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### *Next Revision to ISO 9001 in 2008*

Based on ISO TC 176 committee meetings, it appears the next revision to ISO 9001 may be published in third quarter 2008. The ISO 9001:2000 changes are being called an "amendment" to convey the committee's intent to limit the changes to those needed for clarification of the standard. Anything considered having a high impact on users will be held for a future revision. For the ISO 9004:2000 guidance document, the term "revision" is being used to introduce substantive changes.

The committee has developed a revision criteria document to help them evaluate the potential impact and benefits of proposed changes. Each change will be categorized as high, medium, or low impact, as well as, high, medium, or low benefit. The impact of a change on requirements, users, training, and documentation will be considered when classifying the proposed change. Likewise, benefits will be classified based on improvement of clarity, elimination of inconsistencies, increased compatibility with ISO 14001, and reduction in translation problems.

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### *Creating a Visual Management System*

#### Process and Business Performance Measurement

Management concepts such as the balanced scorecard, process management, key performance indicators, and strategy deployment have prompted many companies to reevaluate their measurement systems. As more and more companies have initiated process improvement methods during the last two decades, the use of dashboards to measure process and business performance has become increasingly popular.

The management objectives vary from focusing attention on the vital few measures, to instilling the principles of managing by fact throughout the organization, to simply arraying the organization around a core set of metrics that are aligned with the business strategy or customer expectations.

The basic idea behind a dashboard is to provide management with a visual perspective of vital aspects of its business and facilitate dialogue on where to focus, how to establish clear goals and who is accountable for achievement. Fundamental tools such as Control charts are becoming more and more frequent, as managers strive to understand how the business is performing and how they should invest their scarce resources. Pareto charts are being used as an effective tool to visualize where efforts should be concentrated to achieve the highest return on investment. Management teams are using the concept of cause and effect to understand the relationship between leading and lagging indicators and to create a balanced portfolio of measures that allow them to understand the key drivers of performance.

Launching a new measurement system goes beyond defining new metrics or developing new displays of existing data. In almost every instance, the expectation is that new or different metrics will help achieve a higher level of performance. Delivering on this expectation requires a well-thought-out plan that takes into account the change management challenges involved with changing the way results are being measured, and that maximizes buy-in and ownership by those who will ultimately use these metrics to drive performance at all levels of the organization. Let's now take a look at deploying an effective system.

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## Success in Deploying a New Measurement System

Ten activities are critical to successfully launch and deploy a new measurement system:

**1. Validate the measurement system to ensure that the right metrics get measured right:** An effective measurement is one that not only measures the right things but also measures them correctly.

- To what extent can the metric be manipulated?
- Can the data be reliably collected?
- Are the definitions clear for each metric?

Deploying a measurement system that cannot be trusted is in most instances the worst possible outcome – not only is it ineffective to drive performance, but also the discussions around whether the numbers can be trusted is a significant drain on scarce management resources.

**2. Educate the users of this system on how to manage with the new system:** The success of every new measurement system hinges on the ability of its users to effectively manage with the system. This requires:

- Developing a shared understanding of what the measurement is and how it ties to business results and customer experience.
- Knowing how to analyze the metrics, being able to distinguish between real signals and process noise, including making informed decisions about appropriate corrective actions.
- Knowing how to scope improvement efforts and basic knowledge of a number of alternative approaches for addressing the issue (process improvement methods, etc).
- Being able to prioritize efforts and assign appropriate resources to improvement efforts.
- Understanding how to assess whether corrective actions were successful and how to hold the organization accountable for sustaining the results.
- Being able to assess how changes to processes will impact the measurement system.

Customized education for leadership teams and key stakeholders can significantly increase the ability of the management team to manage and improve performance.

**3. Establish accountability and ownership at the right management levels:** A critical issue for every measurement system deployment is establishing ownership and accountability. To be able to take ownership, those responsible must have the appropriate authority and knowledge to manage the performance of the underlying work processes. The leadership team needs to identify process and metrics owners at the right levels and establish process management teams with representatives from the critical functions that impact the performance of the measure.

**4. Set goals for each of the core metrics consistent with the priorities and strategy of the business:** Once the measurement system has been validated and a baseline has been established, the critical next step is to set realistic goals for each of the metrics. The strategy of each business unit is a vital input to ensure that goals are realistic and align customer and business needs. In this phase, the leadership team needs to define priorities and establish smart goals that support critical business objectives. Every business unit will have different needs and opportunities, and the process of setting goals needs to reflect those realities. Equally important is making sure the leadership team buys into the goals and has a clear understanding of how meeting the goals will impact overall business results.

**5. Help the management teams identify and launch appropriate improvement efforts to close performance gaps:** Establishing a baseline and setting goals will define the gaps in performance that the business needs to address. Management teams need to understand how to scope improvement efforts aimed at closing the gaps and to select the appropriate improvement methods. These methods can range from "just do it" efforts to comprehensive process improvement projects using Lean or Six Sigma tools. It is vital that the management teams have a good understanding of these methods and are able to scope projects effectively.

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**6. Develop a framework for sharing lessons learned across the business:** As a result of managing with the new system, the various management teams will develop a deeper understanding of the cause and effect relationships driving those metrics. They will learn what works and what does not. Being able to assess what decisions and actions are successful in closing performance gaps and having a mechanism to share those learning across the business is critical to leverage the tool effectively. This requires establishing processes for sharing lessons learned and disseminating learning across the business, resulting in rapid identification and adoption of best practices.

**7. Address the human behavior aspects involved in adopting a new measurement system:** This is not a purely technical change. Everybody in the organization will be impacted by the adoption of the dashboard approach (including how leaders are compensated). Leadership teams should take an active role in managing the change. A change readiness assessment can help identify the key issues, concerns and stakeholders. While a large number of employees and managers will undoubtedly see the new system as a valuable tool and critical to the success of the business, others will feel threatened. No matter how they feel about the effort, all of them will be expected to change the way they perform the work. An effective change management plan will help management anticipate the resistance and develop countermeasures to ensure a successful launch.

**8. Define a plan for updating and extending the system:** Once the system goes live, the real learning starts. Over time, management will experience the need to add additional metrics to the system or drop some that are less relevant once performance gaps have been addressed. Effective measurement systems are never cast in stone and are subject to change based on improvements made and sustained, new insights into cause-and-effect relationships, and changing business needs and organizational structures. Changes to the measurement system need to be managed well and aligned with performance management.

**9. Manage the risk of rolling out a new measurement system:** The risks involved in deploying the new system are real and substantial – lack of management commitment, changes in business priorities and inadequate resources are the risks encountered most frequently. This necessitates an integrated approach to managing risk, based on an initial risk assessment and a comprehensive plan for mitigating those risks through targeted actions.

**10. Develop a comprehensive communication strategy aimed at maximizing understanding and acceptance:** An effective deployment hinges on getting the word to all employees about the importance of the system as well as their roles. Every employee must have a clear understanding of the overall approach as well as how they, individually, impact key metrics, and what they can do to improve the customer experience. A carefully thought-out and executed communication plan helps to maximize understanding and acceptance. Simulations for management teams, developing communication aids such as learning maps, and utilizing corporate and business leaders to communicate effectively the importance of this effort are often useful to increase acceptance.

### **All Together: The Integrated Deployment Plan**

Based on the specifics of the situation, a business should develop an integrated deployment plan that effectively leverages the internal resources and minimizes the risk of a false start. The lack of an integrated approach and plan is the most common failure in deploying a measurement system. Success is a function of the quality of the solution (i.e., the design of the system and the underlying research) and the acceptance by those who are expected to manage with the system. What appears rational for those who are involved in designing the system will require substantial changes in the way management teams are operating.

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## SURVEY SAYS...

A Quality Insider survey asked readers: The invention of quality processes and analytical tools seems to have slowed to a crawl. We asked our readers if they think the quality field has become terminal and if they think we know all we need to know about how to achieve quality. Here are the results:

- We have all the tools we need. We just need to learn how to use them. 33.2%
- Maybe we know all we need. 3.8%
- There will always be new techniques and fresh ideas. 62.9%

Other comments included:

- "Quality techniques must change and adapt to the growing global workplace."
- "It seems like the employees in the quality department are the ones to keep the companies certified and that other departments leave the gaps for the quality department to 'clean up'."
- "Quality is like Mr. Potato Head. Every ten years you wrap it up in a new package and you can sell it all over again. But nothing really changed in the product-just the package and presentation."
- "Although there can be new tools and techniques, even proper use of existing tools, total commitment could achieve great results."
- "Continuous improvement is a never-ending process. Check your processes and go back to basics. Simple solutions and basic tools to improve are key to success."
- "I think we have all the tools we need, however the environment in which we apply them is always changing."

### Survey Results:

In an "InsideSixSigma" survey, readers were asked how much they would pay for computer-based Black Belt training, assuming it contained a complete curriculum. Here are the results:

- Up to \$1000 57.0%
- \$1000-2000 dollars 21.8%
- \$2000-3000 dollars 10.0%
- \$4000-5000 dollars 4.5%
- \$5000+ dollars 3.4%
- \$3000-4000 dollars 3.3%