

# A Journey Toward Excellence: Russian System for Quality

By Jorge Roman and Maxim Protasov

## Introduction

Quality awards and business excellence frameworks are based on the philosophy of total quality management (TQM) and, in particular, the principles of continuous improvement. The European Foundation for Quality Management Excellence model (EFQM model) and Malcolm Baldrige National Quality Award model (MBNQA model) are widely known and are used as channels of TQM.

The last two decades have witnessed the increasing application of business excellence frameworks as more companies have learned how to use them to obtain superior performances (Dahlgard et al. 2013). This increased adoption of the business excellence frameworks has improved the performance of many organizations around the world in both public and private sectors.

It has been very challenging to trace the roots of the quality journey in Russia, but prior to the creation of the Russian Business Excellence Model (RBEM) in 1996, quality in that country was assured mainly through quality



**Dr. Jorge Román** received his PhD from Lleida University in Spain. His areas of expertise focus on the application of quality improvement to business in service and products (TQM, lean management, benchmarking, business excellence framework). Román is currently working as an excellence and pioneering consultant at Dubai Police in UAE. He was an ASQ Country Counselor 2015–2018 and a member of the International Academy for Quality and the Organizational Excellence Technical Committee of the QMD. He can be reached at [jgarate@dubaipolice.gov.ae](mailto:jgarate@dubaipolice.gov.ae)



**Maxim Protasov** is the CEO of the autonomous non-profit organization Russian Quality System (RusQuality), the National Institution of Quality, established by the Government of the Russian Federation. He has a PhD in economics from the Institute of Latin American Studies of the Russian Academy of Sciences and is a graduate of Lomonosov Moscow State University. Protasov is also a member of the state commission for anti-trafficking in industrial products and the workgroup for 'Regulatory Guillotine' (large-scale reversion and reveal of normative legal acts that negatively affect the general business climate and regulatory environment). Since 2021, he has been a member of the Interdepartmental Council of the National Quality Infrastructure, established by the Government of the Russian Federation.

*Global presence:* Protasov represents Russia in the European Organization for Quality Board (VP) and Asia-Pacific Organization for Quality Executive Board.

He was awarded a certificate of honor by the Federal Agency on Technical Regulating and Metrology and received a commendation of the Ministry of Agriculture of the Russian Federation.

standards such as those developed by Kulikovskiy in 1914-1915, the Committee for Standardization in the 1930s, and, finally, the Government Quality Standard (GOST) in the 1940s (Rebrin 2004). For the last 25 years, the Russian Government Quality Award has been awarded each year to Russian companies for achieving significant results in the quality of products and services, as well as for the introduction of highly effective management methods and technologies that improve business processes. RusQuality, as a national quality institution, operates the award competition.

Nowadays, Russia operates the System of National Standardization, which comprises a series of interrelated rules and regulations that companies can follow to compete and improve the quality of innovations in the areas of the Russian economy regulated by the government. These rules and regulations are continuously refined and supplemented in connection with the purposes and principles of standardization established by government law on technical regulations (Rebrin 2004; GOST 2014).

## An Overview of the Russian System for Quality (RusQuality)

In Russia, RusQuality, the organization, established by the government of the Russian Federation in 2015, handles all the above quality matters, which is quite unique. It is an institution with high technology, professional expertise, and international research projects. RusQuality is quite experienced in the field of quality for business processes, products, and service areas. Its main objective is to motivate Russian enterprises by implementing high production standards and advanced management technologies as well as to develop a class of professionally advanced consumers. This is how a complete quality system works. Everything is based on the main mission—improving the quality of life in Russia.

Achievement of this strategic goal will be done through the tools of “soft power” and intellectual and ideological leadership. From the point of view of RusQuality, a higher quality of life means the opportunity to make conscious choices of material goods, to have access to services, knowledge, cultural values, and social

opportunities, as well as to maintain health and active lifestyles for the stakeholders.

The main strategic tasks of RusQuality for the next five years are:

1. Create and popularize the ideology of quality: socially significant ideas about the quality of life, recommendations for its improvement, information materials that help citizens determine the quality of goods and services, and assistance for organizations in production and distribution of quality goods and services.
2. Build strong brands and achieve high levels of brand awareness and public trust in RusQuality.
3. Implement the idea of quality and quality management into all state development programs and initiatives.
4. Make regular participation in Russian Federation Government Quality Award (RFQOA) the wordless imperative for all organizations and businesses in Russia.
5. Increase the impact of the National Quality Sign on the consumer market: grow its S level of recognition and confidence in it.
6. Establish new traditions and patterns of behavior; spread among the consumers the idea of a newly recognized national holiday: Quality Day

## RusQuality’s Main Contribution to Development of Russian Economy

The activities of RusQuality contribute to the development of the country’s economy. Enterprises across Russia strive to become laureates of the State Quality Award (SQA) by optimizing manufacturing processes. At the present time, more than 300 organizations from 80 regions of the country have won the award. In 2021, more than 500 enterprises applied for the SQA. Another field of RusQuality expertise is comparative product testing of different consumer goods. Such quality testing allows RusQuality to identify systemic problems in various industries.

Manufacturers strive to obtain the high product rating provided by RusQuality and the right to put the Quality Sign on the labels of their products, to enhance production control, and to raise



**Figure 1: RusQuality Team, 2021 – Source: Roman and Protasov**

requirements for the quality of raw materials. RusQuality seeks to cover the entire Russian market, including testing not only major brands but also regional and local brands. Thus, small businesses that produce high-quality products can enter federal and international markets. To date, more than 250 products have been awarded the Russian Quality Sign. **Figure 1** shows the RusQuality team.

The key tasks of RusQuality are summarized as:

- Improve the efficiency of Russian companies' management systems based on diagnostics and improvement of business processes.
- Conduct mass tests of consumer goods in order to provide the consumers with full and clear

information on the fast-moving consumer goods (FMCG) market.

- Educate consumers on quality issues in order to form professional consumers' communities (prosumers).
- Support manufacturers of quality products and promote their quality products and services in both domestic and international markets

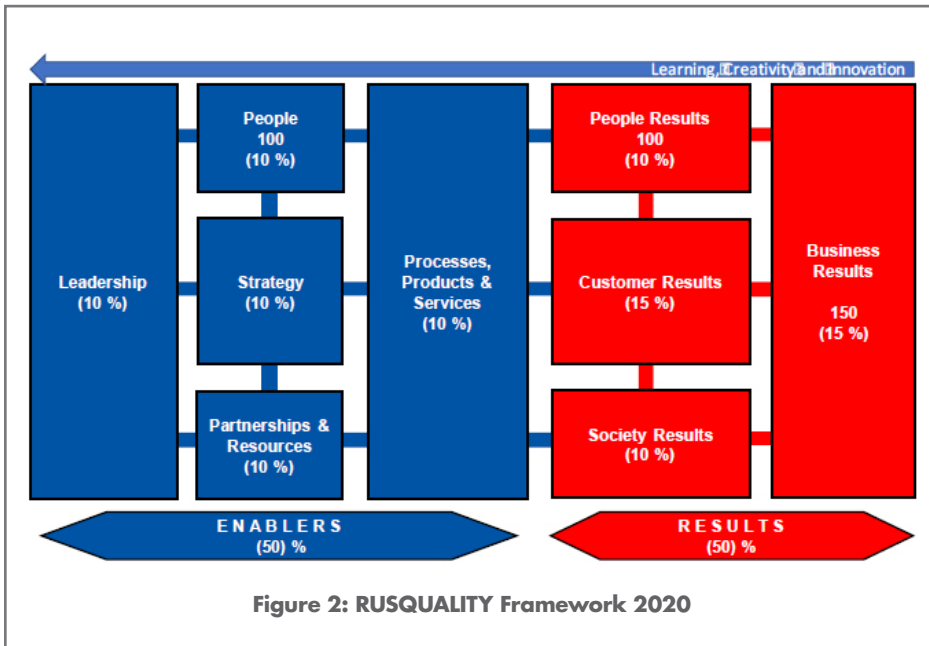
## The Russian Quality Award

The dissolution of the Soviet Union in 1991 resulted in a transition of the newly formed Russian Federation into a market economy as well as its inclusion into the global economic system. This forced the Russian government to help national

organizations improve the quality of their products and services. The creation of the RFGQA in 1996 was aimed at providing Russian businesses with tools to improve their products, services, and business practices and thereby increase the competitiveness of their products (Russian Research Institute for Certification 2015).

The transition to a market economy and entrance into the global economic system naturally put forward the problem of product and service quality in a number of major national tasks to be fulfilled. In 1992, on the initiative of the Gosstandart of Russia, the process of organizing competitions for national quality awards was started. Specialists in industrial enterprises, high schools, institutes of the Gosstandart, and the scientific community became involved in this work. After analyzing the experiences of competitors for the Deming Prize Quality Award (Japan), Malcolm Baldrige National Quality Award (United States), and the European Quality Award, the excellence model of the EFQM was chosen as the model for the Russian Government Quality Award.

By introducing the quality award for applying quality management methods, the government has brought in a substantial contribution to help the state understand the importance of maintaining the competitiveness of Russian enterprises and support the systems approach to quality. The Russian Quality Award (RQA) has helped organizations to improve their understanding of the business excellence framework, create greater awareness of quality management, and achieve the results as in line with major global excellence frameworks, such as EFQM. Past winners demonstrated increased



customer satisfaction along with business growth due to customer retention.

## RusQuality's Framework (see Figure 2) and a Brief Description of the Award Criteria

- Leadership:** Outstanding organizations have leaders who shape the future and make it happen, acting as role models for the establishment's values and ethics and inspiring trust at all times.
- Strategy:** Outstanding organizations implement their mission and vision by developing a stakeholder-focused strategy. Policies, plans, objectives, and processes are developed and deployed to carry out the strategy.
- People:** Outstanding organizations value their people and create a culture that allows the mutually beneficial achievement of organizational and personal goals. They develop the capabilities of their people and promote fairness and equality.
- Partnerships and resources:** Outstanding organizations plan and manage external partnerships, suppliers, and internal resources in order to support their strategy, policies, and processes. They ensure that they effectively manage their environmental and societal impact.
- Processes, products, and services:** Outstanding organizations design, manage, and improve processes, products, and services to generate

increasing value for customers and other stakeholders.

- Customer results:** Outstanding organizations achieve and sustain excellent results that meet or exceed the needs and expectations of their customers.
- People results:** Outstanding organizations achieve and sustain excellent results that meet or exceed the needs and expectations of their people.
- Society results:** Outstanding organizations achieve and sustain excellent results that meet or exceed the needs and expectations of relevant stakeholders within society.
- Business results:** Outstanding organizations achieve and sustain excellent results that meet or exceed the needs and expectations of their business's main stakeholders.

More than 3,000 companies from 80 regions of the Russian Federation have participated in the RQA competition since the 1990s. More than 200 Russian companies became laureates and diploma winners of the award. The economic effect of the award experts' recommendations implementation amounted to more than 1.3 billion euros in 2019. Twelve companies can win the award annually, and 10–15 can be runners-up.

The uniqueness of the RQA model is that participation in the competition gives organizations the opportunity to receive feedback from experts, and the best part is that it's free. The feedback can include:

- Having business processes assessed by leading industry experts
- Evaluating the satisfaction level of consumers, staff, suppliers, and society
- Receiving specific and comprehensive recommendations for business improvement
- Enjoying national recognition from peers and colleagues in the quality field

The RQA model is fully harmonized with the EFQM model. RusQuality closely monitors changes in similar prizes around the world and implements the best practices. The RQA is not the only instrument for improving quality management in Russia. All the best business excellence models (EFQM, Baldrige, Singapore, Dubai, and Russia Business Excellence Models) embrace similar principles, a holistic and systemic approach, process, and result.

One of the main objectives of the RQA lies in introducing self-assessment into the practice of Russian enterprises. Many organizations, having carried out self-assessment for the first time when participating in the competition, continue applying it on a regular basis. The application of this tool is included in a standard model of quality systems for high schools. The conduct of self-assessment covers the level of divisions, thus providing the awareness of all personnel on modern approaches to organizational performance improvement. The outcomes of self-assessment are used in business-planning systems to determine relative improvement actions.

## Main Benefits of Using this Framework

Business excellence models are frameworks that, when applied within an organization, can help to focus thought and action in more systematic and structured ways that should lead to increased performance. Facing an increasingly turbulent and chaotic environment, more and more companies have implemented business excellence strategies and made quality a key element of their business philosophy since quality leads to improved business performance (Dale, Bamford, and Van der Wiele 2016).

As mentioned earlier, perhaps the greatest benefit of the RQA competition is the opportunity for the participants to get a free assessment of their business processes by the pools of experts and receive detailed guidelines for improvement. The

award procedure is based on the world's best practices. The organizations are assessed by more than 150 qualified experts, including over 30 EFQM assessors. Experts who evaluate the award applications note that the organizations extensively use a range of quality management approaches: lean production; failure mode and effects analysis (FMEA); quality function deployment; statistical process control; the 8D problem-solving process.

Research indicates that organizations with a business excellence approach obtain many significant benefits. Beyond improvement in financial indicators, other benefits include enhanced innovation and idea generation, higher customer satisfaction, sounder organizational growth (employees), greater employee satisfaction and involvement, better efficiency, and improved product reliability. Notwithstanding these benefits—of which there is considerable evidence and also debate—one more key benefit of award-based models is that they provide a balanced scorecard of criteria and measures against which organizations can objectively evaluate their management systems and performance and also compare that performance with world-standard benchmarking levels as well as with the performance of other organizations (Mann 2017).

## Some Past Winners of the Russian Quality Award

We'll now finish with a brief discussion of some of the past winners of the RQA.

1. **KAMAZ** is a leading Russian truck manufacturer. Its vehicles are exported to more than 80 countries. KAMAZ launched an efficient system of motivation for proposed improvements (it resulted in 89 kaizen proposals; 1,108 kaizen projects). In order to promote the implementation of lean manufacturing and sharing experience at KAMAZ, a system of seminars for third-party organizations was developed. One of the key factors for KAMAZ's success is the regular training of workers (more than 1,000 annually) in quality improvement tools: Ishikawa diagram, Pareto diagram, business excellence framework, lean management, and statistical methods of quality control.
2. **Seversky Pipe Company** is one of the oldest Russian metallurgy plants in the Urals region. It has saved approximately a half-billion Russian Rubles with engineering quality management methods after the company's first participation in the RQA procedure.

Twenty-five managers were trained in Six Sigma and lean manufacturing methods. They implement projects themselves, demonstrating by personal example that the methodology works successfully in all business processes. One of the priorities of Seversky's top management is the continuous involvement of personnel in training events (workshops, conferences, internships). The company has a program of internships for young specialists, through which many employees have been trained annually on the process approach, lean production, building customer service, and the basics of quality culture.

3. **Hevel Energy Group** is a Russian pioneer of solar energy. It uses state-of-the-art technologies to achieve the highest quality in its solar power modules. Lean manufacturing projects were initiated by RusQuality with significant savings within seven months. The company continues to actively develop and apply up-to-date tools for improving business processes, focusing not only on the Russian market but also on the world market. This all became possible thanks to applying for a RQA.
4. **RQAs** are sought not only by enterprises and organizations but also by municipalities. A striking example is the Almet'yevsk Municipality, a winner in the 2018 RQA contest. The regional management model is based on the criteria of the business excellence framework, which allowed Almet'yevsk to become one of the most comfortable cities in Russia for its residents. More than 30 municipal employees annually undergo regular training on quality management tools, lean production, and a process approach. Training employees in the quality tools is a key factor for the municipality to keep adding value for its residents by offering first-rate customer services.

## Conclusion and New Challenges

The business excellence frameworks are designed to recognize best practices in managing the organization and achieving results, all based on a set of quality concepts and values. Such practices have evolved over time and have become models used worldwide, illustrating how an organization should operate to achieve a high level of performance as well as excellent results.

Over its 25-year period, RFGQA has established itself as a tool for assessing the level of business excellence of organizations, for diagnosing business processes, and, in some cases, as a strategic model for business development. In Rusquality's Strategy-2025, the development of RFGQA is one of the key areas of work. This will make it possible to further improve the performance of organizations and, consequently, to raise the quality of life of the Russian Federation citizens.

The purpose of this article was to explore the journey of excellence of the Russian System for Quality. In this context, the research presented in this article should contribute to the quality management theory by expanding current knowledge on business excellence frameworks. Regarding these issues, the Russian System for Quality has shown its journey of excellence and has discussed how some past winners of the RQA used improvement initiatives on their journeys toward achieving organizational excellence.

## Acknowledgments

We thank Yulia Mikhaleva and Igor Goryunov for their contributions to this article.

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