

Minister of Public Works
Mr J Radebe
25 November 1998

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First South African International Conference on Total Quality Management (TQM) in Construction

Honourable chairperson
Distinguished delegates
Ladies and gentlemen;

I am indeed delighted at the opportunity to address you this morning. Allow me to commend the organisers for their efforts and express a word of appreciation to the South African Institute of Building (SAIB) and The South African Built Environment Research Centre for co-hosting this important function. I believe that this is the first international conference of this nature on African soil and therefore extend a warm welcome to our national and international delegates. May your deliberations for the duration of this conference contribute positively towards our vision of an African Renaissance. Given the enormous development challenges that South Africa faces, our government firmly believes in the Total Quality Management principle of long term commitment to constant improvement. We believe that it is only through such a commitment from stakeholders of all sectors of our economy and society that we will be able to build a winning nation. Ladies and Gentlemen, this conference is located in the interesting context of our concerted efforts at reconstruction, growth and development in the construction industry. The challenges which this present are enormous and I hope that in the course of conference proceedings you will be afforded the opportunity to examine some of the critical issues and draw on the vast body of knowledge and experience assembled here.

The field of Total Quality Management and its application is vast and varied. There is however no doubt its application in the long-run is critical to the success of the transformation agenda for all sectors of our economy. Our approach this morning is merely to highlight the broader issues of TMQ as it applies to the construction industry.

In the context of our application of TMQ in construction here in South Africa, I believe that we are driven by the objective of attaining a similar or better output for a reduced input without compromising the quality factors.

Given the South African, and even perhaps global phenomenon of a dwindling fiscus, the challenge is how to utilise less resources for more quality.

To attain this it is inevitable that we have to revisit business processes and re-engineer systems.

Secondly, we have to invest in human capital, as the best systems we may have, are only as good as the people that manage those systems.

Thirdly, we cannot stick blindly to antiquated work regimes and obsolete methods. It is imperative that we encourage innovation, and invest in research and development. This is true for both issues of quality management as well as maintaining a leading edge in best practice and global competitiveness.

The aforementioned issues therefore beg the question of accreditation in order to monitor and maintain standards in the industry.

Whilst we are undoubtedly driven by International Best Practice and ISO standards, I believe that in the absence of appropriate capacity, introduction of TMQ would be a dismal failure. In the short term our approach must be incremental in nature and in tandem with the appropriate adoption of capacity. In conjunction with this is the process of capacity emerging business.

Ladies and Gentlemen some of you may be aware that research commissioned for the Green Paper on creating an enabling environment for Reconstruction, Growth and Development in the Construction Industry in 1997, indicates that the cost of non-conformance, an internationally recognised quality measure, is about 13% for contractors who evaluate the cost of rework. Since these contractors have already adopted TMQ procedures and are conscious of the costs of poor quality output, it is likely that the true cost of non-conformance is excessive, especially when it is recognised that profit on turn over is currently within the 2-4% range for most contracting firms.

Ladies and Gentlemen: Under-achievement in the South African construction industry is partly found in growing dissatisfaction with construction among both private and public sector clients. Projects are widely

seen as unpredictable in terms of among others the standards of quality expected. Investment in construction is seen as expensive, when compared both to other goods and services and to other developed countries. In short, construction too often fails to meet the needs of modern business that must be competitive and rarely provides best value for clients and taxpayers.

The majority of serious investors in South Africa regard construction as a business that is unpredictable, competitive only on price, not QUALITY, with too few barriers to entry for poor performers.

The public sector departments responsible for public works, the Departments of Transport, Water Affairs and Forestry, Public Works, Housing and Constitutional Affairs decided towards the end of the 1997 to deal with various problems facing the construction industry as a whole. This joint initiative will find its expression in a White Paper on creating an enabling environment for Reconstruction, Growth and Development in the Construction industry. One of the key programme approaches towards enhancing industry performance will be the establishment of quality improvement programmes.

The envisaged construction industry white paper, which is expected to be launched next year, has identified a series of fundamentals, which will contribute towards the adoption of TQM as a norm in the South African construction industry. The new construction industry policy will embody the following necessary TQM fundamentals:

Firstly, there is the need for committed leadership: management at various levels should believe in and be totally committed to TQM. There is the need for committed leadership: management at various levels should believe in and be totally committed to TQM. There is no part of the industry which can escape this requirement, in the same manner that no part of the industry can survive in the medium to long-term without fundamentally transforming. This stark reality applies to constructors, suppliers and designers alike.

Secondly, there should be an acute focus on the client/customer: the client should drive everything. All firms should provide precisely what the client needs, when the client needs it and at a price that reflects the product's value to the client. Activities which do not add value from the client's viewpoint, should be classified as waste and eliminated.

Thirdly, there should be integration of the process and the team around the product: the industry should move away from dealing with the project process as a series of sequential and largely separate operations undertaken by individual designers, constructors and suppliers who have no stake in the long term success of the product and commitment to it. The level of fragmentation which we have inherited in public sector construction bears adequate testimony to the dismal failure of such an approach. Certainly, such levels of fragmentation can never deliver in the development priorities and objectives of government. The process and production teams must therefore be integrated to deliver value to the client efficiently and eliminate waste all its forms.

Thirdly, a TQM driven agenda: quality should be the total package exceeding client expectations and providing real service. The industry should understand what the clients mean quality and break the vicious circle of poor service and low client expectations by delivering real quality.

Fourthly, there must be a commitment to people: while it is understood that there are difficulties posed by site conditions and the fragmented structure of the industry, construction cannot afford not to get the best from the people who create value for clients and profits for firms. There is a need for a no-blame culture based on mutual interdependence and trust.

These TQM fundamentals together will provide the model for the dramatic improvements in performance if the South African construction industry is to succeed in the next millennium and beyond.

The fact that some South African companies have used TQM techniques to achieve an 18% increase in output per employee in a year a 65% reduction in absenteeism in four years, and a 12% saving on construction time on a major project, is a strong proof that TQM is within reach in the South African construction industry.

In conclusion, I would like to emphasise that if the success of Total Quality Management is determined by getting all players to work in unison and toward the same goal, then the construction industry in South Africa is on the right course. The incredible support which we have enjoyed from the industry, particularly the Task Team on Construction Industry Development, gives reason for optimism and hope. What is essential however, is that optimism is directed towards the goals which have agreed upon in the course of consultation on the legislative framework for creating an enabling environment for reconstruction, growth and development in the construction industry.

I thank you.

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