



**This article is one of many available to download
from the Advanced Training website at www.a-t.co.uk
T: 01235 770791
F: 01235 766701
E: information@a-t.co.uk**

*The opinions expressed in this paper are those of the author,
who has given Advanced Training permission to make it
publicly and freely available.*

*In the spirit of that openness, we ask that any copy of this
document remains intact, including this page, so that its
provenance and distribution credits can be acknowledged.*

*You are free to use this material for any non-profit-making
purpose (subject to any restrictions otherwise noted) as long as
this header and any copyright & contact information are included.*

ISO 9001 and beyond

There are a dozen individual documents in the official ISO 9000:2000 'family' and a further seven in the *ISO 9000 introduction and support package*. In addition we have the definitive 70-page *HB 10181:2001 Transition to ISO 9001:2000*.

Many hundreds of pages of, presumably, best practice. And for what? Almost all of the material has been ignored by the 'quality' profession in favour of an obsessive focus on the acquisition of a certificate that takes into account just the twelve pages containing the auditable requirements.

This article by Advanced Training's Jim Wade reminds us of the existence of just one of the other documents, ISO 9004 and of two other tools, the Balanced Scorecard and the Excellence Model. It outlines how each might be used to progress beyond ISO 9001, specifically as part of a programme of senior management education on 'quality' matters.

Article originally published in Quality World [UK], November 2003



The road to continual improvement is littered with management systems, tools and techniques, and the latest fads, all claiming to be the answer to your prayers. So, which route should you take? **Jim Wade**, director of Advanced Training, suggests three tools; ISO 9004, the balanced scorecard and the excellence model, and suggests that one of these might provide the answer

Imagine a toolbox. Engraved on its lid are the words 'ISO 9000:2000 body of knowledge'. Open the lid and there are 20 tools laid out neatly. The only tool that shows any sign of use is labelled ISO 9001. In fact, if we look more closely, it seems that even this tool has only ever been used in parts. The unused parts of ISO 9001 are in pristine condition - shiny and new, oiled and gleaming - just like all the other tools arranged beside it.

A tale of lost documents

Table 1 lists the documents that describe the tools in this particular box. As well as the 11 members of the ISO 9000 family (12 if we count the draft ISO 10018) there are seven documents, prepared by the people responsible for ISO 9000, comprising the 'ISO 9000 introduction and support package'. We also have 'HB 10181:2001: transition to ISO 9001:2000', described in its foreword as 'the best guidance currently available'.

Surely there is some purpose to all these documents? Some meaning to the countless hours of work invested by the finest minds of the global quality profession? What sense can there possibly be in limiting our use of this great mass of information to clauses 4-8 of ISO 9001?

ISO 9004: the real hero

The purpose of ISO 9004 is ambiguous - even the creators of ISO 9000 offer several different versions of how it should be used. But, for the organisation that has until now focused only on the requirements clauses of ISO 9001:2000 in order

to gain a certificate, ISO 9004 casts plenty of light on how to make the next steps on the continual improvement journey.

We know that one of the fundamental principles on which ISO 9000 is based is leadership. ISO 9004 states that: 'Leaders establish unity of purpose and direction of the organisation; they should create and maintain the internal environment in which people can become fully involved in achieving the organisation's objectives.'

Looking to ISO 9001 for guidance, it appears that top management need actually do only four things:

- communicate the importance of meeting requirements
- establish a quality policy
- appoint a management representative
- review the QMS

All the other references to top management require them to ensure that things are done - the implication being that it is okay for others to do the work in those cases. Indeed, if we look at many ISO 9001 management systems, most of the important work required to establish and maintain the system is not carried out by top management at all. More often than not it is done by a relatively junior 'management representative'.

ISO 9004 eradicates any confusion by reminding us that in an organisation where the leadership principle is taken seriously it is, despite what ISO 9001 requires, top management's job to:

- establish objectives
- identify and define processes (not only those that realise products and services but also those that support product

Top tip number one:

Use ISO 9004, not ISO 9001 as a basis for promoting good practice, particularly with regard to the education of management. As well as using the ISO 9004 explanations that lay out top management's role, make use of Annex A: guidelines for self-assessment. This is a good way of initiating talks at top management level about improvement priorities.

Other areas in which ISO 9004 provides useful guidance, which helps overcome the habits adopted by a certification-focused viewpoint are: education, training and involvement of people, process management and internal auditing.

For further information visit www.iso.org

Table 1 - ISO 9000 body of knowledge

ISO 9000 family of standards:

- 9000 - fundamentals and vocabulary
- 9001 - QMS requirements
- 9004 - performance improvements
- 19011 - auditing
- 10006 - project management
- 10007 - configuration management
- 10012 - measurement management systems
- 10013 - QMS documentation
- 10014 - quality economics
- 10015 - training
- 10017 - statistical techniques
- 10018 - handling complaints

ISO 9000 introduction and support package

- selection and use of ISO 9000
- quality management principles and guidelines on their application
- guidance on ISO 9001:2000 clause 1.2 'application'
- guidance on the documentation requirements of ISO 9001:2000
- guide to the terminology used in ISO 9001:2000 and ISO 9004:2000
- guidance on the process approach to QMSs
- guidance on outsourced processes

HB 10181:2001 transition to ISO 9001:2000:

Guidance on ISO 9001:2000 quality management systems - requirements

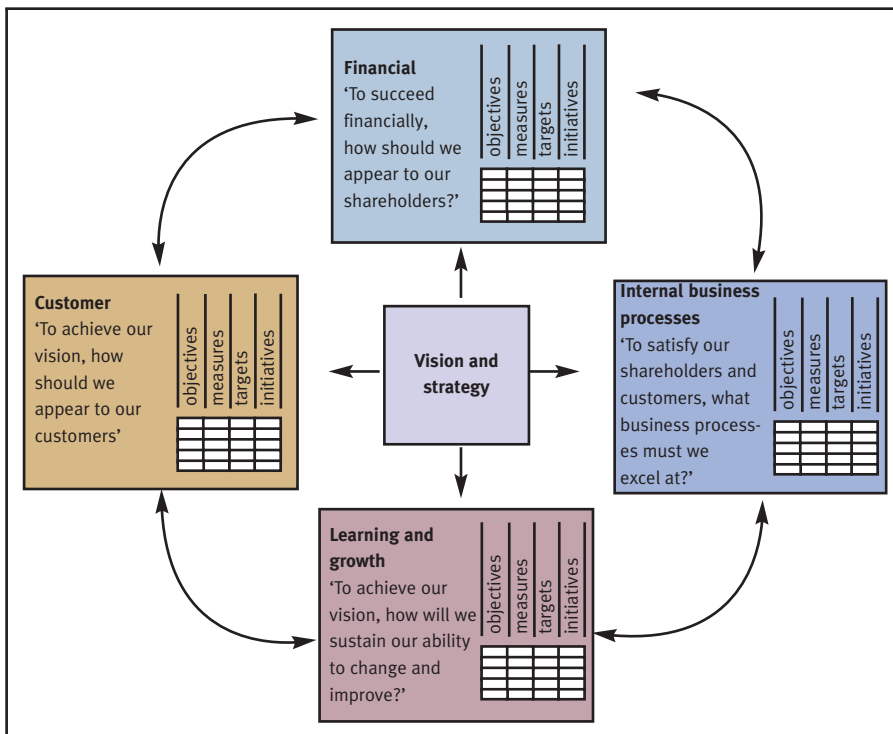


Figure 1 - Balanced scorecard

Source: Robert S Kaplan and David P Norton, 'Using the balanced scorecard as a strategic management system', *Harvard Business Review*, January-February 1996

- realisation)
- create an environment where people are empowered and accept responsibility to identify organisational improvement opportunities
- define methods for measuring performance to determine the degree to which planned objectives have been achieved

Balancing the scorecard

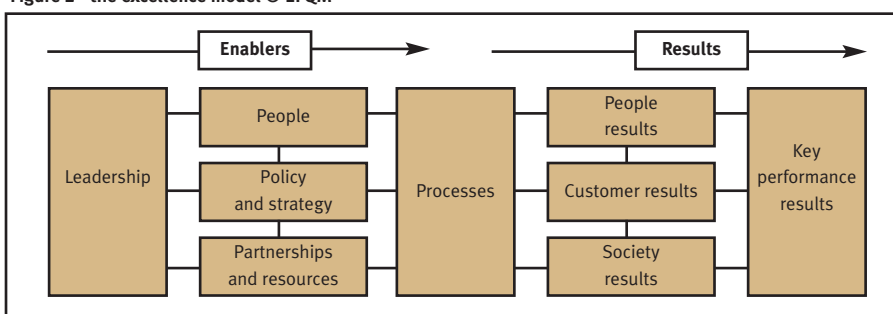
The balanced scorecard originated from a multi-company study undertaken in 1990 by KPMG called 'Measuring performance in the organisation of the future'. In 1992, David Norton and Robert Kaplan - the

study leader and the academic consultant respectively - summarised their findings in the *Harvard Business Review*. In 1996 their book, *The Balanced Scorecard*, was published. Amazon.com now lists about 50 variations on the theme.

The balanced scorecard provides a framework for four perspectives of a business: financial; customer; learning and growth; and internal business processes (illustrated in figure 1). But the concept is much more than financial and non-financial measures of success. It points to key questions for each of the four perspectives:

- to succeed financially, how should we appear to our stakeholders?

Figure 2 - the excellence model © EFQM



David Norton and Robert Kaplan - the study leader and the academic consultant respectively - summarised their findings in the *Harvard Business Review*. In 1996 their book, *The Balanced Scorecard*, was published. Amazon.com now lists about 50 variations on the theme.

Top tip number two:

Balanced scorecard thinking brings an understanding of how strategy can be translated into a set of measures. This translation helps to communicate strategy in the organisation (in terms of defining what must be achieved to fulfil the plan) and to improve the predictability of business outcomes. Bottom line: the thinking enables us to reduce the variation between what our plans say and the actual results we achieve.

Use the balanced scorecard approach to produce a graphical representation of how (or if) chosen measures link together. This might be done as part of a top-level process map. Questions to address include:

- is there a mix of lagging (outcome) measures and performance (leading) measures?
- are there measures from each of the four perspectives?
- how well do the measures form cause-and-effect chains showing, for example, how internal achievements in one area of the business relate to the eventual achievement of outcome goals?

'The Balanced Scorecard: measures that drive performance' by Robert S Kaplan, David P Norton (*Harvard Business Review*, Jan-Feb 1992)

The Balanced Scorecard: Translating Strategy into Action by Robert S Kaplan, David P Norton (Harvard Business School Press, 1996)

- to achieve our vision, how should we appear to our customers?
- to achieve our vision, how will we sustain our ability to change and improve?
- to satisfy our shareholders and customers what business processes must we excel at?

The answers to these questions not only help a company develop the required objectives, measures, targets and initiatives, but also help to understand the cause and effect relationships between future outcomes (lagging indicators) and the performance measures already being applied (leading indicators).

By the people for the people

The excellence model is a non-prescriptive framework designed to help achieve sustained continual improvement (see figure 2). It is based on the premise that: 'Excellent results with respect to performance, customers, people and society are achieved



Principles of ISO 9000	Concepts of the excellence model
System approach to management	
Involvement of people	People development and involvement
Customer focus	Customer focus
Continual improvement	Continuous learning, innovation and improvement
Mutually beneficial supplier relationships	Partnership development
Leadership	Leadership and constancy of purpose
Process approach	Management by processes and facts
Factual approach to decision making	Management by processes and facts
	Results orientation
	Corporate social responsibility

Table 2: Management principles and concepts

Top tip number three:

The excellence model is a useful checklist to compare its version of excellence with a company's own reality. This could help to highlight areas for improvement.

Think of it as a sort of self-assessment. The model describes a simple scoring approach called RADAR (results, approach, deployment, assessment and review). After all, self assessment has to be of more value than the average internal quality audit.

The excellence model comes in three versions:

- large companies
- public and voluntary sector
- SMEs

For further details visit www.efqm.org or www.quality-foundation.co.uk

Alternative or additional material describing the criteria for the Baldrige National Quality Award (the US equivalent of the excellence model), is free from www.quality.nist.gov in three versions; business, education and health care.

through leadership driving policy and strategy, delivered through people, partnerships and resources, and processes.' The nine boxes in the diagram correspond to the nine criteria that are used to assess a company's progress towards excellence. The assessment can be carried out either by external people in connection with European or national awards or - and this is of more fundamental importance - internally during a process of management self-assessment.

The model is more appealing to managers because it was created by business people, unlike ISO 9000 which has its roots, and

largely remains, in the world of quality. The model tends, therefore, to use more accessible language and takes a wider view of the workings of an organisation.

Another important point is that the model allows for organisations to gauge their position on the journey to quality, in that they can rate themselves (or be rated) on a sliding scale from 0-1,000. This is similar to the performance maturity levels described in ISO 9004, but quite unlike the binary pass or fail ethos of ISO 9001 certification.

The model is based on eight fundamental concepts of excellence (listed in table 2), in comparison with the eight management principles behind ISO 9000. There is some correlation between the two lists. One key difference, however, is the excellence concept of 'results orientation' which has no equivalent in ISO 9000. This does not simply refer to financial results but rather


to the results expected and needed by all stakeholders. The point is underlined in the recommended 'scoring' used in self-assessment. The results criteria - the four right hand boxes of the model - break down as follows (percentages of total possible results criteria):

- seventy per cent are people-oriented results (employees, customers, and society at large), 30 per cent are 'harder' key performance results
- only 15 per cent of the results are conventional outcome measures such as profitability and market share; another 15 per cent deal with 'indicator' measures such as process performance and innovation rates
- perhaps most striking of all, 46 per cent of results are measured by people's perceptions

Choose your tool

The exact use of these tools depends, of course, on an organisation's particular situation. It's not a good idea to necessarily adopt any of the three fully - in the sense of 'we've done ISO 9001, now let's do the excellence model'.

The three tools have one useful attribute in common - they each include valuable material for the development of a programme of senior management education on quality matters. In cases where managers are not as committed to quality principles as perhaps they should be, these tools may help.

For example, ISO 9004 offers specifics about management responsibility in bringing the plan-do-check-act cycle to life. The balanced scorecard helps us to link management's understandable emphasis on financial outcomes to the improvement and measurement of activities that will positively affect those outcomes. The excellence model can be drawn on as a resource not only to introduce questions relevant to planning continual improvement, but also to engender (through self-assessment) a spirit of measuring improvement by noting progress against acknowledged good-practice criteria. All have valuable benefits, so all you you have to do is choose your tool and reap the rewards 



Jim Wade is a director of Advanced Training and also runs the Business Improvement Network, offering free information and subsidised workshops on continual improvement. He is keen to hear from people with opinions or questions on the topics raised here. Contact him

on t: 0118 987 5120, e: jim@bin.co.uk or visit www.a-t.co.uk or www.bin.co.uk