SAQI
The South African Quality Institute

e - Quality Edge

bringing quality information to South Africans since 1996

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The Future of ISO 9001 : Part 2 and more!

In this month's newsletter we follow up on last month's article on the Japanese position paper on the future of ISO 9001 with the second article that covers their recommendations for changes to the proposed update of the current 2008 Standard.

We will also feature in this issue a new series that we have titled "With the benefit of hindsight" In this series we will look at articles that we published 10 of more years ago and ask ourselves if the predictions that we set then have come true or not. The first of these articles will look at the launch of the ISO 9001:2000 Standard that we published 11 years ago and reflect on the impact of the Standard on the global approach to quality.

It is always good to welcome new members to the SAQI family and this month we have the opportunity to welcome our first Platinum member from Government. We are proud to be associated with the South African Revenue Services (SARS) in their quest to improve the quality of their services across South Africa. Read more about SARS in this issue.

Feedback relating to our previous issue from Dr. Alastair Walker one of our long term members:

Many thanks for the always interesting newsletter! Few folk appreciate the effort needed to create it! I would like to make the following comment:

Japanese comments on problems with ISO 9001 certification.

In 2008 I published a paper in the IEEE Computer Society magazine on the 'product' problems in ISO 9001. I predicted a renewed focus on the issue of product quality. I am delighted to see that the Japanese are focusing on this issue.

We always welcome your comments particularly the nice ones.

Yours in Quality

Paul Harding SAQI MD

Japan's Position Paper on the proposed ISO 9001 future revision (Part 2)




This is the second part of a two part article that discusses the current concerns with ISO 9001:2008 seen from a Japanese perspective which will cover the Japanese proposal for improving the Standard.

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Secretariat of Japanese NMC for ISO/TC 176
Japanese Standards Association
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There are quite a few candidate areas for the revision/addition of ISO 9001 requirements, but the following three areas at minimum need to be deliberated upon in order to make the ISO 9001-based QMS certification remain valuable for its users.

These three areas correspond to the Causes (1) ~ (3) as discussed in the previous month's SAQI e Quality Edge article in section 2.

1. Add explicit requirements for acquisition/improvement of inherent technology related to product and its realization processes.
2. Add more explicit requirements for a system to prevent lack of knowledge/skills, intentional violation of standards and unintended mistakes, all of which constitute major causes for non-conformities, disgraceful accidents and scandals.
3. Add more explicit requirements for PDCA relating to performance indicators to represent product quality.

With regard to Revision Item (1), directly assessing an organization's inherent technologies is one of the options, but it is not realistic to assess all of them because of their magnitude. Instead it would be a good idea to assess a system to learn and acquire necessary inherent technologies from other organizations in the sector and a system to improve existing inherent technologies, to assess whether these systems function appropriately, and then to assess some of representative inherent technologies. Since ISO 9001:2008 does not have such requirements, it is necessary to add them.

With regard to Revision Item (2), it is not realistic to find out whether there is no intentional violation or unintended mistake. It is considered appropriate to assess whether a system to prevent intentional violation and unintended mistake exists and whether it functions effectively. This system should be designed in a way to address "typical" violations and mistakes which actually took place in the past. The requirement of preventive action in ISO 9001:2008 is related to this case. In order to make what is required clearly understood by ISO 9001 users, however, it is necessary to elaborate the requirement concretely. For lack of knowledge/skills, Clause 6.2 "Human resources" is relevant in ISO 9001:2008. It would be a good idea, however, to more explicitly and clearly define the linkage between product quality and knowledge/skills necessary to establish product quality.

One of the options for revision necessary to address Cause (3) is to add a phrase to clearly state a purpose, e.g. "in order to …," to the requirements for activities at each stage of the PDCA cycle. (ISO 9001:2008 uses quite a few similar phrases as well.) Even if a purpose is clearly stated and a requirement to establish linkage between product quality and knowledge/skills is stipulated, however, decision on conformity/nonconformity will still be left to each individual auditor's discretion unless "product quality," a final outcome, is defined unambiguously. It would be appropriate to require organizations to define a specific "performance indicator" to represent product quality and to use it as an axis to run the PDCA cycle.

What should be discussed for the above revision items?

There may be different approaches about how to incorporate the revisions presented in Section 3 into ISO 9001. One potential approach is to rewrite ISO 9001:2008 in a way to meet ISO Guide

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83 first, as ISO has decided that all management system standards including ISO 9001 must be in compliance with ISO Guide 83, and then to discuss how to incorporate the revisions. In an attempt to limit the scope of discussions, however, Section 4 will present how to incorporate the revision into ISO 9001:2008 and outline some potential discussion points.

For Revision Item (1), ISO 9001:2008 can be revised in the following way:

a) Stipulate requirements, in Clause 6 "Resource management," for management of inherent technologies (systematization of inherent technologies, evaluation of level of inherent technologies, acquisition of necessary inherent technologies from outside of an organization, sharing and utilization of inherent technologies within an organization etc.).

b) Stipulate requirements, in Sub-clause 6.2.2 "Competence, training and awareness," to define competence necessary to achieve quality objectives. Furthermore, stipulate requirements for competence acquiring plan, implementation of the plan, and review of effectiveness of the plan. Make it clear that competence includes both competence relating to inherent technology and competence relating to management technology.

c) Stipulate requirements, in Sub-clause 7.2.2 "Review of requirements related to the product," to identify, evaluate, maintain and improve inherent technologies required in product realization process. Make it clear that "the ability to meet the defined requirements" includes "human resources." Make it clear, in Clause 7.3 "Design and development," that design includes "process design."

d) Make it clear, in Clause 8.5 "Improvement," that inherent technology also needs to be improved.

The inherent technology mentioned above is defined as a technology inherent and specific to the product type. Some inherent technologies are related to a product itself, while others are related to product realization processes. Therefore, the inherent technology is closely linked to product and its realization process while the management technology is closely related to QMS elements, ISO 9001 requirements should be stipulated in a way to interrelate technologies and human resources of an organization as they are closely linked with each other.

For Revision Item (2), ISO 9001:2008 can be revised in the following way:

a) Stipulate requirements, either in Clause 7.1 "Planning of product realization" or in Clause 7.3 "Design and development," to identify potential typical failures which are highly likely to take place and to take preventive actions against them in advance. The failures include intentional violation and unintended mistakes.

b) Stipulate requirements, in Clause 7.4 "Purchasing," to have suppliers apply ISO 9001-equivalent control (identification and prevention of potential failures etc.) when an organization cannot ensure that purchased product meets specified purchase requirements through inspection or when it is financially difficult for an organization to perform such inspection.

c) Stipulate requirements, in Clause 8.5 "Improvement," to review failures which took place in the past and use the review results as inputs to identification and prevention of potential failures to be required in Clause 7.1 or Clause 7.3.

d) Stipulate requirements, in Clause 8.5 "Improvement," to analyze failures, when they actually take place, to find out why they could not be identified in advance, to improve method to identify and prevent potential failures, and to regularly evaluate whether or not improvement is carried out effectively.

Identification and prevention of potential failures can be carried out at various levels including QMS, product realization process (design/development, purchasing, production and service provision etc.), each individual product and its realization processes. In order to effectively prevent intentional violation and unintended mistakes so as to ensure product quality, however, potential failures must be identified and prevented at the level of each individual product and its realization processes. As it is hard to perfectly carry out this kind of activity from the beginning, a system for continual improvement needs to be built in. In the event that an organization cannot ensure that purchased product meets specified purchase requirements through inspection or that it is financially difficult for an organization to perform such inspection, it is necessary to extend the scope of this activity beyond an organization to first-tier suppliers and further down to upstream of supply chain.

For Revision Item (3), ISO 9001:2008 can be revised in the following way:

a) Add requirements, in Clause 5.1 "Management commitment," which emphasizes a need of more active involvement of top management in QMS.

b) Add requirements, in Sub-clause 5.4.1 "Quality objectives," to establish close linkage between quality objectives and planning of production realization. Management review does not function properly unless means to achieve quality objectives are clearly defined. It is necessary, therefore, to require an organization not only to establish quality objectives but also to break down the objectives ("what") into concrete means ("how") to achieve them.

c) State clearly, in Sub-clause 5.5.3 "Internal communication," purpose, intent and expected results of the requirements (understanding of quality objectives, mutual learning, performance improvement, control of process interaction etc). Especially for those requirements which are important to ensure product quality, organizations are required to carry out specific activities of internal communication necessary to achieve purpose of each requirement; e.g. collect information on failures taking place in lower levels of an organization.

d) Add requirements, in Clause 7.1 "Planning of product realization," Sub-clause 8.2.3 "Monitoring and measurement of processes" and Sub-clause 8.2.4 "Monitoring and measurement of product," to establish close linkage among quality objectives, product requirements, planning of product realization and monitoring/measurement. Stipulate requirements, in Clause 7.1, to define KPI (key performance indicator) based on quality objectives and product requirements. Stipulate requirements, in Sub-clauses 8.2.3 and 8.2.4, to initiate improvement activities through management review etc. when it is found, as a result of KPI monitoring and measurement, that expected outcomes are not obtained.

The primary conditions for effective operation of the PDCA cycle are

1) Results are evaluated objectively and
2) Objectives for the results are clearly established. Establishing objectives alone, however, is not sufficient. Methods and means to achieve the objectives must be planned.

Finally leadership of top management and internal communication are critical to ensure these conditions as an organization is composed of multiple people.

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With the benefit of hindsight

SAQI is taking a look into the past and is selecting a series of articles published in its Quality Edge 10 or more years ago and questioning if the comments are still relevant today.

A shift in the quality paradigm (Published in 2001)

By David J Stables

The ISO 9001:2000 standard is not just an upgrade in the traditional sense; it is more of a completely new product. Quality auditors and quality managers alike are still struggling to come to terms with the new standard. Gone are the old ways of quality assurance – they no longer exist. These are the days of managing quality, continual improvement, customer focus and a move towards self-assessment. In this, article, **David J Stables** explores the paradigm shift that is taking place in quality management.

The paradigm shift

The first and second editions of ISO 9000 were criticized as being

- very manufacturing orientated and
- did not take into account of the real purpose for quality (assurance / management) standards – To give customers confidence in the product and/or service they have paid for, and receive from, their suppliers.

This has a lot to do with the legacy of the military influence in our lives over the past 50 years; whether it was a post Second World War shortage of supply of products, the influence of the Cold War industries or just the engineering and scientific mentalities that have been prevalent in industry and commerce since WWII.

John Seddon, a long standing critic of ISO 9000, states that: "The philosophy of specification and control appeals to managers. It was especially appealing to those who managed our new technologies in the 1960's and 1970's. But, as Admiral Rickover, head of the US Navy observed back in 1962 when they had serious problems with power generation and telecommunications, for example, they would have been better to focus on learning rather than control.

Rickover observed that management had become detached from the work: they were not learning. ISO 9000 has maintained his regrettable tradition."

This is further emphasized by Böje Larson and Toard Häversjö of Denmark: "The original ISO 9000 standard with its origin in defence purchase had a clear focus on assuring that the company supplying the defence order was able to deliver. Here, the supplier should not contemplate the 'need' of the state organization buying defence goods, but should rather study the order submitted ('contract review') and make sure that they understood and delivered as described. No more, no less."

So what was ISO/TC 176 Technical Committee that was to develop the new standard supposed to do? Users were critical; stating that the standards were cumbersome, not functionally orientated and manufacturing biased, offered no linkage of methods for a unified business approach and didn't provide a systematic approach.

Well you need to practise what you preach and, naturally being quality minded; ISO/TC 176 went to its customers. In 1997 ISO/TC 176 carried out a survey of its key users. This survey consisted of a written questionnaire distributed to companies, certification bodies and public service organizations in 40 countries … 1 120 answers were received, 86% from industry.

The following are two of the findings:

Q: should future standards be based on the process model rather than the 20 elements in the 1994 standard?
A: Yes answers = 29%, important plus 25% very important, i.e. 54% positive answers
Q: do you think that the pair of QA and QM standards must address effectiveness (QA) and efficiency (QM) requirements?
A: Yes = 88% important and very important.

The question is – where are we now? With the new ISO 9001:2000 standard we are moving through the first paradigm shift. We are leaving the 1994 standards under the heading systematic quality and moving with ISO 9001:2000 to TQM and upwards to self-assessment with ISO 9004:2000. On this note: will industry by able to make the paradigm shift?

A problem that many of the larger organizations have is where they have insisted on their suppliers becoming certified to ISO 9001/2 (1994) in the past and are still experiencing problems with the product and/or service that they are receiving. Recently (February 2001) the NAAMSA (Automotive Group) SQA committee discussed the problem of suppliers that are ISO 9001/2 certified, but when its own auditors go in to carry out a process or product audit there is little evidence of a quality system in place.

We are not alone in this predicament as George Laszlo from Canada wrote: "Another factor that complicates the change in the ISO 9001 requirements is that many organizations that are currently registered to the 1994 version of ISO 9001/2 have what is referred to as 'paper certificates' – i.e. they have somehow managed to convince their registrar that they conform to the requirements, but in fact they do not.

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"The difficulty posed in such cases is that the culture that allows such a deceptive attitude is exactly the opposite to the open and co-operative culture that is required to envisage the new ISO 9001 based on the principles of quality management."

Figure 1 illustrates the dilemma many organization could experience from the change over. Although it illustrates the difference between ISO and TQM, it can easily be the same for ISO 9001/2:1994 and ISO 9001:2000.

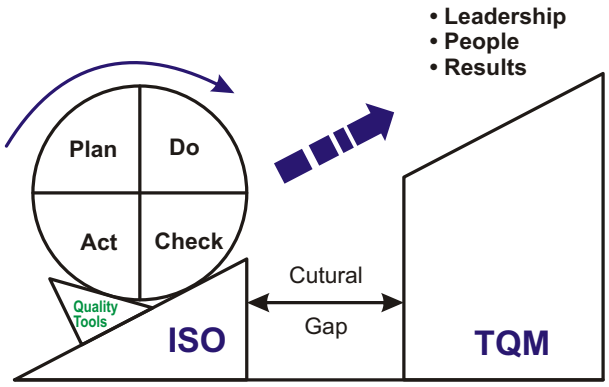

Figure 1: **Cultural shift from ISO to TQM, Dr F Hill, 1999**

It is an interesting question: how many (of the more than 350 000 certifications worldwide, 3 316 in South Africa at December 1999) are purely a paper system? They will not be able to make the transition.

Fortunately the ISO administrators keep a tab on this. There is an internal record on the number of certifications – maintained, growth and discontinues per country and number of certificates by industrial sector. I would not be surprised that the next three years will see up to a third of these certifications discontinued. On the other hand we could see a significant increase of certifications in the service sector.

Expectations of the new standards

There are many expectations from this new set of standards. A great deal of work has been done to ensure that these are suitable for the market place. I have already mentioned the survey that ISO conducted in 1997. ISO has also produced an internal guide that all management system standards – MSS (ISO 9001 and ISO 14001) must be tested against certain criteria before publications. By just looking at the list below we can see that the chance of these new standards being just a 'flavour of the month' is extremely slim. Requirements to be met before publication of an MSS are:

- ✓ market relevance (to primary user),
- ✓ compatibility (terminology/structure/content),
- ✓ topic coverage (minimize sector specific),
- ✓ flexibility (to all sectors/cultures/sizes),
- ✓ technically sound basis (proven practices),
- ✓ easily understood (easily understood and translatable),
- ✓ free trade (permit and WTO principles),
- ✓ applicability f conformity assessment (first, second and third party),
- ✓ exclusions (no product specifications, test methods, etc.).

This indicates that through research, checks and balances have been created to ensure the maximum probability of a successful set of standards.

Charles Corrie, chairman of ISO/TC 176 subcommittee 2 responsible for ISO 9001 and ISO 9004:2000, stated during his keynote address at the official launch of SABS ISO 9001 that the new standards are more business oriented:

- ✓ far less documentation is required,
- ✓ they are less prescriptive,
- ✓ organizations define what they do,
- ✓ they enable full integration of quality management systems into the management system of the organization.

The new standards are **quality management standards** and not quality assurance standards. They are based on improvement of all systems, processes and products for achieving customer satisfaction and for the benefit of all interested parties. Organizations will therefore have to start looking at their secondary processes, i.e. services that have an impact on their customers. We, as customers, should expect a lot more confidence in products and services from our suppliers. There should also be a great deal more contact between our suppliers and ourselves – perhaps they will really make the effort to find out if we are satisfied with the products and services they are delivering to us. Many of the problems and criticisms of the 1994 standards have been sorted out and we should look forward to using these much more mature standards in the future. Interpretation should not be a problem.

At the ISO/TC 176 meeting in November 1995 in Durban it was agreed that the new standard would be written in a simpler English to facilitate understanding and translation.

A grade eight (standard six) level of English was selected as internationally acceptable language level for the standards.

What has changed since this article was first written.

David Stables gives his feedback to our readers 11 years after the original article was published.

I am still very active in the quality management field, training new recruits and some old dogs as well, in the understanding, use and application of ISO 9001. It was interesting for me to read what I wrote 11 years ago, as much of what I predicted did come true.

Over the past five years I have seen an upsurge of organisations in the service industries implementing ISO 9001 as well as many small (5-20 employees) organisations. What was also of interest is that I stated that there were over 350 000 organisations which had their management systems certified to ISO 9001 back in 2001. Today that number is over 1 000 000 in 175 of the 205 countries in the world.

A recent trend I have also picked up is organisations are implementing ISO 9001 because it is simply a good management system and not because their customer demanded it. These organisations go for the "self-declaration" option. In this category, several years ago I worked with the City of Cape Town, Property Portfolio Department; earlier this year I had several people from the Nelson Mandela Children Fund attend our "implementing a QMS" course (also not for certification purposes).

Currently ISO/TC 176 is working on the 5th Edition of ISO 9001 and it is not easy going. How do they improve on a Management System Standard that is working well is so many diverse organisations, as per size, business, culture, etc. of the organisations? the 2015/ 2016 (5th Edition) will be quite interesting!

About the Author

David Stables ran the post graduate courses in Quality at Technikon Pretoria and the Tshwane University of Technology from 1984 – 2010. He has now moved on from TUT as is running TIQMS in his private capacity. He represented South Africa on ISO/TC 176 Working Groups since 1993, and more recently the TC 176 JWG 16 for the re-writing of ISO 19011 - Guideline for auditing management systems, published in December 2011.

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South African Revenue Service

awarded Platinum status for Quality

On the 18th July 2012, officials from the South African Quality Institute (SAQI) visited South African Revenue Service (SARS) for the official handover ceremony of the Platinum Status Membership certificate award. The ceremony was attended by executives from both SAQI and SARS. See picture below.

SARS' legislative mandate is to collect all revenue due, ensure maximum compliance with tax and customs legislation; and to provide a customs service that will maximise revenue collection. Since it became an institution outside the public service in 1997, SARS has been striving to carry out this mandate efficiently and effectively. Among other things, these efforts were rewarded by winning third platinum Grand Prix in a row at the third Annual Public Sector Excellence Award in January this year. SARS also won awards in the state-owned entities for overall effectiveness and service orientation.

It is against the above background that Moses Mathebula, SARS Senior Manager: Product Design and Development, posed a rhetorical question in his welcome speech – Why does SARS join SAQI while in the public eye it is seen to be doing very well? SARS' answer to this question is that Quality is not a destination, but a journey. This statement was further emphasised by the Managing Director of SAQI, Mr Harding, in his handover speech.

According to Sithembiso Duruwe, Head of Enterprise Quality at SARS, it is the intent of SARS to make the management of Quality an integral part of the organisation's fabric. This is done through design Quality in all spheres of business. The three Quality levers contributing to improved service delivery in SARS are improving service/process quality, reducing cost of service delivery and reducing turnaround time; taking into consideration risk in all dimensions.

In her closing speech Brenda Hore, Group Executive for Enterprise Business Enablement, said that it was a great honour for SARS to be awarded platinum membership for quality by a prestigious organisation like SAQI. She said that Quality had always been one of the focus areas in SARS. SARS' quality philosophy is “Quality at source” - do the right things right.

Photo by Karen Nelmapius

From left to right:
1. Aletta Mashao 2. Paul Harding 3. Brenda Hore - Group Executive: Enterprise Business Enablement
4. Firdous Sallie - Group Executive: Contact Centre Operations
5. Sithembiso Duruwe - Senior Manager: Enterprise Quality & Conformance Management
6. Dan Zulu - Group Executive: Branch Operations

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Customer orientation & Embedding quality thinking into the organisational culture

By Monde Mekute, Executive Manager: Quality
Carl Zeiss Optronics (Pty) Ltd




South African organisations need to realize that they operate in the global economy and as such they need to adopt best practices to remain competitive in the market place and relevant to their customers. Many global enterprises use quality as a strategic weapon and a competitive tool to improve their business performance.

In manufacturing organisations the main barrier to customer satisfaction and competitiveness is a lady called **MRS BIV**. To realize improved business performance and enhance customer satisfaction top management must get rid of this lady in their organisations.

MRS BIV stands for:

- **M** – Mistakes
- **R** – Reworks
- **S** – Scrap
- **B** – Breakdowns
- **I** – Inefficiencies
- **V** – Variances

Mistakes refer to errors that are often caused by employee negligence, normal employee mistakes, and lack of proper employee training.

There is also another important type of error; these are errors induced by the processes themselves. When processes are not robust and error proof enough, and are prone to recurring errors, people will make mistakes. Murphy's Law; "*What can go wrong will go wrong*" .

Error proofing can be used as a tool to reduce or eliminate errors induced by the processes. This is achieved by designing processes in such a way that it is impossible for people to make errors. The Japanese refer to this phenomenon as poka yoke. Process Failure Modes & Effects Analysis (FMEA) is also a tool that is vital to the error proofing of processes by predicting and then reducing the inherent risk in each process.

Reworks refer to salvaging and the re-doing of commodities or services because they have not been done right first time. This is unnecessary and non value added repeating of work activities.

Scrap refers to the absolute waste of raw materials, semi-finished products, and finished products which are discarded because they do not meet the set product specifications or customer requirements.

Breakdowns refer to unplanned production line stoppages.
Inefficiencies refer to all kinds of waste as a result of not working smart in an efficient way.

Variances refer to deviations from the norm or failure to meet specifications and customer requirements.

Embedding quality thinking into the organisational culture is basic and common sense, although common sense is not so common. The challenge for organisations is simply to remain focused and disciplined all the time; focussing on both external and internal customers.

External customers pay our salaries and without them we will have no jobs. The saying "Customer is King" refers to these customers.

Internal customers are all those people or departments within the organisation whom our work output will become an input to their work activities. So everything we do becomes an input to the next person in the process. We must always strive to make life easy for the next person and resist the temptation to pass poor quality work to the next person. We must also always strive to help each other perform better. To illustrate this point consider a game of soccer or rugby: When a player makes the pass he ensures that the player he is making the pass to has received the ball. He does not merely pass the ball and look away but he makes sure that the ball is not intercepted by an opposition player. The player receiving the ball also assists in making sure he receives the ball from his team mate.

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Put simply, quality is about meeting and often exceeding customer requirements. It is about doing things right first time all the time. Failure to realise this will result in **Waste, Rework, Scrap, Downgrading, Warranty Failures, Re-inspection & Re-test, Re-design & Reformulations (Failure Induced), Liabilities, and Penalties**. All these lead to **Customer Defections, Revenue Loss, and Organisational Decline & Fall**. It is worth noting that all these problems are self-inflicted. Unlike a disease, organisational decline & fall is largely more what the organisation does to itself than what happens to it from external sources.

So how do organisations ensure that they do things right first time?

(1) By designing and building quality into products and processes to avoid any unnecessary fire fighting down the value chain. Attempting to eliminate poor quality by mere inspection and testing is bad practice and non-value adding. The quality of products cannot be improved by increasing the number of quality inspections and tests, but by attempting to gain control of the production process so that variances can be reduced to the point where every batch is made right first time.

(2) By error proofing of processes.

(3) By always focussing on prevention of problems rather than correction.

(4) By discipline; adhering to established Policies, Procedures, and Work Instructions.

Deviations from policies, procedures, and work instructions must be managed through established deviation or concession processes. It is poor practice to simply ignore established ways of doing things and do things our way because we feel that the established ways of doing things are rather irrelevant. If an established policy, procedure, or work instruction is deemed no longer suitable, adequate, or effective, then it must be updated to make it relevant. It cannot just be ignored.

Organisations however operate in the real world where no one of us is perfect. That means incidences of poor quality will invariably happen. Organisations should therefore develop and maintain an effective and efficient Quality Incident Management System (QIMS) which they can use as another organisational tool to:

(1) Report non-conformances. Denial and covering up of problems does not help the organisation. You cannot manage what you do not know.

(2) Determine root causes.

(3) Determine and implement corrective measures.

(4) Determine and implement preventive measures.

(5) Highlight and share lessons learnt. This helps create a learning organisation.

Quality incidents must be effectively resolved within the agreed time frame. Effective management of quality incidences is one of the vital aspects of a living quality management system. Leaving quality incidents unresolved for a long time does not facilitate learning from problems. Organisations which have an integrated management system (SHEQ) use similar Incident Management System activities to manage safety, health, environmental and quality incidents.

It is good practice to categorise quality incidences in terms of criticality or severity. This helps enable the organisation to prioritize resolution of incidents. Quality incidences can be classified as minor and major. This is the Dr. Joseph Juran *"vital few versus trivial many principle!"*

Minor / Low Risk Incidents (**Green**): These are tolerable trivial quality incidents where only continuous improvement is required. These incidents are recorded for trending purposes only without any investigation required. The root causes and corrective measures are normally immediately known. These incidents will however escalate to major incidents if they constantly recur as this is indicative of a systematic chronic deficiency in the process.

Major / High Risk Incidents (**Red**): These are intolerable vital quality incidents warranting a change in the status quo. These incidents are recorded with full investigation. Root causes and corrective measures are normally not immediately known.

Last but not least: Constant communication, education and awareness programs on quality matters help foster the quality culture in an organisation.

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What the heck is an audit?

Or the title of this article should be

"Should I ask an auditor for advice?"





By: Paul Naysmith

It's two days before the Quality audit and as the Texans say "this isn't my first rodeo". My team has done an outstanding job to help me and the production team to be prepared. I'm at my desk looking over the auditor's schedule and audit scope, and I'm finalising in my head my last reassuring conversations that I'll need to give each production manager, across the different departments. There is three little knocks at my open door. This is usually a sign that it's an uneasy soul about to enter my office. Having an open door policy for my office, usually invites a feeling of openness towards any visitors and I, and rarely do I have a knock, let alone three. I guess the audit schedule will have to come second for the next few minutes.

I look up and the frame of the door is filled with the sizeable bulk of one of the production supervisors. He's the type guy that does cast a big shadow, due to his massive height and he is as broad as he is tall. I think at that point "where do you shop for behemoth sized clothes?", however I cannot let this question out of my head: "Hey Iain, a very good evening to you. Are you here to ask me what the colours of my socks are today?" It's a little joke between us; he gets a giggle from finding out which colourful and humorous punk socks I'm wearing that day. He smiles and replies "I'm sure that you'll make me guess what colours they are, like you always do Paul. But I've got a question for you."

"Shoot".*

"I know that you and the Quality guys are preparing for this audit thing…"

"Yes that's right. I remember you being involved in the preparation meetings and reviews, which I am grateful for."

"Well I'm a bit worried Paul"

I've seen this before, I'm armed with my vast Improvement Ninja weaponry, I've got a cookie cutter answer always prepared: "don't worry Iain, it's an opportunity for us to learn about ourselves and an opportunity to improve. Please don't see it as a concern. It'll be over before you know it."

"I know that Paul, you did say that at our last meeting"

Oh wow, I think to myself, that wasn't the answer he was looking for. Now I really need to tune into his channel.

"Iain, please take a seat" he sits down, wedging his massive bulk between the arms of the regular sized chair, "what would you like to talk about? And what about this audit, are you worried about?"

"Well thing is Paul. What exactly is an audit? I don't think I get it."

Well dear reader, like me you may have in your Quality professional career have been asked this question, or if you have not yet been asked, be prepared to be asked what an audit is. So recalling this memory of a long and distance conversation, I thought I'd write down my views of an audit. If it helps, perhaps you can pass this to your colleagues as a sufficient answer to their question.

I must prepare all veteran and professional auditors that are reading this, for which I will begin to over simplify your role and express it in a way that you may disagree with. I will do this as from my experience; I have had success in expressing in these terms to many that are unfamiliar with auditing. All letters of complaint received will be answered in thirty working days.

What is an audit? In its purest sense, an audit is an activity where the real world is compared against a "standard".

Really, is it that simple? Well in my child like view of the world, it is that simple. Now the route or the technique to compare against the "standard" can be complex and challenging, however we should be mindful that an audit is just an exercise in comparison. What standard that is chosen to compare the real world against is vast and broad.

Let me give you an example: checking your child's bedroom to see if it is "clean". You ask your first born if it is clean, and they say that it is clean. You check for yourself, and see something that is equivalent to a tornado that is burst through the toy store. This is not clean in your view, as you have a different standard to your child on "clean", and highlight that multiple dinosaur toy shaped trip hazards in the room does not constitute as being clean. Congratulations you now have conducted an audit.

In the real world of business, our standards can be specifications,

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procedures, requirements or recognised conditions. Due to certain legal requirements, for example tax laws, financial institutions, financial professionals or accountants will put huge resources in place to ensure that the rules are followed. Should something arise out of this financial audit that would question integrity of what you provided to them in your accounts, the consequence would be painful: a fine or jail time.

So I've talked about a financial audit, however as I write for a publication solely targeting Quality professionals, I guess that leads onto to the next question:

What is a Quality Audit? Like in finance, the business world has rules, requirements or specifications that define how an organisation will produce a "quality" product or service for their customers. A Quality audit is a confirmation that the Quality requirements are being complied with.

Really, is that simple? Again yes it is, and like the finance world, Quality auditors need to have some level of recognised professional status. The International Registrar of Certified Auditors (IRCA) is a good source of information to find about auditor certification. I'm not wishing to go into depth on audit training or provide a preference to certification; however I would advise that you, with your employer should do thorough research on the appropriate training or certification agency. There is no one magic bullet or easy answer for training or certification in general; I will always default to recommending applying the Plan-Do-Check-Act (PDCA) process to your recognised need.

In my simple world that live in, I see that there are only four distinct types of Quality audit (i) the internal audit (ii) the supplier audit (iii) the certification audit and (iv) the customer audit.

The internal audit – typically this is where one department will visit another department, and check that department against the company's or customer's requirements. This is useful as it has a level of independence from the processes being audited. Internal audits are typically conducted by part time auditors in your business, unless you have a team of full time in-house auditors (you lucky devil). I used to do internal audits a great deal when I was conducting lean six sigma projects. Before starting to improve any process, I would check if the process was at variance to what was defined. I can't tell you the number of improvement projects that I'd postpone on the grounds that the process wasn't being followed.

The supplier audit – the audit I dislike the most. The reason is that I dislike this one, is that an "audit" is demanded of a supplier when they fail to deliver a Quality product. If this happens to you, take a time out, and work with the supplier on the root cause of the problem before deciding on an audit. Try turning it into a positive and take your "specifications" with you to see how, through an audit, your supplier is working towards achieving your requirements. If planning a supplier audit, and if time is limited, I would advise not auditing their entire Quality Management System, however focus on the areas where you see issues. For example, if you have many repeat dimensional issues for components coming to you, why not consider spending your time on their measurement or inspection processes. I like to get a sense of the maturity of the supplier by auditing their investigation process, comparing their investigations and robustness of their corrective actions. This to me is an indication of their ability to improve, and the worthiness to be a supplier. As a Quality Punk, that does make me a demanding customer.

The certification audit – this is the process where a third party will come and look through your QMS and the audits you have conducted, with the view to seeing if you can meet the requirements of which ever "certificate" you are applying for. This in industry or business may be something like the ISO 9001 QMS accreditation. In my experience the certification auditors are full time professionals, with extensive careers in Quality auditing. These auditors are good for a reason, and during a certification audit, stay close to them. Stay close, not to divert or try to answer all questions they pose, stay close only to learn from them. You may get a great deal from this experience. I like to remind these certification auditors that I'm paying them a vast amount of money for their services, and I want to get value for money. I usually get a positive reaction to that request.

Finally, the customer audit – this is my ultimate favourite, only if it is planned correctly. If the customer plans to come to audit you against their requirements, this is gift for you. It's a gift, as they are coming to you and highlighting where you need to improve, to meet their expectations. I would happily received 10 audit findings, than have 1 complaint, leading to an unhappy customer.

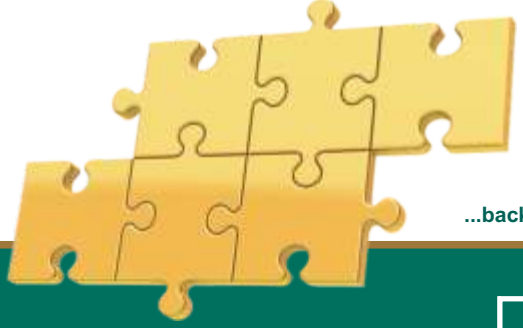
So, after grossly oversimplifying every element of auditing, I would fully anticipate a barrage of complaints highlighting my errors from a professional auditor. However as an audit is a very brief experience for many in business, I don't want to labour the point; I just aim to get to it.

I've experienced many audits in my career so far, and in preparation for all I take the same view: treat them as an improvement opportunity, as they typically are the 'C' in the PDCA cycle. Take a moment today and think about the last audit you had or conducted, recognise the positives your business gained from it and share that experience with a colleague. If we recognise the good from audits, the next audit you prepare for, may not have as much resistance.

* Shoot is no longer a term I like to use in the USA, as I may have an outcome that I wouldn't desire.

About the Author

Paul Naysmith as well as being a Quality Punk and Improvement Ninja, is the HSEQ region manager in the United States for a leading oil and gas well services company. He is a Chartered Quality Professional with the UK's Chartered Quality Institute (CQI) and an honorary member of the SAQI. Naysmith has a bachelor of science in paper science and management, has worked in industrial textiles, food manufacturing, and the aerospace industry. When not working, he enjoys photography, training to become a Cajun, and spending every precious moment with his family.



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Something Brewing after Decades of Talk: UK Bribery Act 2010

Article issued by CGF Research Institute and Werksmans

The world could learn a few lessons through the actions taken by the United States, considering the manner in which they have taken concrete steps against bribery and corruption. Certainly, the adage that "when America goes big", it really does so with everything its got -- without exception -- and even when high profile individuals need to be taken to task.

Since President Obama took office, there have been more than 40 guilty pleas, deferred or non-prosecution agreements and more than US$ 2bn in criminal penalties, all in an effort to crack down on bribery and corruption in business contracts, which is a big priority for the Justice Department under the Obama administration. Most cases have resulted in settlements or plea agreements, with large penalties, rather than trials. Notably the self-confessed Ponzi scheme operator, Bernie Madoff who defrauded thousands of investors of billions of dollars -- and estimated at US$ 65bn -- has personal experience of the might of the Foreign Corrupt Practices Act of 1977 (FCPA). And who would have thought that Bernie, a trusted and respectable leader in American society, who also happened to be the former non-executive chairman of the NASDAQ stock market, would stoop to this level?

So why are there not many more executives and other high profile leaders being held to account when they are caught red-handed, and given the same treatment as Bernie Madoff who received the maximum jail sentence of 150 years when he was convicted of fraud? Could it be that he was the unlucky one, and that those who are not brought to book have been provided unfair protection; or are they above the law; or is it simply that there is little force behind the law that allows them to escape serious jail sentences?

A recent web survey conducted by Deloitte LLP revealed some interesting facts about the two most spoken of pieces of anti-bribery legislation, namely the Foreign Corrupt Practices Act of 1977 and the UK's Bribery Act of 2010. Many of the respondents surveyed were of the opinion that business leaders are more concerned about the FCPA -- established by the US -- as compared to the UK's Bribery Act. Of course there may be a number of reasons why 57% of the business leaders surveyed may have decidedly brushed the UK Bribery Act aside.

One would like to believe that those who indicated their lack of concern regarding the implications of the UK Bribery Act did so because these individuals have already put tough anti-bribery measures in place, whilst presumably also having set the correct tone against this scourge. Surely this would be the only reason why they are seemingly so relaxed about the UK's Bribery Act? But, can we rest upon this presumption; and is this the real reason why so many business leaders have not concerned themselves with the UK's Bribery Act as much as they did for the FCPA? Might it be that many of these business leaders have -- in light of the few FCPA and UK Bribery convictions -- become brazen toward any regulatory attempts to curb this 'cancer' which has become so deeply ingrained within the public and private sectors?

Similar to the findings of Deloitte's web survey on the UK Bribery Act which was conducted across almost 2000 people in May 2012, the findings of KPMG's *Doing Business Under the UK Bribery Act Survey 2012* also had some interesting responses from their respondents. Interestingly, the KPMG survey showed that 75% of third party intermediaries pose their respondent's firms the biggest challenge of falling short of the UK Bribery Act. Moreover, while 59% of the KPMG surveyed respondents had adequate procedures in place to conduct due diligence checks on their third party intermediaries, only 47% of these respondents actually had anti-corruption provisions built into their supplier's contracts.

Whilst the UK Bribery Act has now been in place for just over a year, considering the seemingly low reaction to it's undeniable, yet heavy penalties for non-compliance which includes jail sentences of up to ten years with an unlimited fine; business leaders across the world are cautioned not to pass this one by too quickly. To this end, it would appear that many regulators worldwide are intent on clamping down upon the most serious perpetrators of bribery and corruption, which the World Bank conservatively estimates to cost the world economy an amount in excess of US$ 1 trillion per annum. Of course this does not include the damages bribery and corruption causes through ethical and social decay.

Many business leaders still argue that these anti-bribery laws will seriously reduce their competitive advantage; and this could explain yet another reason for their scant regard toward compliance in these areas. If the truth be told, one could argue that the penalties attached to being convicted of bribery are still far too low, and it would appear that the 'rewards' attached to these business irregularities still far exceed the fines; even where the fines are attached to the company's turnover!

So, its business as usual . . .

Upon deeper reflection, it may not be such a good idea to simply brush aside these laws, and South Africa certainly can add its own Prevention of Corrupt Activities Act (2004) to this brewing pot, which legally compels companies and individuals to report all corruption, including incidents of bribery, fraud, theft, extortion, forgery and uttering. So it would seem that enforcement activities are becoming more 'fashionable speak' and indeed moving beyond mere 'talk shops' as countries begin to introduce more draconian steps to tackle this endemic problem. It should be quite interesting to see just how many more top notch business leaders and other perpetrators -- who believe they are above the law -- will be joining the ranks of Bernie Madoff.

Companies and their leaders would be wise to inform themselves of these anti-bribery and corruption pieces of legislation. Interestingly the UK's Bribery Act 2010 goes well beyond the provisions contained in the FCPA and indeed even our own bribery law in South Africa. Companies across the world can be held responsible -- through the UK Bribery Act -- for bribery carried out by its employees without its knowledge or consent, and such where any UK company or its citizens are involved. The company will also be held responsible if it cannot prove that it has 'adequate procedures' in place to prevent bribery throughout its supply chain. Interesting times lie ahead . . .

More information regarding CGF can be found at www.cgf.co.za
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Quality in Schools

a regular column by Dr Richard Hayward

As most of our readers are parents themselves, we have asked SAQI's education editor Richard Hayward (rpdhayward@yahoo.com), a retired headmaster and published author to give us some words of wisdom on how to get quality principles instilled in young people.

Learning to ride a bicycle ... and other HUGE challenges!

Do you remember that day when you first rode a bicycle? Maybe mom and dad or an older brother played supporting roles. If you fell off the bike a couple of times, they praised your efforts and gave you courage to try again. Can you still remember the elation when you could ride without anyone steadying the bike? Those were times of sheer happiness, sheer joy. A huge challenge in your young world had been overcome.

No longer did you have to rely on others to take you to visit your friends. You could ride there yourself. You were free! You had been empowered – albeit in a small way – to have control over your life.

Every quality school works hard at giving children opportunities to empower themselves. They create caring and supportive environments where children are challenged and stretched. Teachers help children to develop their inner self-confidence, self-respect and independence.

At one school a Grade Four class was once in an incredibly excited state. They were going on their first educational tour away from home. Two nights were to be spent with classmates in bungalows in the countryside. All the children were on a 'high' except for one youngster. His parents didn't want their son to go on tour. They were worried that their son would be going to lion country (true); he had never slept away from home before (true) and that there would be dangerous outdoor activities (not true). Would their son survive an accident when the nearest hospital was so far away?

A discussion was held with the parents. They were assured of how safe their son would be on tour. (There are strict legally binding safety procedures in place at a school and also when children go on tour). With great reluctance, permission was given. Their son got on the tour bus a somewhat wary boy. Yet when he returned he had made many new friends, had a wonderful time and had a new- found confidence.

Children at school should be encouraged to take up the challenges offered. It might be a new subject, sport or cultural activity. Obviously there will be hiccups on the way. Your role is to be supportive, to help them get back on to the bike ... to empower them to pedal towards personal excellence and independence.

Richard Hayward does programmes on behalf of SAQI. For more details of the Total Quality Education (TQE): the five pillars of Quality schools workshops, please contact Richard (011-888-3262; rpdhayward@yahoo.com). Poor schools are sponsored for hosting workshops.

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SAQI Training Programme for 2012

All courses offered by the South African Quality Institute are presented in association with other course providers and are available to all organisations including SMMEs and corporates. SAQI can assist with the training of a company's workforce and all training packages can be run in-house at cheaper rates. A special 10% discount applies to SAQI members. **All prices include VAT**. For more information or to register contact Vanessa du Toit at (012) 349 5006 or **vanessa@saqi.co.za**

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SAQI reserves the right to change details of the programme without prior notice. Click on the course code for a synopsis.

Code	Course	Days	Cost	Aug	Sept	Oct	Nov	Dec
B11	Setting and achieving measurable objectives	1	R2,150.00				14	
B12	ISO 14000 overview	1	R2,150.00	28				
B14	Integrated Management Requirements	3	R4,250.00					
B16	Internal Quality Auditing	3	R4,400.00			17-19		
B20	Organisational QMS Lead Auditor	5	R9,980.00		10-14			
B24	How to write procedures	2	R3,740.00	20-21			15-16	
B34	Statistical Process Control	5	R9,980.00		17-21			
B38	Development of QMS	5	R9.980.00			8-12		
B41	Introduction to Quality Control	1	R2,150.00		7			
B48	ISO 9001 Requirements Workshop	3	R4,250.00			3-5		
B49	SHEQ Internal Auditing	3	R4,250.00		4-6			
B58	Customer Satisfaction and Excellence	2	R3,740.00		11-12			
B64	Introduction to Quality Techniques	3	R4,250.00	22-24				
B65	SAQI Certificate in Quality	10	R18,320.00				5-9	3-7
B66	Problem Solving and Decision Making	3	R5,200.00					

SAQI also offer the following courses on an inhouse basis for 10 or more delegates. Please contact vanessa@saqi.co.za for a quote.

- Control Chart And process Capabilities (B31)
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- Development of Quality Management System (B38)
- EMS Lead Auditor (B50)
- Executive Report Writing (B57)
- Exceptional Service (B32)
- Health And Safety Lead Auditor (B52)
- How To Write Procedures, Work Instructions and ISO 9000 Overview (B24)
- ISO 14000 Overview (B12)
- ISO 9001:2008 Requirements Workshop (B48)
- Integrated Management Requirements (B14)
- Internal Quality Auditing (B16)
- Introduction To Quality Control (B41)
- Introduction To Quality Techniques (B64)
- Organisational Lead Auditor (Preparation Course) (B20)
- Policy Deployment And Continual Improvement
- Project Management Demystified (TD1)
- SHEQ Internal Auditing (B49)
- SHEQ System Development Programme (B51)
- Statistical Process Control (Basic Quality Control) (B34)

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