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Nigel Grigg retires from NZOQ Board



NEW ZEALAND ORGANISATION FOR QUALITY

External audit – a different kettle of fish



A decent meal doesn't need internal audit, but how do you pick the restaurant, asks QNewZ columnist, Ian Hendra.

Facilitated review is the way to go

I have spent my last three columns criticising the traditional way of doing internal audit because it does more

harm than good and no-one needs it within a quality system. Facilitated review, using TQM brainstorming tools, is a much better way to assess whether processes are valid and effective. Just checking conformity with procedures is a trivial pursuit if the idea is to improve them by changing them!

Mystery of mysteries

And just where anyone got the idea that an outsider would know more than those directly involved is a mystery to me. Of course we can audit our own work...in their day jobs even auditors have to, continually; we all do, because it is called 'doing the job properly'! After all, isn't this what 'measure twice, cut once' means?

Sussing out the chef

External audit is another kettle of fish though, because it really is a solution to a clearly discernible problem—namely, when you don't know anything about a restaurant or the people who work in it, how do you assess if the meal is going to meet your standards? There are four ways:

- (1) Take pot luck, literally!
- (2) Ask the chef to cook a quick omelette.
- (3) Ask for references from customers.
- (4) Check for independent validation such as 'Cordon Bleu' qualifications or – make use of the ultimate – the number of stars awarded by the Michelin Guide. Cordon Bleu qualifications tell you something about the chef, but Michelin Stars tells you about the whole thing. This is an external assessment against a standard done by a competent assessor.

Nothing new...but how did we get into it?

So there's nothing new under the sun. The Michelin Star rating system has been going since the 1930s; it provided a supplier evaluation system, as we might call it these days.

Briefly, the QA world got drawn into this approach during the 1960s and 70s when the military realised that if quality was the issue in procurement, there needed to be a standard to ensure it happened and an assessment system to validate suppliers' claims that they complied.

The beginning and the middle

The original standards were the NATO Allied Quality Assurance Procedures, the original assessors were

re-deployed Defence Ministry factory inspectors way out of their depth, and at stake were mega-dollar contracts. Competence and conflict of interest became big issues handled by establishing a very formal bureaucratic interface between these external assessors and the potential supplier vying for the defence contract. Eventually by virtue of the good sense on the standard itself, the defence procurement model found its way into the commercial sector as the means to rejuvenate an inefficient manufacturing sector. It was 1984 in the UK, and the initiative was the UK National Quality Campaign.

What we now recognise across the world as accredited independent third-party certification was the outcome... complete with all the non-value-add bureaucratic baggage established to compensate for inexperience in a sector that was still suffering growing pains.

The missing link

By 1987, the UK National Quality Campaign had certificated thousands of companies to BS 5750:1979. As I have

described in the preceding three articles in this set, ISO 9000 first appeared in 1987. Whilst it included all of BS 5750, a requirement for internal audit was introduced...from nowhere. Nobody knew what internal audit was so, in order fill the gap, the bureaucratic overkill of the external system was shoe-horned into the gap... and that is the missing link. There wasn't anything else...until the SPC/TQM/Deming movement emerged in the West too late to have the influence it still deserves.

And that is why the conventional way of internal auditing is inappropriate and ineffective. It addresses the wrong problem. Unlike external auditing, internal auditing is not about setting up a register of demonstrably competent suppliers, it's about continual improvement. Unlike

external auditing, internal auditing is not done on behalf of the customer, it is done for the benefit of the customer. And of most importance, unlike external auditing, internal auditing does not need to be burdened by the overbearing need for the ultimate in transparency, and it does not need anything remotely like accreditation.

I hope this helps.

For further information and to comment on this article please contact ian.hendra@clearlineservices.co.nz

Reference: http://en.wikipedia.org/wiki/Michelin_Guide

Refer to Ian's articles in QNewZ published in July 2013 (p. 11), September 2013 (p. 11) and Nov/December 2013 (p.13).

