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***What Do We Mean By Adding Value?***

**Last Month's Quality Digest Magazine Results:**

"Do you require your suppliers to have some sort of quality management system in place (i.e., ISO 9001, ISO/TS 16949, etc.)?" Here are the results:

- Yes **59%**
- No **40.6%**
- I don't know. **0.4%**

**What do we mean by "adding value"?**

We hear so much about the importance of "adding value" to our processes and during quality management system audits. In principle, each of us contributes in some manner or form adding value, but this is not always the case. Occasionally, it is unclear whether an event adds value. Here are three useful tests:

- *Does the event physically transform the product in some way? If so, it probably adds value.*
- *If the customer observed the event, would he balk at paying its cost? If so, the event probably does not add value.*
- *If the event were eliminated, would the customer know the difference? If not, the event is probably non value added.*

There are several dictionary definitions of "value" but all focus on the concept of something being useful. "Adding Value" therefore means to make something more useful. Some organizations have used ISO 9001:2000 to develop a quality and operational system that is integrated into the way they do business, and is useful in helping them achieve the strategic objectives of the business. Conversely, other

organizations have created a bureaucratic set of procedures and records that do not reflect the way the organization actually functions and simply adds costs, without being useful. This does not add value. Let's look at two different approaches:

- A non-value added approach asks, "What procedures do we have to write to get the ISO9001:2000 certification?"
- A value added approach asks, "How can we use our ISO 9001:2000 based quality management system to help us to improve our business and enhance customer satisfaction?"

Our experience has shown that the approach an organization takes to "adding value" is likely a function of the level of maturity of the organization's quality culture and the maturity of its quality management system in respect to the requirements of the ISO 9001:2000 Standard. It is important to define that in this context:

- "Quality culture" refers to the degree of awareness, management commitment, and overall collective behavior of the organization with regard to its quality and operational performance success.
- "Conformity to ISO 9001:2000" relates to the maturity of the organization's QMS and the extent to which it meets the requirements of ISO 9001:2000.

Let's look at an organization that has a mature "quality culture" and is registered to ISO 9001:2000 for a significant period of time. The expectations of how an audit might add value in most cases will be the most challenging for an auditor. A common complaint is that a surveillance audit is routine, and does very little to add value to the organization. In these cases, "Top Management" becomes an important supplier and customer of the audit process. The auditor must have a clear understanding of the organization's strategic goals, objectives, and/or business plans in order to put the QMS audit within that context. Management must spend time with the auditor to define their expectations for the QMS and to incorporate these expectations into the audit criteria and outcome results.

## Tips for the auditor on how to add value

- Understand the auditee's expectations and culture.
- Any specific concerns need to be addressed (e.g., output from previous audits)?
- Appropriate audit team selection to achieve audit objectives.
- Focus more on processes and less on procedures.
- Focus more on results and less on records.
- Remember the 8 Quality Management Principles.
- Use the "Plan-Do-Check-Act" approach to evaluate the organization's process effectiveness.
- Adopt a holistic approach to evidence gathering throughout the audit, instead of focusing on individual clauses of ISO 9001:2000.
- Put your findings in perspective (risk assessment).
- Relate findings to the effect of the organization's ability to provide conforming product.
- Provide sensible reporting of audit findings.
- Emphasize positive findings as appropriate.
- Audit reports should be objective and focused.

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In a past issue of "Quality Insider" we asked: "Most of us have to call a customer support number at some time. Usually, that number connects to an automated attendant that steps you through a phone tree before connecting you to an actual humanoid. How often do you find yourself either lost in the phone tree or connected to the wrong customer support department?" Here are the results:

- 0 percent of the time (I never have problems with automated attendants.) 4.4%
- 25 percent of the time 35.6%
- 50 percent of the time 33.7%
- 75 percent of the time 21.6%
- 100 percent of the time (I always have problems with automated attendants.) 4.7%

Are you losing customers based upon your customer support system?