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160 Wall Street, Coventry, CT 06238 phone:860-478-7496, facs:860-742-5568

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TITLE: "Self Assessment and Benchmarking, Strategic Improvement Planning"

**PRESENTER: Mr. Michael Enders, President
American Quality Resources**

THEMES:

Successful preparation for ISO 9000 registration is a technical process - requiring self assessment techniques and benchmarking to adequately prepare and plan for implementation. The registration process benefits the company in its long term strategic planning and overall improvement.

The program management techniques that lead to successful registration keep the company on course through all the many steps to registration. Good program management is necessary for the successful implementation of any business initiative.

Successful ISO 9000 system implementation provides a basic management structure to build upon for incorporation of other improvement initiatives.

INTRODUCTION/LEAD-IN:

All over the industrialized world, companies are reevaluating their basic management systems and techniques, due to constant changes in political/economic environments, global competition, and the rapid pace of technology improvements.

Staying competitive and surviving in the global economy is required today; it is no longer good enough to keep pace with the competition only within the borders of one country. Business survival means understanding and being able to take advantage of international markets, because increasingly, that is where a company's competitors are coming from.

Improvements in satellite communication technology and world-wide computer networks have made technical and commercial information available to anyone at any time. More effective and efficient transportation methods have made manufactured goods available anywhere in the world that a consumer demand exists. Political and social barriers to trade are disappearing in an era of global commerce, as exemplified by the reunification of Germany and the opening of China to foreign investors. Protected domestic markets are disappearing, as a new sense of business pragmatism takes over. Cheaper labor is no longer an automatic advantage; effective distribution systems, marketing, quality and customer satisfaction are more important.

The most important change brought about by the global economy is perhaps the increased sophistication and intelligence of consumers. Consumers are becoming extremely "value" conscious; they are aware of the importance of quality, reliability, and reputation over price. They are exposed to more of the world through sophisticated telecommunications technology, and know what is available.

The correct response to this global marketplace and competition is to constantly develop more a efficient and more profitable MANAGEMENT and OPERATIONAL STRUCTURE, that allows a company to offer quality goods and services at prices that are competitive. The ISO 9000 registration preparation process provides the opportunity for companies to learn, implement, and use basic management practices that benefit the company in its long term strategic planning and overall competitive position.

THEME 1 - SUCCESSFUL ISO PREPARATION PROCESS:

Successful ISO 9000 registration requires a number of carefully planned and executed phases and steps. Before starting on the actual registration process, however, successful companies use some very important techniques to determine where they are now and what needs to be done to reach the registration goal.

The first step is to conduct a “Baseline Assessment” of the existing quality management system. This is a complete review of existing documentation - both formal and informal - that is used to conduct business. The baseline assessment also includes observation of the actual practices used by management and workers to perform their jobs. The purpose of the Baseline Assessment is to honestly and objectively determine the management system and work practices that are currently being used.

The next step is to prepare a “Gap Analysis” report based on the results of the Baseline Assessment. The report is an explanation of what the specific requirements are for implementing an ISO 9000 quality management system and what “gaps” need to be filled before the company can meet the standards.

An important part of conducting the Baseline Assessment and preparing the Gap Analysis is to determine the company’s “Best Practices.” The positive and effective methods and practices that are in use must be emphasized in order to build upon the company’s existing strengths.

The process of conducting the baseline assessment, preparing the gap analysis, and determining the best practices establishes an [Internal] “benchmark” for the company. Another technique associated with “benchmarking” is comparing the company preparation activities and results to other, similar companies [External]. There are survey statistics available from industry groups and registrar companies, written case histories, and companies that are willing to share information about their registration efforts. All of this information is available and useful in saving time and money by learning about the ISO registration process from others.

THEME 1 - HOW IT APPLIES:

Being successful and remaining competitive in business requires strategic planning and the ability to make changes to plans. The Baseline Assessment, Gap Analysis and Best Practices used to prepare for the ISO 9000 registration are excellent techniques for companies to use in preparing for meeting any business challenge.

To be successful in business, strategic planning must be done to properly prepare and position the company in the marketplace. To be effective, strategic plans should not be started (or changed) without answers to these very important questions:

Where are we now? Has our “baseline” been assessed?

What needs to be done? Has there been an analysis of any “gaps” between what the requirements appear to be and what we are doing now?

What does our “benchmark” tell us? What are the strengths that we should rely on and build upon when preparing our strategic plans?

What are the “core competencies” of our company and its people? Do they focus on the customer?

There is a large resurgence in the importance of strategic planning to USA companies. In the early 1980's, USA companies found themselves battered by global competitors and more nimble entrepreneurs, and were struggling to catch up. Instead of weaving elegant stratagems and devising long term plans, companies were scrambling to improve quality, restructure, “downsize,” and “reengineer.” After more than a decade of shrinking to increase productivity, companies now are eager to increase the profitability of the “streamlined” operations. Strategic planning is seen as “rising above the noise and confusion of day-to-day business” in order to ponder the future of markets and competitors.

Major USA companies -- such as Sears, IBM, Hewlett-Packard, and Searle -- have decided to make strategic planning a major focus in their search for higher revenues and profits. As the Chairman of United Parcel Service has stated, "Because we're making bigger bets on investments in new technology, we can't afford to spend a lot of money in one direction and then find out five years later that it was the wrong direction." USA consulting firms and business college professors agree that business strategy is now one of the most important management issues and a main agenda item for many organizations today. The concept and knowledge of "core competencies" is very important in order for companies to recognize new areas of growth possibilities. The new USA business strategists believe that it is necessary to pay close attention to these in order to focus on "what can be."

Obviously, the process of ISO 9000 preparation fits very well in support of the need for strategic planning; it provides the company "benchmark" and establishes the feedback mechanisms (management review and internal quality audit) that can be used to determine if strategic plans are effective. The new strategic planning also emphasizes the customer perspective, or an "outside in" view of strategy. USA companies believe that a lack of focus on the customer caused many of their previous business problems, and an ISO 9000 quality system is an important first step in making management more quality and customer oriented.

THEME 2 - PROJECT MANAGEMENT FOR ISO REGISTRATION:

Good project management is necessary for the success of any project. ISO 9000 registration is a process that requires application of project management techniques in order to succeed. It requires implementing project phases; each phase has specific steps to implement, some which must be done in sequence and some which can be done in parallel.

Project management for ISO 9000 registration requires managing the project phases:

1) Planning:

- Establishment of teams and assignment of responsibilities based upon "Gap Analysis" results,
- Determine the amount and "levels" of documentation required,
- Listing and establishing schedules for significant project milestones.

- 2) Creation of the Documentation System:
 - Team meetings and “brainstorming,”
 - Flow charting the company business processes,
 - Writing, reviewing, correcting, approving procedures,
 - Implementing document traceability and controls.

- 3) Internal Audits:
 - Training internal quality auditors,
 - Preparing an audit plan and schedule,
 - Assigning and scheduling auditors,
 - Conducting audits and reporting results.

- 4) Management Monitoring of Quality System Status
 - Collect, analyze and evaluate quality data,
 - Conduct formal management reviews,
 - Direct corrective actions,
 - Revise documentation and correct processes as required.

- 5) Prepare for Registration Assessment
 - Interview and selection of the registrar,
 - File applications,
 - Schedule system and facility audits,
 - Perform pre-assessment and rehearsal as required.

THEME 2 - HOW IT APPLIES:

The techniques and process used to manage the ISO 9000 system to successful registration are useful to apply to any business project.

Managers must plan and schedule the required actions, assign staff and make resources available, provide effective employee training when necessary, monitor data to determine project status and progress, direct appropriate corrective actions, and test new processes before final implementation.

The ISO 9000 documentation requirements also provide important support for business projects. One company, General Spring of Nashville, Tennessee (80 employees, \$7.5 million in annual sales, ISO 9002 registered) provides a typical example. The company president has stated, “Most everything in the plant was done by verbal instructions. The certification process made us write and document everything. [It] meant the company had to set standards for every aspect of the manufacturing process, from paperwork to quality control. It also taught workers how to be more responsible for their jobs. ...the company is a more tightly run, coordinated organization.”

A systematic, program management approach to conducting business activities is required to assure continued product or service quality. The ISO registration preparation process, when conducted as a managed project, provides a model to apply to other projects. Implementing an ISO 9000 quality management system provides the structure and control mechanisms necessary to help the company manage other business projects.

THEME 3 - ISO 9000 AS A FOUNDATION TO BUILD UPON:

An ISO 9000 Quality Management System provides a foundation of basic management, and supports development of company activities to incorporate other techniques that rely on the basic management structure.

Some examples are Total Quality Management (TQM) initiatives, Concurrent Engineering (CE) techniques, Just-In-Time (JIT) inventory control, and pursuit of national quality awards.

All of these examples are worthwhile business goals, and implementing ISO 9000 provides a firm foundation for their successful implementation.

THEME 3 - HOW IT APPLIES:

Making sure that TQM initiatives work and providing tangible benefits for the company requires that several questions be answered. ISO 9000 provides the quality management system foundation to provide the answers. Typical TQM initiative questions:

- 1) Is there a clear link to customers?
- 2) Is there a clear link to objectives?
- 3) Have improvement measures been defined?
- 4) Are managers and employees involved in the team?
- 5) Is the team using a TQM process and tools?
- 6) Is the team accomplishing and documenting its work?
- 7) Are team decisions derived from data?

The ISO 9000 requirements for a Quality System, Quality Planning, Organization, Management Review, Document and Data Control, and Process Control help to provide the answers for successful TQM initiatives.

Without the firm management system foundation provided by ISO 9000, the likelihood of further system refinements such as TQM, JIT, CE, etc. being successful is seriously reduced.

The Malcomb Baldrige National Quality Award (MBNQA) was established by the US Congress in 1987 to promote an awareness of quality management, to recognize quality achievements of US companies, and to publicize successful quality management strategies. Winners of the MBNQA are companies that believe ISO 9000 requirements can be used effectively to pursue the coveted prize.

The Baldrige Award purpose and criteria are quite different from ISO 9000. The purpose of the MBNQA is to provide peer recognition for a company as “best in the industry,” while the ISO 9000 purpose is to provide consistency in quality management for everyone. MBNQA recognition is limited to the USA, and ISO 9000 is international in scope. The MBNQA is based on seven categories which are considered more comprehensive than ISO 9000, because they go beyond process control to include specific product quality and customer satisfaction requirements. What they have in common, however, is a systematic, documented approach to quality.

A winner of the MBNQA in 1988, the Motorola company is an international electronics manufacturer. A Baldrige finalist in 1994, the Union Pacific Railroad is one of the largest transportation companies in the USA. Both have sales revenues in hundreds of millions of dollars. Motorola uses ISO 9000 to satisfy customers in Europe, but relies on the Baldrige system to improve quality. The Union Pacific Railroad also urges its suppliers to use the Baldrige criteria as a quality control method. Still, both Motorola and Union Pacific use the ISO guidelines or similar methods to document their Baldrige systems. “Customers demand it,” the companies’ quality assurance executives stated.

ISO 9000 helps to establish and define the system that is currently operating. MBNQA takes the company’s present system and expands it to other functions such as quality leadership, employee recognition and performance, employee morale, customer relationship management, and others. Basic company functions benefit from ISO 9000 registration and provide the consistency and standardization “building blocks” of a total quality system meeting the MBNQA requirements.

Other popular USA quality initiatives are based on ISO 9000 requirements. So far, the largest impact on USA business is “QS 9000,” the quality requirements for the thousands of Chrysler/Ford/General Motors suppliers. Based on ISO 9001, QS 9000 registration is now mandatory for all suppliers to the US automakers. Recently, the Aerospace Basic Quality System Standard (ABQSS) was created; it is a new ISO 9000-based document that defines aerospace supplier quality for all military and commercial aircraft produced in the United States and Canada. It will be applicable to more than 15,000 supplier companies to the aerospace “giants” such as Beech Aircraft, Cessna Aircraft, Gulfstream Aerospace, Learjet, McDonnell Douglas, Boeing, Lockheed Martin, Allied-Signal Aerospace, Pratt & Whitney Aircraft, and GE Aircraft Engines.

CONCLUSION:

The ISO 9000 registration process is an effective means for incorporating basic management practices within a company and support strategic planning efforts.

Development of an ISO 9000 quality management system provides the means for a company to offer goods and services at prices which will open up new markets and sustain existing ones.

The ISO 9000 standards have proven to be valuable quality initiatives for USA companies, and they provide a basis for achieving even higher levels of quality improvement and customer satisfaction.

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