) to face-to-face interactions such as interviews, focus groups, customer journeys (more information below), to site visits in the case of employers.

**Note**: Different types of methods or even different types surveys produce different results. When calculating client satisfaction scores, PES need to use a consistent way of measuring results. Even slight changes such as positing a question in a survey can affect the results.

The Austrian PES combines a variety of the above-mentioned methods. However, for the BSC scores, only the results of the **computer-aided phone interviews** are used. The Austrian PES, or rather a commissioned private service agency, conducts some 20 000 phone interviews with jobseekers annually and some 14 000 interviews with employers. The Austrian PES decided to factor in client satisfaction at a rate of 25 % for the overall BSC performance score to signify how important customer orientation is for the organisation. (The EFQM suggest only 15 %.) In practice this means that no local PES can reach an excellence standard without meeting customer expectations. Customer satisfaction is closely monitored via the Client Monitoring System (CMS), where all results are documented and segmented for all levels of PES governance and all types of client (see Machat-Hertwig, 2017).

Next to conducting regular, standardised surveys the Austrian PES seeks direct contact with customers via so-called **customer journeys**. The quality manager of a local PES (with or without the assistance of the regional or even federal quality manager) invites a select group of customers and discusses every step of their journey, beginning with the date when a person became unemployed or began his/her job search. The quality manager listens to customers' experiences, concerns and expectations, documents them and uses that information for further improvements of the process. For the Austrian PES, staff are considered 'internal clients', i.e. their input is then also heard and factored in when (re-designing) a process. Practically speaking, designing a customer journey involves **10 steps**:

1. Decide which group of customers you want to learn more about;

2. Invite a number of customers from this group and explain the reason and the aim of the meeting;

3. Prepare the workshop, focusing on providing an enjoyable atmosphere;

4. Specify which customer-contact points you want to discuss;

5. Let the customer tell their own story ('active listening', i.e. you acknowledge that you understand what they say (e.g. nodding the head), without interrupting them);

6. Ask them if they were at any time surprised or disappointed;

7. Ask which expectations were fulfilled – and which were not (and why);

8. If possible, make a so-called 'walk through' – let them talk (atmosphere, postings, information, control system, etc.);

9. Visualise all your findings and make them transparent (e.g. on a flip chart);

10. Discuss the results with your staff and try to find common solutions.

Finally, another commonly applied method to manage expectations and improve both customer satisfaction and staff ownership over the process is creating a so-called **value frame**. The Austrian PES produces a value frame for each local office, based on three steps. First, the local office familiarises itself with the Austrian PES vision and strategy map. Second, the management and staff brainstorm together in smaller groups about what customers expect from the Austrian PES, write their ideas down and jointly discuss them. Third, the group as a whole prioritises what the most important findings are and summarises them, starting with 'we'. By starting every value promise with 'we', ownership is created and spread throughout the organisation.

**Note: Make expectations clear, otherwise disappointment may set in!**

## 6. Summary and 'Top Ten List' of lessons learnt

The Austrian PES's process of quality management is considered particularly strong due to three features. First, it is centred on a **clear** (easy to understand), **precise** (little ambiguity), **transparent** (accessible to all relevant staff), and systematic approach. Key components include a PDCA cycle which penetrates all levels of governance, the BSC that sets out clear targets, comprehensive access to valid data, and a data warehouse which allows all staff to constantly monitor their own (relative) performance. Second, it has successfully established a '**culture of quality**' which is characterised both by **competition** (in the sense that staff, local and regional offices are monitored, compared, ranked and rewarded) and **cooperation** which is encouraged by various ways to share ideas and good practices, team spirit, and an acceptance of mistakes being made (and learned form). Third, the Austrian PES relies on a **continuous improvement process** which, among other things, includes regular assessment of the regional and local offices, ideas management, and customer orientation.

Generally speaking, the main important factors for the successful implementation of any TQM system include:

1. Leaders, who lead by example, motivate staff and organise QM processes

2. Access to relevant, regularly updated data about all relevant processes

3. A well-designed system of continuous monitoring, assessment and refinement

4. A suitable language that is easy to understand for staff at all levels

5. A positive atmosphere, built on trust, team spirit, and acceptance of errors

6. A platform on which to share information, ideas, and good practices

7. Acknowledgement of staff efforts and successes (financial and symbolic rewards)

8. A strong focus on customer satisfaction

9. Learn (and listen to) what customer (and staff) expectations are

10. Being patient (quality management takes time and is a continuous process) and remembering that even small changes can have big impacts!

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# APPENDICES

## Appendix A: Brief Overview of the Austrian PES Structure

The Austrian PES (*Arbeitsmarktservice*, AMS) operates as a one-stop service centre, responsible for the administration of unemployment insurance benefits, job placement and counselling, and referral to active labour market policies (ALMPs) for all jobseekers. The Austrian PES has a 3-tier governance structure, comprising the national PES office (located in Vienna), 9 regional offices (1 in each of the 9 federal states or *Länder*), and 104 local PES offices. At the national level, it is headed by a **Board of Directors** comprised of two members who act as executives and run the daily operations of the Austrian PES. The Board of Directors serves two principals: the Federal Minister for Labour, Social, Health and Consumer Affairs, who formulates the government's broad labour market ambitions (which are translated into specific targets by the Austrian PES; see below), and the tripartite **Administrative Board** which is the highly influential decision-making body. The Administrative Board consists of nine full members: three representatives from federal ministries (one from the finance and two from the labour ministry), and three representatives from each of the two social partner umbrella organisations (Weishaupt, 2014).

While the national PES office develops the strategic goals of the PES for Austria as a whole, the **regional office** managers not only transpose national targets into the regional context, they also (a) formulate their own regional objectives, (b) collaborate with *Land* governments, municipal authorities and any other relevant stakeholders, (c) plan the regional budget and distribute it among the local PES offices, (d) direct, support, and monitor the local offices, and (e) select instruments and programmes that deal with specific issues relevant to the *Land*'s economy (Nachtschatt and Schelling, 2010, p.5).

At the **district level**, the local offices deliver labour market services to their clients – jobseekers and businesses alike. The local offices define the principles for policy implementation at the local level, but are expected to fulfil the targets set by both federal and *Land* organisations. The local office managers run daily operations, consulting as necessary the tripartite, six-person Advisory Board (Nachtschatt and Schelling, 2010, p.5).

## Appendix B: A Template for Process Assessment via an Excel Sheet

The Austrian PES stresses that all relevant processes are documented carefully, thinking through every step of the process, identifying interfaces (as this is a common place where errors occur), all types of possible risks and the expectations of interface partners. The template below uses a simple process, 'doing laundry', to illustrate all of the possible phases, how they are broken down into smaller tasks (and labelled), how the process is implemented and what outcome is achieved in each step. Following the template, actions associated with 'doing laundry' are noted, as well as the expectations of the interface partners.

Data process sheets (see Example 1) are useful to define processes in all of their nuances. They are also used when reviewing ongoing processes. When defining processes, various methods can be used. For instance the 'picture card method' is often applied, which helps to visualise a process, its interfaces and tasks. Likewise, the so-called turtle method visualises all aspects of a process, including inputs (requirements, expectations, strategy, aims, etc.); material resources (tools, infrastructure, equipment, etc.); human resources (skills, know-how); efficiency (costs, benefits, etc.); regulations (guidelines, methods, instruments); and results (figures, KPIs).

**Example 1:** **Austrian PES Process Data Sheet**
**Process name**: Doing laundry
**Process number**: CP 1
**Process type**: Learning processes
**Process purpose**: Cleaning laundry (gently and without leaving residue)

| PHASE | WORKFLOW | ACTION (TRIGGER) | PROCESS STEPS | PROCESS DESCRIPTION | RESULT (OUTCOME) |
|---|---|---|---|---|---|
| **Phase 0** **(upstream process)** | Washing machine is bought and installed; Instructions read; Washing criteria clear | | | | |
| **Phase 1** **Make a decision** | Laundry basket is full | Enough laundry available | CP1-1 | Either enough laundry to fill machine or specific item is needed | Decision whether to wash and/ or what is to be washed taken |
| **Phase 2** **Prepare the washing process** | Sort laundry | Laundry basked is opened | CP1-2-1 | Laundry is defined according to specific criteria | Laundry is sorted |
| | Put laundry in drum | | CP1-2-2 | | |
| | Choose temperature | | CP1-2-3 | | |
| | Select speed of rotation | | CP1-2-4 | | |
| | Choose laundry detergent | | CP1-2-5 | | |
| | Add additional resources (stain remover or anti-bacterial liquid) | | CP1-2-6 | | |
| | Add softener (with or without fragrance) or vinegar | | CP1-2-7 | | |
| **Phase 3** **Start washing process** | Determine the time and press start button | | CP1-3 | | |
| **Phase 4** **The washing process** | Laundry is washed according to the programme | | CP1-4 | | |
| **Phase 5** **Finishing the washing process** | Check if wash is finished | | CP1-5-1 | | |
| | Open machine | | CP1-5-2 | | |
| | Take out laundry | | CP1-5-3 | | |
| | Smooth and shake laundry | | CP1-5-4 | | |
| **Phase 6 Process variants** **Machine dry** | Put laundry in dryer | | CP1-6 | | |
| **Process 7 variants** **Air dry** | Hang laundry on line | | CP1-7 | | Laundry is hanging on clothes line |
| **Process 8** **(downstream process)** | | | CP1-8 | | |

| RISK NO | RISK CHARACTERISATION |
|---|---|
| 1 | Failing maintenance |
| 2 | Sieve not cleaned |
| 3 | Duct connection is clogged |
| 4 | Drain hose is defective |
| 5 | Red shirt in white lingerie |
| 6 | Cat is hiding in the washing drum |
| 7 | Wrong assumptions because label is missing |
| 8 | Wrong effects – suggested by advertising |
| 9 | Inferior detergent |
| 10 | Power failure during washing |
| 11 | Water supply is interrupted |
| 12 | Overdose of the washing powder |
| 13 | Washing machine falls over |
| 14 | Scent of the washing powder is unpleasant |
| 15 | Son hates the scent of roses |
| 16 | Wrong temperature selected |
| 17 | Wrong number of revolutions/speed selected |
| 18 | Laundry is forgotten in washing machine |
| 19 | Buttons fall off the shirt |
| 20 | Glitter sequins destroy the washing machine |
| 21 | Laundry is not hung properly – is wrinkled |
| 22 | Clothes line rips |
| 23 | Clothes pegs do not hold |
| 24 | External influences: intense sun, it starts raining, etc. |
| 25 | Laundry additives are not compatible |

| EXPECTATIONS OF THE INTERFACE PARTNERS | |
|---|---|
| The **customers'** expectations towards the **water provider:** | The **water provider's** expectations towards the **customers:** |
| Availability | Payment punctuality |
| Maintenance of the system | Immediate notification of any damage |
| Service reliability | Allow access when needed |
| Emergency service | Set the water pressure correctly |
| Water hardness | Proper installations |
| Quality of information | Do not perform any independent repairs on the system |
| Transparency (prices, accounting, etc.) | Online administration |

## Appendix C: A Brief Overview of ISO 15504:2005 (SPICE)

The Austrian PES follows the ISO 15505:2005 standard to optimise its process management. The underlying idea is that only processes that can be evaluated on the basis of a process management assessment model can be improved. The ISO 15504:2005 reference model differentiates five capability levels, each specified by specific assessment indicators. The following overview provides basic insights into the capacity developed with reaching each level.

### Level 1:

**A process is performed, including clearly specified process goals and measurable outputs (performance).** Documents exist that support the process, including a specification of process tasks, interfaces and actions.

### Level 2:

**The goals of the process are implemented consistently and successfully (management).** Reaching Level 2 includes assessments of the project management and the steering of the process.

### Level 3:

**Processes are fully established and standardised throughout the entire organisation (effectiveness of tasks and tailoring of interfaces).** Reaching Level 3 includes assessments of these standardised processes (documents, interfaces, indicators, infrastructure, etc.) and the evolution of the process (including resources, competences, infrastructure and the collection and analysis of process data).

### Level 4:

**Processes are fully understood** (cause and effect relations) and the organisation understands the impacts of individual changes in the process chain on the entire process sequence **(management of process optimisation and evaluation of instruments/methods)**. Reaching Level 4 includes assessing how data is collected and processed, including measures taken when objectives are not reached.

### Level 5:

**Processes are innovative (pro-activity).** The organisation is evaluated mainly on its ability to proactively initiate changes based on its analytic capacity and the impact on reaching the organisation's objectives and the underlying resources.

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