

Quality Management versus Risk Management

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Abstract

The purpose of this paper is to analyse the field of risk management in relation to the connection to quality management. It poses and attempts to answer three important questions: What can quality teach risk management? What can risk management teach quality? And what must both risk and quality management still learn? This is an area, which has so far not been explored by the quality management fraternity. The examination is built on more than twenty years experiences in the area of quality management and extensive involvement in recent developments around risk management (e.g. the Australian/New Zealand standard for risk management (AS/NZ4360), the development of a risk management model by the European Foundation for Quality Management, and the launch of risk based instruments by a number of private companies). Amongst the major findings are that there are three types of risks – predictable risks that organisations know they face; the risks which an organisation knows it might run but which are caused by chance; and the risks which organisations do not know they are running. The paper outlines how the quality management discipline can help with the management of these types of risks. It is pointed out that in the past the challenge for quality management professionals was to support process and design improvements but the challenge in the future is to improve relationships in order to reduce and manage the most important risks.

Keywords: Risk Management, Quality Management, quality model, risk model, standard, EFQM, teaching.

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