



Tom Johnstone about requirements for success

As a leader you must never ever jeopardize quality in order to gain a short term financial benefit, says one of Sweden's most prominent quality profiles Tom Johnstone in an interview with Potential magazine. Later this year there is an opportunity to meet him at the Excellence Summit conference in Gothenburg on September 11-12.

TOM JOHNSTONE is one of the few key individuals who has had the greatest influence over Swedish quality during the past 20 years. He was President & CEO of the SKF Group between 2003 and 2014. Before that he was head of one of SKF's divisions and he has a long experience within SKF being with the Group for almost 38 years. Today Tom Johnstone is Chairman of Husqvarna as well as a member of the boards of several big companies such as Investor and Volvo Cars.

Successful and committed improvement work

As President & CEO of SKF he successfully led the company's comprehensive improvement work with great commitment – partly with the help of the Six Sigma concept and tools. He managed to integrate the improvement work with the company strategy and his leadership was very clear and educational, which created a strong commitment to improvements and quality throughout the company. He also invested a great deal in improvement training for management and employees.

Tom Johnstone has emphasized that quality improvement is an evolution. It is very important to build on earlier efforts in the organization. He has also stressed that it is important for leaders to be patient, consistent, have a clear vision and see to it that everybody in the organization knows about this vision and how they can contribute to it. Quality starts with the customer and is about delivering value to the customer in the most effective and efficient ways.

Tom Johnstone's interest in quality started early. His university degree is in Mathematics and so he has always liked things that are logical and factual, he says. When during his career he came across Quality Management tools it fitted him very well. When Tom Johnstone saw the good results from focusing on customers and working in a structured way with improvements, he quickly understood that he needed to bring these concepts into the organizations he was leading.

As President & CEO at SKF you succeeded in making quality the platform for the corporate strategy.

How did you manage this and what can management in other companies learn from that?

– Every organization has its own history when it comes to Quality Management and improvement. SKF has had a very strong quality focus over many, many years. When I became President & CEO of SKF, I had already been in the company for 26 years, so I had a long experience of the company. When designing the next step for quality within a company it is important to recognize the history of the company. We saw the development of Quality in SKF as a staircase with each step building on previous quality initiatives such as quality systems, TQM, Six Sigma etc. There is always another step to take at the top of the staircase.

– At SKF we were lucky to have very demanding customers in industries like aerospace and nuclear and that gave us the best push to become better all the time. A specific improvement, like in Six Sigma, can be run as a project, but overall, continual improvements within an organization are vital and this is indeed a never ending journey.

In many organizations quality work is quite fragmented, focusing on different concepts and systems. As an effect the organization loses efficiency and power.

What is your advice to make these different concepts and systems cooperate towards common goals?

– I recognise this fact. Quality Management has many dimensions, and the challenge is to make sure all quality professionals are pulling in the same direction and working together. It is important to remember that the ultimate quality responsibility lies with the line management and all employees. Quality professionals are more like coaches with specific knowledge of quality management and tools that support all parts of the organization to be customer focused and have more efficient processes. I was fortunate to have an excellent Quality team in SKF – or, we could say excellent coaches – to help support and guide the organization.

What is required of the management in order to achieve success through quality and continual improvement?

– The absolutely most critical thing for top management is to integrate quality and customer focus as part of the business strategy and then to “walk the talk”. Never ever can you as a leader jeopardize quality in order to, for example, gain a short term financial benefit. Many people think quality costs due to all the systems and reporting. In fact quality does not cost – non-quality costs!!

How did you learn about the basics of quality management yourself?

– As I mentioned, quality management became quite natural to me as I like things that are logical and based on facts. It was when I visited a 3M factory in Brazil back in 2002 that I first came across Six Sigma as a concept. To me it was exactly what we needed and there and then we decided to introduce Six Sigma into SKF – at that time within the Automotive Division. Later on, a year or so after I became CEO, we brought Six Sigma into the SKF Group as our systematic way of working. When we were up and running, we gradually started to see savings in the magnitude of 500 MSEK on a yearly basis, which made both customers, employees and shareholders happier.

What is needed to develop a quality culture within an organization? And what would you say builds up a quality culture?

– It is important to remember that competitors can copy your products and over time will copy your processes and techniques. However, they can never copy your people. Hence, the culture you develop becomes a key competitive edge. For me a quality culture is built on a customer focus combined with the endless effort of always making things a bit better every time. Sometimes bigger efforts are needed but a process of continuous improvement is absolutely the best way forward. Deviations should be seen as a way to improve and you should embrace them and not hide them. Management has a key role in this. In the daily operation, it comes down to treating people the same way as you would like to be treated. That is a golden rule I always carry with me.

If you were to be appointed CEO of an organization that has not been working that systematically with Quality Management – what would be the first thing you would do?

– First analyse the organization and its history. You can never launch a new approach or direction without understanding the history to refer to and build on. Then again – the very definition of quality is customer satisfaction, so assuring that the organization becomes customer focused and embraces continuous improvement is the most important thing to do.

Today people are talking a lot about investing in digitization. How would you say digitization can affect internal efficiency as well as deliver new customer benefits?

– This is very important. Digitization has effect on all kinds of aspects and hence also on quality. First of all, through digitization new functionalities and customer benefits can be achieved. It is also important to remember the astonishing benefits achieved through connected products and machines that can feed back data on how they perform and are being used. If this data is used properly, it will quickly drive quality improvements in existing products, eventually through machine learning, and to new products and future generations of products. It will be another big step forward for quality and a differentiator between organizations. The organizations that succeed in doing this will outperform competitors.

Today quality and sustainability are getting closer and closer. What is your view of the connection between Quality Management and Sustainability?

– This is also very important. To me sustainability is about the balance and care between different perspectives. Within SKF we designed the SKF Care program to be built on the balance between four pillars – Business care, Employee care, Environment care and Community care. Success is achieved by developing all these areas while at the same time maintaining the balance.

What is your view of the global development of quality? For instance, how do you view the quality development in China and India and how this will affect industry in the western world?

– I have always worked in companies with an international coverage and international customers. It has been extremely interesting to see how various countries progress and how they do this at very different speeds. The development in China impresses me a lot. Some years ago we looked upon Chinese industrial products as primarily suitable for the Chinese market. But for some years now this has been developing into a global business and many Chinese companies have clear global aspirations. I also keep a close eye on India. We can clearly see a similar development in this country. The thorough education system in India in combination with both business and with the structure the government is putting in place means that we can expect to see a strong development there.

What are your key lessons learned in relation to quality management based on all your experiences?

– The more experienced you become, the more you learn how important it is to present things in a way that is easy to understand so that it becomes clear and logical to all what the organizational direction and the need for change is and why and how each and every employee can contribute.

What is your view of the initiative for the new global conference “Excellence Summit” in Gothenburg on September 11–12, 2018?

– I like the idea. The focus on Business Excellence is just right. Also, as things go so much faster these days, it is even more important to meet and learn from each other. Hence, I immediately said yes to be a keynote speaker as soon as I got the question. I also like the proposed combination of mixing top management professionals with the leading researchers in Quality and Business Excellence.