

ISO 9001:2000

IS IT WORTH IT ?

A TOOL FOR PREPARING TO MANAGE A CRISIS



IN THIS ISSUE

This is the third in a series of QRC Newsletters addressing the topic: "ISO 9001:2000, is it worth it?"

In previous Newsletters we have recognized the reluctance of ISO 9000:1994 companies to transition to the ISO 9000:2000 Standard, and the dramatic slow down of first time certification activities.

The major reasons organizations certify to ISO 9001:2000 continue to be:

Requirements of Standards organizations (e.g. for transition from ISO 9000:1994)
Requirements of actual or potential customers (not, at present, noticeably distinguishing between ISO 9000:1994 and ISO 9000:2000)
Certification by competitors.

In the light of this situation and the significant differences between the 1994 and 2000 Standards, we are questioning, in this series of Newsletters, whether there are additional business reasons for organizations to meet the requirements of the new Standard.

In response to the negative economic climate that has existed during this series, we focus on ISO 9001:2000 as a management tool that can make a positive difference in bad times as well as good.

In the last edition, for example, we considered ISO 9001:2000 as a tool that could help identify and avoid potential problems.

In this edition we examine what help the Standard can be in preparing to manage the problems brought about by a weak economy.

Managers are currently dealing with a negative economy for the first time in many years. Many managers are experiencing the effects of this type of economy for the first time.

For many managers, the impact of the present economy makes appropriate the wisdom of Casey Stengel when he said:

"I have had no experience with that sort of thing, and all of it has been bad."



RESPONSES

There have been a number of interesting responses to previous articles in this series. The following reactions are a cross section of the present mood.

‡ "People love a deadline, and a final date of December 2003 for transitioning to ISO 9000:2000 is too far away to be a meaningful deadline."

"We have spent years and considerable resources to get our 1994 system working. Now that it is showing results, and our people are comfortable with it, we are being asked to make major changes that will confuse everyone."

⊗ "Our people have recently taken a reduction in salary and have survived more than one round of layoffs. In some cases, they are wearing as many as three "hats". Where can we find the time or enthusiasm to make this change?"

Perception of "the right time " to make a change is, of course, critical.

Congressman Chet Holifield once identified the significance of differing perceptions of time when he explained: ***"Last week my broker tried to sell me ten year bonds. I told him that at my age I don't even buy green bananas"***

Delays in taking advantage of the potential of ISO 9000:2000 can make postponing the growth of disciplines like customer satisfaction and continual improvement a costly decision.

In the words of Branch Dickey ***"Luck is the residue of design."***

ISO 9001:2000 provides the "design". If Mr. Dickey is right, following this design could help achieve the "luck".



PREPARING TO MANAGE THE BAD TIMES

One of the important features of the present negative economy is that there is very little collective memory of dealing with its effects.

It has been estimated that only 20% of the chief executives in office in the recession of 2001-2002 had been leading their companies in the previous recession.

Experience is a good, if harsh, teacher. It was once reported that IBM's then leader, Tom Watson, was asked if he was going to fire an employee who made a mistake that cost the company \$600,000. **"No", he replied, "I just spent \$600,000 training him. Why would I want somebody else hiring his experience?"**

Without previous experience, organizations tend to deal with negative challenges in one of the following ways:

Do what others are doing.

Check what others do that does not work, and do the opposite.

Check what others do that works, and adopt the principles.

Near St. Louis, Missouri, there is a manufacturing organization (Emerson) that grew to be a more than \$15 billion company by increasing its earnings an unprecedented 43 years in succession. Not surprisingly, the company became a role model for business schools from Harvard to Stanford.

In checking to see what others do that works, Emerson can be considered a prime candidate for examination.

To make this task easier, we can refer to an article in the Harvard Business Review by Charles Knight, who, before writing the article, had, as Chief Executive of Emerson, already presided over 27 years of successive earnings growth.

Mr. Knight described the company's methods as follows:

"The most important contribution to success is an effective management process. The essential components of that process are:

1. A strong commitment to planning.
2. A well functioning system of control and follow up.
3. A determination to keep things simple
4. A desire for action and results."

It was Mr. Knight's opinion that "management usually knows what to do, but for some reason it doesn't do it."

If you have had an opportunity to review ISO 9001:2000, you will already have noted the similarities between Mr. Knight's comments and the directions provided by the new Standard.

If you have not yet had the opportunity to examine the Standard in detail, the following review might be helpful.



PLANNING

There is a story told about the man who pulled his car over to ask a youth how far it was to a certain destination. **"If you keep going the way you are headed,"** responded the youth, **"it will be about 25,000 miles. But if you turn around, it will be about three miles."**

The impact of the direction in which an organization is headed is an important contribution to both survivability and success.

Norman R. Augustine claims **"The companies that have decided what they stand for before a crisis manage it best."**

Effective planning is a major contribution to deciding what a company stands for.

Mr. Knight, in his article, described a planning process that started with the company's key managers. The vision and objectives of the organization are established at these planning sessions. This enables Emerson to determine the direction and goals that give *each part* of the organization a direction to make its contribution to success.

ISO 9000:2000 provides the same map for establishing the direction of an organization. In the Standard, the role of management includes:

" Establishing and maintaining the objectives of the organization

Promoting the objectives throughout the organization to increase awareness, motivation and involvement.

Focusing on customer requirements
Planning the management system to meet customer requirements and objectives.

Objectives (including the requirements for the product) are established at relevant functions and levels within the organization."



CONTROL AND FOLLOW UP

"You can't control what you can't measure"

Newsletter 402

Emerson's system of control and follow up depends on accurate measurements of various aspects of the business. ISO 9000:2000 provides organizations with the same focus. Having created goals for the key areas of a business, the Standard requires the organization to measure such essential aspects as:

- © Customer satisfaction
- System performance
- Processes
- Product

Having conducted these measurements, the Standard requires the correction of activities that do not achieve their goals, and, as part of the program, to continually look for means of improvement.



KEEPING THINGS SIMPLE

One example of ISO 9000:2000's commitment to this goal can be found in the way it deals with documentation. A continual complaint about ISO 9000:1994 was that it created a bureaucracy. Though that was never the intent, it was often the result.

ISO 9001:2000 states that the amount of documentation depends on:

- "The type and size of the organization
- The complexity of products or processes
- The ability of personnel"

In the words of an inscription on the Temple of Apollo: **"Nothing in excess"**



ACTION AND RESULTS

The philosophy of establishing goals, providing resources to achieve them, taking action, measuring the effectiveness of the action taken and correcting and eliminating the nonconformities discovered by these measurements, are fundamental to the ISO 9000:2000 program.

The keys to success that were itemized by Charles Knight of Emerson are therefore the same principles that govern the requirements of ISO 9001:2000. Implementing these proven steps could be the best way to prepare to manage a crisis.

As a hockey coach once said to the young Wayne Gretzky, **"You miss 100% of the shots you never take."**

PRODUCT INFORMATION

As a service to our readers, we will, from time to time, identify products that we come across that may be of help in ISO 9000 programs.

QRC has no connection with these products and offers no warranty regarding their effectiveness.

DocBase Direct

This is a secure web-based documents and records management application that is a cost effective solution to paperwork problems.

The developers of the system have considerable experience in ISO 9000 from a user's perspective (one was an owner and another the Management Representative of a company that achieved Certification)

For a personal phone tour of DocBase Direct, or for information on the system, contact: Scott Dawson at **Core Business Systems**, (570) 524-2785 or visit their Web site at www.thecoresolution.com

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