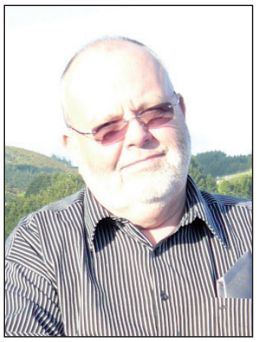
Use a dime to save a fortune

By Ian Hendra



Thomas Chippendale was a cabinet maker, creator of fine furniture and interior designer in London in the Georgian period of the 18th century. He produced beautiful classic designs that remain of great value these days as the ultimate in collectable antiques. He was remarkable in that he produced a book of his designs in 1754 that was reprinted in 1755 and completely revised in 1762. In other words, in our parlance, he produced a standard, worked to it and continually improved it.

Chippendale's furniture was also made in Dublin, Philadelphia, Lisbon, Copenhagen and Hamburg. Long-distance travel being what it was in the 18th century, it's unlikely Thomas Chippendale made all of the items attributed to him, or even a small fraction of them, so product quality had to have been maintained by craft standards and the commercial imperative to protect reputation. It follows that, on a day-to-day basis, quality was assured by controlling production processes to minimise variation in meeting the required standards as determined by Chippendale himself. Obviously the QA powerhouses like Toyota and their peers subscribe to the Chippendale precedent but what about the rest of us?

Over the last few months, I've been ensconced in reviewing the effectiveness of quality systems for a number of clients frustrated that they were having recurring quality problems but didn't really know why. To their credit they had all done the right thing and invested in ISO 9001 several years ago. All of them held JAS-ANZ accredited certification although from different certification bodies (or registrars). All of them were of the view that external certification was how they kept their quality systems up to the mark. All but one had leapt to the conclusion that it was ISO 9001 itself that was letting them down.

So how did I do the review?

My starting point was a deeply-held belief that the ISO 9001 model does work when it's done properly. In fact, I believe it works so well that nobody can do without it. The dual problems that plague it, however, are first, that few read it accurately or ever and second, they invent inconsistencies to cover their tracks. So far as I'm concerned, changing the words is 'tiger country' (don't go there).

Next I developed a questionnaire using a similar approach to AS 9100 certification. Each clause of the standard was broken into single sentences, then each sentence had its subject and object reversed to convert it from a statement to a question; no extra words were added. In this way ISO 9008:2008 breaks down into 224 questions to be used as a litany of test points. Anybody can do this; it's just like developing any other audit tool.

Then each question was laid out in a row in a MS Word table with fields seeking responses to each of four "conformity areas" to be addressed as applicable, namely, Documented?, Implemented?, Monitored?, Effective? I call this the DIME methodology, but it's derived from the very first requirement in ISO 9001 as you can see from Figure 1. Figure 2 shows how it looked for the first four test points. The 'Flag' field at the end was used to colour code each result for effect; red for 'not evident', orange for 'not conclusive', green for 'looks OK'.

What did I find?

The simple answer is, not much, really, in fact an awful lot of red flags. However, the six most significant shortcomings were as follows:

1. At the fundamental level, none of them was able to address the DIME 'conformity areas' for the first four test points (as per Fig 2). Or more precisely, they hadn't done the work required to cover test points 2, 3 and 4, so it followed they couldn't cover # 1. The critical issue here is that these first four test points set the foundation for conformity with ISO 9001. Without systems of defined, sequential and interrelated processes ISO 9001 is nothing but words; certainly there is nothing to serve as the framework for continual improvement.

4 Quality management system

4.1 General requirements

The organization shall establish, document, implement and maintain a quality management system and continually improve its effectiveness in accordance with the requirements of this International Standard.

The organization shall

a) determine the processes needed for the quality management system and their application throughout the organization (see 1.2),

b) determine the sequence and interaction of these processes,

c) determine criteria and methods needed to ensure that both the operation and control of these processes are effective,

Figure 1: Extract from ISO 9001: 2008. The first four requirements.

4. QUALITY MANAGEMENT SYSTEM						
4.1. GENERAL REQUIREMENTS						
#	Question	Documented?	Implemented?	Monitored?	Effective?	Flag
1.	Has the organization established, documented, implemented and maintained a quality management system and continually improved its effectiveness in accordance with the requirements of this International Standard?					
2.	Does the organization : a) Determine the processes needed for the quality management system and their application throughout the organization?					
3.	b) Determine the sequence and interaction of these processes?					
4.	c) Determine criteria and methods needed to ensure that both the operation and control of these processes are effective?					

Continued...

Figure 2. ISO 9001/4.1 a), b) & c) edited into test points for review against DIME "conformity areas" as applicable. Note that test points 2, 3 and 4 are the foundation upon which everything else in ISO 9001 is built.

2. Not one of them controlled their records as per ISO 9001/4.2.4 (test points 27, 28 and 29) so none of them had the mandatory documented procedure as per question 28. Hence none were managing on the basis of controlled evidence.
3. Not one of them had a management representative actively meeting the requirements in ISO 9001/5.5.2 (test points 45 to 47). The appointee was either too junior in the organisation to ensure anything, let alone that a whole system be implemented (the "ensure" word is the trap), or so it seemed to me, too senior to take the role seriously ("…too busy running the business etc…"). Only one of my clients was able to produce a copy of ISO 9001 itself, but it wasn't ISO 9001:2008! Hence, nobody was driving these quality systems from the top.

   The point here is that it is the Management Representative's primary responsibility to keep the system working in conformity with ISO 9001:2008, not the certifier. Hence, the certifier's most important task is to validate the capability and competency of the person in this role as the integrity of their own certification rests upon it, as does the integrity of certification as a whole.
4. No one had understood the message in the design control areas at ISO 9001/7.3 (test points 95 to 125). Granted this could be a throw-back to when most certification bodies ignored design control because they certified incorrectly to ISO 9002 when ISO 9001 was the default. More, perhaps, it's due to a failure to understand that continual improvement ends up in enhanced designs. Certainly the #8 wire approach was as alive and well as the disgruntled customers, staff and shareholders.
5. No one had understood the internal auditing requirements right at ISO 9001/8.2.2 (test points 171 to 186). They all thought that checking compliance with their procedures was enough. It isn't and it never has been! Not by a country mile. Assessment of systems' effectiveness is the key. ISO 9004:2009 is one way; High Performing Organisation audits are another; NZBEF Business Excellence Criteria are the ultimate.
6. None of the clients got the differences between management of nonconformity (ie corrections to restore conformity - test points 195 to 202), corrective action (ie treating causes to prevent recurrence - test points 210 to 217) and preventive action (ie treating causes of how else & where else, for example, to prevent occurrence - questions 218 to 224). And none really had the mandatory documented procedures either. The felony here is that this suite of requirements in ISO 9001 is its engine room; where it saves a fortune by improving business performance and customer satisfaction.

What are my messages for you?

First, if you think your ISO 9001 system isn't doing anything for you; check out the six points above. You'll need to buy a copy of the standard if you haven't got one because understanding what it says is a point of conformity in its own right for the management representative at clause 5.5.2 as per the third point. Then develop your DIME method review similar to mine and run it within your internal audit methodology.

You could develop a 224 test point listing or a simpler version based on the section and clause headings in ISO 9001:2008; just depends on how accurate you want your review to be and how well your reviewers understand the detail in each clause of the standard. Chances are that if the point #1 above comes up, your whole system is 'dead on its feet', so make sure you check it out thoroughly as this is a root cause issue.

Second, if your systems are in the same state as my clients' and you're paying for certification but not getting issues like these raised, ask for your money back and complain to JAS-ANZ.

Third, if you are a certifier or JAS-ANZ, I suggest you use this paper to review the effectiveness of your service, paying particular attention to point #3.

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References

http://en.wikipedia.org/wiki/Thomas_Chippendale; http://www.the-hpo.com; http://www.nzbef.co.nz
ISO 9001:2008

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Recent and future developments

We understand the need to continue to grow through the use of technology innovations.

Recently we have introduced the following:

- Companies Office mobile searching service
- an automated provision of Certificates of Good Standing
- integration of Inland Revenue tax number allocation through our online company incorporation process
- integration of our computer system with ASIC – Australian Securities Investment Commission
- Txt B4 you buy a motor vehicle
- improving our communications with the public through the use of PodCasts, Facebook and Twitter.

In the pipeline to be released in the near future are the following:

- Allowing the public the ability to receive notification of any changes in registration to any company on the register.
- Integrating services across government departments
- Introducing i-govt logins
- Introducing a standard business reporting from businesses to key government departments.

We are actively involved in the Corporate Registers Forum, which comprises of more than 24 countries, and who meet annually to focus on:

1. Promoting liaison, co-operation and discussion among Members' jurisdictions/ countries.
2. Exchanging or facilitating the exchange of information on the registry systems of Members' jurisdiction/ countries, their roles and responsibilities and issues relevant to their activities, including operational and management practices and procedures,technologies used or proposed and responses to changing global registration trends
3. Liaising with other international registry management organisations and constituencies on common registry management issues.

We are confident the above sharing of information and innovative management practices will help us in providing state-of-the-art services to all business establishments in the country.