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***U.S. Companies Report Substantial Financial Rewards with ISO 9000
ISO 9001:2000 Process Management Approach Article
Sustaining Edge Solutions Six Sigma Presentation
ASQ ISO 9000 Summit***

U.S. publicly held companies traded on the NYSE that received registration under the ISO 9000 quality standard show significant improvement in financial performance compared to those companies that have not pursued the standard.

Not only did the firms that receive ISO 9000 registration improve their performance, but the firms that failed to seek registration experienced substantial deterioration in return on assets, productivity, and sales. Registered companies avoided such declines.

Source: www.manufacturingnews.com/news/02/0830/art1.html

***What can an ISO 9001:2000 System do for my company,
its performance, and me?***

Since 1987, more than 560,000 global companies have adopted their business management system around the ISO 9000 International Standard. It has proven to be applicable to all sizes of organizations, in every marketplace, and every product category throughout the world. The ISO 9001:2000 standard has flourished because it adds value to how organizations are managed from the viewpoints of customers, suppliers, investors, managers, and workers.

Companies that operate under this standard focus on continuous review of operations, prevention rather than detection, corrective actions and accurate outcomes, communication within processes, company personnel, suppliers, and customers. A high level of management involvement and commitment that supports a customer-focused environment is essential. These attributes lead to predictable process inputs and outputs, control of business costs, increased productivity, and reduced waste. It provides the potential of reducing time-consuming supplier and customer audits, and is a powerful marketing tool in today's global environment.

The most effective business management systems operate according to how business processes work instead of departments. The ISO 9001 quality management system utilizes the system approach to process management to achieve customer satisfaction and customer requirements.

Top management finds a formal system helps the organization focus on meeting business objectives. Top managers have found that ISO 9001 has:

- ✚ Improved their organizations ability to understand and meet customer requirements in a consistent manner.
- ✚ Brought greater clarity to the goals, objectives and measures of the organization
- ✚ Helped align employees and processes to meet objectives
- ✚ Improved bottom line performance by enhancing revenue and reducing costs, and created a competitive advantage

ISO 9001 consists of five major clauses driven by a systems approach to management. It focuses on linking inputs to outputs towards creating value added processes for customers. This approach is further complimented by the plan-do-check-act (PDCA) cycle for implementing continuous improvement. The first clause, *4.0 Quality Management System* identifies the processes needed and their application throughout the organization. Process questions from this clause using the PDCA cycle illustrates a process approach for an organization.

Plan →	Do	Check	Act
Are customers of each process identified?	Are there customer criteria for monitoring measurement and analysis?	Are needed process data defined? What are they?	Are corrective and preventive actions implemented?
Are customer requirements known?	Are there methods for data gathering? What are they?	Is process performance e.g., customer satisfaction measured?	Are processes improved? What improvements are made?
Are the inputs and outputs for each process defined?	Are criteria and methods considered during mgmt system planning?	Is gathered information analyzed with statistical methods?	Are the results known and how do the results help the organization?
Are any processes outsourced to other organizations?	Have documentation needs been decided?	Are needed records defined? What are they?	Are responsibilities clearly defined and understood?

This process approach is easier to implement and has many advantages:

- ✚ It creates value by managing across functional departments of the organization which reduces quality problems that can occur at department boundaries.
- ✚ It promotes measurement of product characteristics and performance of processes which is important to both customers and the organization
- ✚ It emphasizes communication based on facts supported with data between suppliers, customers, and levels of the organization
- ✚ It provides a system of continuous improvement so quantitative and qualitative data can target improvement efforts

ISO 9001 institutes system ownership which affects all levels of a business. When it is the responsibility of managers and employees to define the processes and activities of the organization, system ownership becomes the culture. Middle managers support ISO 9001 because it has contributed to better control of processes and has resulted in higher consistency throughout the organization. Middle managers have found that ISO 9001 has:

- ✚ Made it easier to manage using facts and data rather than opinions
- ✚ Enhanced communication throughout the organization
- ✚ Promoted clarity of responsibility and accountability
- ✚ Standardized the way things are done, reducing variability, and making it easier to solve problems.

The workforce sees the value because life has become simpler. In an ISO 9001 system workers have:

- ✚ A better understanding of what to do and how to do it
- ✚ The ability to ensure their work meets requirements
- ✚ The ability to adjust processes when results are not meeting requirements
- ✚ A means to get help in solving problems

American Society for Quality (ASQ) Section 0704
Phoenix Chapter General Session Presentation

The Six Sigma DMAIC Improvement Cycle
Walter Tighe, President Sustaining Edge Solutions, Inc.
March 11, 2004
For information and directions visit www.asq-0704.org

ASQ 11th ISO 9000 Summit
Optimize your QMS for Business Results
March 22-23, 2004 Hilton San Francisco, San Francisco, CA
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*Looking for the solution
without listening to the problem is like working in the dark*

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