

QUALITY RESOURCE CENTER, INC.
ISO 9001:2000
IS IT WORTH IT ?



IN THIS ISSUE

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

☺ We are sorry that this issue has been delayed. The original Issue 404 was completed a few weeks ago, but it was so full of "doom and gloom", we didn't have the heart to send it out (see what we mean in "**Some Extracts**" below).

Instead, we decided to scrap it and replace it with a Newsletter that focuses on the principles of the new Standard that potentially can help a company:

- ☺ Effectively address customer (internal and external) satisfaction issues
- ☺ Improve the bottom line
- ☺ Increase effectiveness

"The great thing in this world is not so much where we stand, as in what direction we are moving"

Oliver Wendell Holmes Sr. (1841-1935)



Some Extracts from the original Issue 404:

"We have already reviewed the slowness of ISO 9000:1994 companies in the United States to transition to ISO 9000:2000. No more than 5% of the 35,000 or so companies that need to transition by December 2003 have done so. This is in spite of the fact that reputable Certification bodies are insisting that companies that are not certified by the end of 2003 will have their certifications pulled.

Things must be better in Europe right? Wrong!

In the United Kingdom alone, over 50,000 companies that are registered to ISO 9000:1994 have still to transition to the new Standard.

It is getting to the stage that if all the currently registered organizations decide to transition by the deadline, Certification bodies will not be able to deal with the

workload (though they probably would welcome the chance to try).

In these circumstances some questions are being raised.

🏢 What if companies that are not forced by their customers to be certified choose to drop their certifications rather than upgrade?

🏢 What if companies do not change their certification, but become ISO 9000:1994 "conformant" (*there is at least one truck driving around Silicon Valley with a sign that says the company that owns it is "in conformance with ISO 9002."*)

Even some organizations that are stirring into transition action appear confused by the new Standard.

Management has given people assigned the ISO transition responsibilities such "clear" guidelines as "Just tweak the manual a bit and do a few customer satisfaction surveys" or, "Change the numbering around a bit" (*these are actual examples*).

With these directions, the unfortunate individuals go out and buy a copy of the new Standard. By the second read through it becomes apparent that a value added transition to ISO 9001:2000 is a lot more than "tweaking the Quality Manual"

A recent example of this trend was an ISO 9002:1994 company with a large design department (excluded from its previous ISO 9000 activities). This company requested a Pre-Assessment Audit. They felt they were ready for ISO 9001:2000 Certification.

After it was explained that they could no longer exclude design, their interest quickly waned.

So where do people tasked with making the new Standard happen go for help?

As we all know, a little industry has grown up around the ISO 9000 Standards.

Unfortunately, the image of this industry is not always positive.

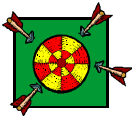
David Jenkins of Borcom Associated Consultants, for example, describes the mantra of the ISO 9000 industry as "what is the minimum effort required to gain and sustain certification?"

In his opinion, as in ours, the mantra should be "What contribution can the Standard make to help an organization be effective and profitable?"

“No one is either rich or poor who has not helped himself to be so”

German proverb

MISSED TARGETS



ISO 9000:1994 described itself as **“being aimed at achieving customer satisfaction by preventing nonconformity at all stages from design through to servicing”**.

Missing the target #1:

The sole ISO 9000:1994 objective of many companies was “Certification” (the famous “plaque on the wall”).

An appearance of wanting to achieve customer satisfaction is obviously not the same as actually wanting to achieve it. Even when customers did not recognize this cynicism, employees did, and the result has been a widely held negative reaction to the ISO concept.

“You may fool all of the people some of the time; you can even fool some of the people all of the time; but you can’t fool all of the people all of the time”

Abraham Lincoln (1809-1865)

Missing the target #2:

A “cost of doing business” was a scarcely flattering, but quite common, description of ISO 9000:1994.

If the way ISO 9000:1994 was implemented meant that the costs of the installation and operation exceeded the benefits, it seems a strange goal to have pursued

“To hold your head up

Hold your overhead down”

Ruth Boostin

Missing the target #3

People who ran the ISO system often concerned themselves with “How will the Certification Auditor react to this?” rather than “What is best for the business?”

It must be remembered that the Certification auditor has no obligation for the success of the business (regardless of how helpful he/she may be). His/her obligation is to measure your actions against the requirements of the Standard.

“We can’t be like the little boy with the big dog, waiting to see where the big dog wants to go so that he can take him there”

Lee Iacocca

Missing the target #4

The ISO 9000 targets of many managers were: “keep the costs down” and “do not lose Certification”.

With these goals, it is understandable that many employees interpreted “preventing nonconformity” as “preventing nonconformities from being discovered by an audit”

People are generally not enthused by goals that are solely focused on “avoiding failure.” ISO 9000:1994 encouraged preventing and resolving nonconformities in order to make customers satisfied. Unfortunately some companies changed this goal to preventing being caught in nonconformities in order to make a Certification auditor happy.

“Without enthusiasm there is no progress in this world”

Woodrow Wilson

HITTING THE TARGET!



The good news about ISO 9001:2000 is that the target is a lot bigger than the ISO 9000:1994 target. The bad news is that the target has been moved a lot further away for most companies.

Where ISO 9000:1994 tried to encourage organizations to *create customer satisfaction by making less mistakes*, ISO 9001:2000 includes in its principles:

Customer focus (*understand customers’ expectations and try to exceed them*)

Leadership (*create unity of purpose and direction in the organization*)

Involvement of people (*enable people to use their abilities for the organization’s benefit*)

Continual improvement (*as a permanent objective*)

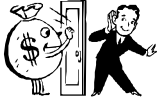
Factual approach to decision making (*don’t just collect data, but analyze and use it for the benefit of the organization*)

ISO 9001:2000 has replaced the reactive tone of its predecessor with continual improvement and proactive requirements regarding customers and stakeholders.

“Product and service quality as much as price are the keys to customer satisfaction and therefore productivity”

Robert A. Ferchat

THE OPPORTUNITY



“When the door of one opportunity closes, another sometimes opens; but often we look so long at the closed door that we do not see the one which has been opened for us” Helen Keller

In a recent Executive Management Workshop, helping a company prepare for its ISO 9001:2000 program, the topic of the apparent reluctance of organizations to transition to ISO 9001:2000 was raised. Having listened to discussions of the significance of this situation, the C.E.O. of the company summed up his attitude as: *“If every qualified company transitions to ISO 9001:2000, we will be one of about 40,000 companies in the United States to benefit from the opportunities on offer. If only 5% of these companies transition, we will be one of only 2,000 companies in the United States that will enjoy these benefits. The second option looks preferable.”*

The missed targets identified above are only a few examples of the many mistakes that were made with ISO 9001:1994. It is easy to forget that a lot of companies understood what could be gained from effectively implementing the Standard, made the effort and got their rewards.

- A General Accounting Office report of the benefits of effectively implementing ISO 9000:1994 identified the following:
- An 18% increase in the number of problems solved by employees
- A 13% increase in product/service reliability
- A 10% reduction in errors
- A 12% reduction in customer complaints
- A 14% increase in market share

If these gains were achieved from the limited objectives of ISO 9000:1994, the potential of ISO 9001:2000, with its business focus and direction, is surely a target worth aiming at.

“Aiming for perfection is always a goal in progress” Thomas J. Watson Jr.



MAKING THIS ONE COUNT

“You can observe a lot just by watching”
Yogi Berra

Our experience helping companies certify to both ISO 9000:1994 and ISO 9001:2000 shows that organizations that approach the requirements of the Standard as an opportunity, rather than a necessity, are the ones that are set to gain the most.

With the new Standard, the awareness of an opportunity is most often expressed as a goal of continually improving the organization. The achievement of certification is then no more than an external recognition of the success-to-date of the organization’s on-going performance improvement program.

QRC’s Protocol Method is an effective tool used by opportunity aware companies to focus first and foremost on improving the business, and, as a by-product, achieving certification.

In Edition 405 we will discuss the Protocol Method and hopefully give some useful hints to organizations that wish to take full advantage of the opportunities offered by the principles of the new Standard.

PRODUCT INFORMATION

As a continuing service to our readers, here is another product that may help you with your business and ISO 9000 programs. QRC has no connection with these products and offers no warranty regarding their effectiveness

Performance360

This product is advertised as *“a reasonably priced Internet enabled subscription service that provides comprehensive supplier performance metrics.”*

An attraction of this service is that it helps maintain an effective AVL (good for the 94 and 2000 Standards), and provides supplier performance trends as part of an exception notification system.

In the “meaningful information” corner, this service enables companies to quantify (on a dollar basis) the impact on the operation of a failure to perform on the part of a supplier.

A management that is looking for fact-based decisions has a tool to play with here.

Another good thing about this outfit is that they listen to input and respond.

For more information (and a demo) contact Ralph Finley at (650) 965-2704.

For information try their web site at www.marketanswers.com