

Quality and strategy in international standards

It might come as a surprise to some but since the year 2000 revision of the ISO 9000 family of standards on quality management, there has been more emphasis placed on the role that top management plays and its impact on shaping customer expectations and on the provisions put in place to enable the organization to satisfy these expectations. The standards appear to have extended their scope from being limited to operational activities to embracing strategic activities. Attention is still drawn to the traditional aspects such as procedures, records and inspection but there is now an acknowledgement that results are not simply achieved by adhering to procedures but by managing processes in a way that they deliver the desired outcomes. As far as ISO 9001 is concerned the outcome remains fixed on delivering customer satisfaction but through a system of effectively managed processes and continual improvement rather than the pre-year 2000 goal of preventing nonconformity.

Let's take a few examples from the assessment standard ISO 9001:2008:

1. "The adoption of a quality management system should be a strategic decision of an organization" meaning that it's not a decision taken by the Quality Manager alone (clause 0.1).
2. "The quality management system is influenced by changes in the organizational environment and risks associated with that environment" meaning that the system is dynamic and its outputs prone to variation from causes inside and outside the organization (clause 0.1a)
3. It defines the process approach as "the application of a system of processes and the management of their interactions to produce the desired outcomes" meaning that the management of processes is not only targeted at the lowest level in an organization where outputs are generated but also at the highest level where outcomes are delivered long after the outputs have been produced – enhanced customer satisfaction being one of these outcomes.
4. "Top management shall ensure that customer requirements are determined" making this a strategic issue not an operational one (clause 5.2)
5. "Top management shall ensure that the quality policy is appropriate to the purpose of the organization" making the determination of the policy a strategic issue, linking it with the mission statement and not a tactical issue linked with product conformity (clause 5.3a)
6. "Top management shall ensure that quality objectives are established at relevant functions and levels within the organization" meaning that there should be strategic objectives as well as operational objectives, process objectives and product objectives. It also suggests departmental objectives but the inclusion of the word relevant appears to indicate that there might be departments that don't impact customer satisfaction in some way or other by their function or malfunction which is in my view, highly unlikely!
7. "Top management shall ensure that the planning of the quality management system is carried out in order to meet the requirements of clause 4.1 and the quality objectives" meaning that top management should direct the design and development of the system so that it creates effectively managed processes and enables the organization to achieve its declared objectives.

That's enough from ISO 9001 but there is more in ISO 9004:2009 on quality and strategy. The new version of ISO 9004 broke the direct link with ISO 9001 that was formed with the 1994 revision and now addresses managing for sustained success which takes the performance improvement of the 1994 version to a much higher level – into strategic management for sure! This standard now has a wider focus and addresses the needs of all stakeholders and their satisfaction. As a result there has been a substantial change in its structure and content, so much so in fact that in concept, it forms the basis of a generic management system standard reducing the need for other management system standards. However, it remains very much focussed on quality but it implies that by developing a quality management system in this way an organization will develop the capability to satisfy all its stakeholders including those requiring compliance with environmental, health, safety and security directives. So why indeed do we need other management system standards I wonder? This was our initial impressions when we saw the final version on which through the efforts of the Standards Development Group the CQI had quite an influence contributing 75% of the content of the UK submission to ISO/TC 176.

There are far too many recommendations of a strategic nature in ISO 9004:2009 to include here but there follows a few examples to illustrate the point.

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1. "To achieve sustained success an organization's quality management system should be based on the 8 quality management principles" meaning that top management should develop strategies consistent with the principles of customer focus, leadership, involvement of people, systems approach, process approach, continual improvement, factual approach and mutually beneficial supplier relationships (clause 4.1)
2. "Top management should have a long term planning perspective" meaning that the quality management system should provide for long term planning as well as project and product planning which has hitherto been the primary focus of quality planning (clause 4.2)
3. There is a complete section on strategy and policy that addresses policy formulation, deployment and communication (Clause 5)
4. "To achieve sustained success, top management should establish and maintain a mission, a vision and values for the organization" so for the first time in the ISO 9000 family they have finally mentioned strategic management terms that bounce around boardrooms worldwide.
5. There are several recommendations that if adopted would result in an organization developing processes as part of its quality management system for developing, deploying, communicating, reviewing, and revising the strategy, clearly bringing the boardroom into the quality management system.
6. There are several recommendations that if adopted would bring the financial function within the processes of the quality management system. Statements such as "The organization should establish and maintain processes for monitoring, controlling and reporting the effective allocation and efficient usage of financial resources related to the organization's objectives" clearly extend the scope of the system and note that its not quality objectives anymore but simply the "organization's objectives"
7. "Top management should through its leadership create and maintain a shared vision, shared values and an internal environment in which people can become fully involved in achieving the organization's objectives" meaning that top management need to create conditions that produce and maintain a contented workforce, not one that's frequently in conflict with the management and as a consequence, a high staff turnover.

The self assessment table in the annex covers a wide spectrum and a glance at it shows its strategic intent. Standards addressing the management of quality have come a long way since the days when they focussed on operational aspects that had previously been shown to lead to in-service failure if not properly managed during product design, manufacture and installation. There appears to be a clear acknowledgement that stakeholder satisfaction and hence quality, depends on factors well beyond the design office, production shop, maintenance depot or sales counter. Not only is the achievement of quality being perceived as dependent on what top managers say and do but also on the environment in which the organization operates, the stability of the supply chain and of the global economy.

This brief journey around two of the most popular international standards has shown that quality and strategy are inextricably linked. That quality is a strategic issue was made abundantly clear in the early 1980s when products from Japan penetrated Western markets. Quality remains a strategic issue to this day so it is only to be expected that international standards reflect this trend but will they penetrate the boardrooms of those organizations that put profit before quality? If every organization were to put quality first, they might find that they would have all the profit they could legitimately expect but even those with a clear focus on quality find it extremely difficult to weather all recessions but they have a greater chance of survival than the others.

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