

**ASK AN EXPERT**

**QUALITY COMES FIRST — THEN REGISTRATION**

*by Martin J. Jaeger*

**Question:**

I've seen anecdotal information on the experiences companies are having with respect to ISO 9001:2000. Is there any objective data yet to suggest how companies might be faring with the transition?

**Answer:**

I remember the words we chanted every day so vividly, "Up in the morning before day, this is the way we start our day! Airborne, all the way, every day!"

It occurred to me that any organization that wanted to embrace the new revision could substitute the word "Quality" lest they never forget.

**The data**

*The ISO Survey of ISO 9000 and ISO 14000 Certificates – Tenth cycle* reported 35,018 registrations to ISO 9000 in the United States as of December 31, 2000. *QSU*, the official ISO 9000 registry for North America, reported that as of December 15, 2001, (12 and a half months after its publication) only 638 organizations have been reported by their registrars as having upgraded to ISO 9001:2000.

A closer look at this survey also reveals that after successive gains in the number of US registrations — 5,968, 6,406, 8,067 in 1997, 1998, 1999 respectively — the trend bottomed out with an increase of 1,964 registrations reported in 2000. Did this trend influence the new revision?

**Why the slowdown**

By 2000, with customer pressure for suppli-

er registration easing, organizations considering registration wanted to know what kind of return they could expect on their investment. They wanted proof that ISO could deliver.

**Mixed results**

When they took a closer look at some of the organizations that achieved registration they found a fair number that had effectively used ISO to drive continuous improvement, increase sales and improve their bottom line.

Unfortunately, they also found a fair number that had documented quality management systems — shadow systems, as a recent article reported — that produced little evidence of improvement in ontime delivery, parts per million defective or cycle time reduction, the types of quality objectives that typically lead to increased sales and an improved bottom line. In fact one client related to me that after one of their largest suppliers achieved registration their ontime delivery actually got worse and instances of nonconforming product actually increased.

Observations like this coupled with stories that "some auditors do little more than conduct a bureaucratic paper chase" or that, like the Greek messengers, auditors were afraid to deliver the bad news, it's no wonder that organizations weren't excited about registration.

Clearly organizations needed a model that would produce more consistent results, align itself with the day-to-day running of the organization and drive improvement. And this is precisely what

the new revision delivers. See Figure 1.

**How does this new revision differ?**

First of all the ISO 9000:2000 series were revised based on the eight *Quality Management Principles*.

If we were going to help organizations transition we needed to establish a baseline — where did organizations feel they stood relative to implementation of the principles? To answer this we decided to survey workshop participants throughout 2001 regarding their *perception* of their organization's implementation of the principles. Respondents, made up of professionals, managers and VPs from over 150 organizations (all registered to the 1994 revision) from the Fortune 500 to "mom & pops," gave us their answers.

**Benchmark your organization**

Before looking at the results, maybe you would like to evaluate your perception of your organization's implementation by completing the questionnaire appearing in Figure 2. What is your reaction to your evaluation?

Next benchmark your results against those of the over 150 organizations summarized in Figure 3.

**What is your reaction now?**

To put the results of the survey into perspective we can tabulate a score for each principle by assigning a value to each grade: A= 4; B=3; C=2; D=1. We can then rank each principle's level of implementation by sorting the results of the number of responses for each grade x the value assigned. See Figure 4.

The highest score for customer focus certainly validates ISO's success in communicating one of its primary purposes. The high score for continual improvement bears further analysis since participants were only asked if continuous improvement was a permanent objective of their organization. When asked what the definition of continual improvement was, many participants replied something like, "it means getting better." However, those same participants could not relate

*(see ASKANEXPERT, page 14)*

**Figure 1**  
How the Editions Differ

| ISO 9001:1994  | ISO 9001:2000  |
|--|--|
| <ul style="list-style-type: none"> <li>• "Registration then quality"</li> <li>• Implementation</li> <li>• Quality's job</li> <li>• Training</li> <li>• Documentation focus</li> <li>• Documentation drives the system</li> <li>• Minimum 20 procedures</li> <li>• 20 elements</li> </ul> | <ul style="list-style-type: none"> <li>• "Quality then registration"</li> <li>• Improvement</li> <li>• Top management's job</li> <li>• Competence</li> <li>• Process focus</li> <li>• The system drives the documentation</li> <li>• Minimum six procedures</li> <li>• Five clauses</li> </ul> |

## Ask an Expert

(continued from page 13)

to any specific quality objectives (goals) that were attained nor could they relate to applying continuous improvement to process and product characteristics.

The scores for process approach and leadership may provide the answer as to why organizations are not upgrading as quickly as we might have expected.

Overall one has to wonder whether a grade of "C" will be enough to get the organization to where it needs to be.

### Process approach

The new revision promotes the adoption of a process approach to improving the effectiveness of the quality management system. Many industrial leaders have significantly improved customer satisfaction and profitability by recognizing that there is a direct correlation between the number of product defects, wasted operating costs and the level of customer satisfaction.

Deployment of a process approach might start with 3 steps:

1. Identify product characteristics that are critical to quality (CTQ).
2. Determine process capabilities (the ability of our processes to produce defect-free work) for those product characteristics.
3. Focus on reducing process and product variation to eliminate defective product, reduce operating costs and improve customer satisfaction.

### Leadership and top management's new role

The standards writers added nine requirements ("shalls") that top management must take responsibility for:

1. It must provide evidence of its commitment to the development and implementation of the QMS.
2. It must ensure that customer requirements are determined and fulfilled.
3. It must ensure that the quality policy is appropriate and includes commitments to comply with requirements and to improve the effectiveness of the QMS.
4. It must ensure that measurable quality objectives are established at relevant functions and levels.
5. It must ensure that quality planning is carried out and maintained after changes are implemented.
6. It must ensure that responsibilities and authorities are defined.
7. It must appoint a management representative.
8. It must ensure that appropriate communication processes are established.
9. It must review the organization's QMS, at planned intervals to ensure its continuing suitability, adequacy and effectiveness. This includes assessment of opportunities for improvement.

Successful transition will require leadership and involvement of people at all levels in the organization.

### What will the future hold?

Many quality personnel believe that top management thinks that ISO is quality's job. The question remaining to be answered is, as Philip Crosby put it, Is top management, and therefore lower management, going to consider quality a leading part of the operation, a part equal in importance to every other part and rise to the occasion?

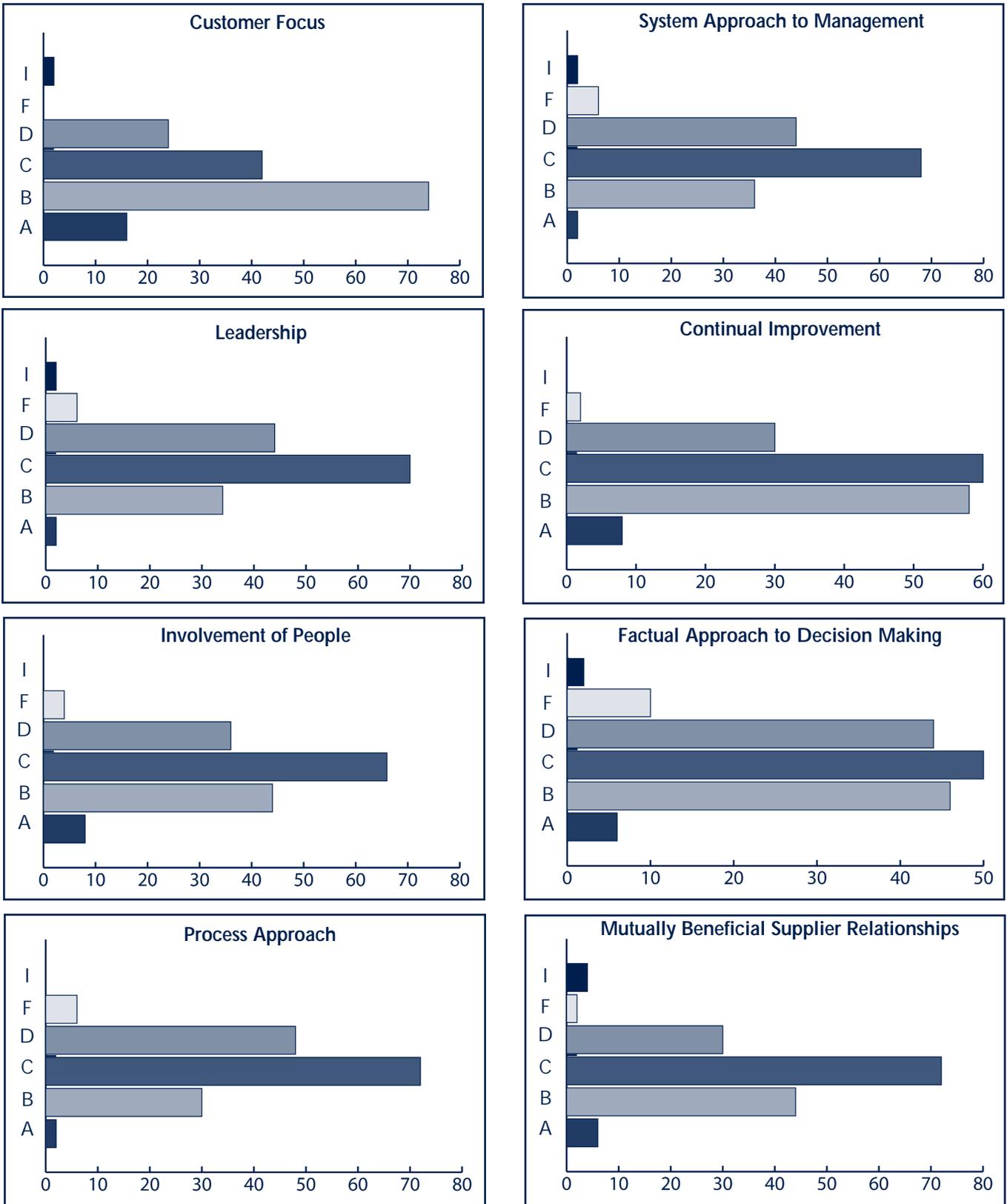
(see ASKANEXPERT, page 19)

**Figure 2**

Questionnaire on the Eight Quality Principles

| The Eight Quality Principles   |  |
|--|--|
| <p>The quality management system standards ISO 9000:2000 series were revised based on the eight quality management principles.</p> <p>The following survey is designed to assist you in benchmarking your organization's implementation of the eight quality principles.</p> <p><b>You should evaluate each principle by giving a letter grade: A, B, C, D, F or I:</b><br/> <b>A = Outstanding</b><br/> <b>B = Good</b><br/> <b>C = Average</b><br/> <b>D = Poor</b><br/> <b>F = Failure</b><br/> <b>I = Incomplete (could not evaluate)</b></p> <p>Reference ISO TC 176 / SC 2 / N 376R <i>Quality Management Principles and Guidelines on their Application</i> copyright ISO 2000.</p> | <p>1) Our organization depends on our customers and therefore understands current and future customer needs, meets customer requirements and strives to exceed customer expectations.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>2) Leadership establishes unity of purpose and direction in our organization. Managers create and maintain an environment in which people can become fully involved in achieving the organization's objectives.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>3) People at all levels are the essence of our organization and their full involvement enables the abilities to be used for the organization's benefit.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>4) Resources and activities are efficiently managed as processes to achieve desired results.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>5) Our organization's effectiveness and efficiency for given objectives is improved by identifying and managing a system of interrelated processes.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>6) Continual improvement is a permanent objective of our organization.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>7) Decisions are effective because they are based on the analysis of data and information.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> <p>8) Our organization and its suppliers are interdependent, and a mutually beneficial relationship is maintained to enhance the ability of both to create value.</p> <p>A <input type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> F <input type="checkbox"/> I <input type="checkbox"/></p> |

**Figure 3**  
How 158 Organizations Evaluated Themselves



**Ask an Expert**

(continued from page 14)

**The bottom line**

The director of certifications at AFAQ-ASCERT International put it to me this way, "ISO 9001:1994 – registration then quality. ISO 9001:2000 – quality then registration."

End of story.

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**Figure 4**  
Survey Results from Figure 2 Questionnaire

| Survey Results |  |                     |    |    |    |    |   |              |             |      |         |       |
|----------------|--|---------------------|----|----|----|----|---|--------------|-------------|------|---------|-------|
| P#             |  | # of Grades Counted |    |    |    |    |   | Grades Given | Point Value | Rank | Average |       |
|                |  | A                   | B  | C  | D  | F  | I |              |             |      | Score   | Grade |
| 1              | Customer Focus                             | 16                  | 74 | 42 | 24 | 0  | 2 | 158          | 394         | 1    | 2.5     | B-    |
| 2              | Leadership                                 | 2                   | 34 | 70 | 44 | 6  | 2 | 158          | 294         | 7    | 1.9     | C     |
| 3              | Involvement of People                      | 8                   | 44 | 66 | 36 | 4  | 0 | 158          | 332         | 3    | 2.1     | C     |
| 4              | Process Approach                           | 2                   | 30 | 72 | 48 | 6  | 0 | 158          | 290         | 8    | 1.8     | C-    |
| 5              | System Approach to Management              | 2                   | 36 | 68 | 44 | 6  | 2 | 158          | 296         | 6    | 1.9     | C     |
| 6              | Continual Improvement                      | 8                   | 58 | 60 | 30 | 2  | 0 | 158          | 356         | 2    | 2.3     | C     |
| 7              | Factual Approach to Decision Making        | 6                   | 46 | 50 | 44 | 10 | 2 | 158          | 306         | 5    | 1.9     | C     |
| 8              | Mutually Beneficial Supplier Relationships | 6                   | 44 | 72 | 30 | 2  | 4 | 158          | 330         | 4    | 2.1     | C     |

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