

# ISO 9000: GLOBAL MARKET SALVATION OR A PIG IN A POKE?

ISO 9000 is the latest hot topic in marketing and manufacturing circles. Everyone seems to be talking about it, but few seem to understand it completely. Depending on whom one talks to, it's either the greatest thing to hit industry since the assembly line, another cash cow for slick consultants, a conspiracy on the part of Europeans to dominate global markets, or the next necessary step to compete in the global economy of the twenty-first century. It may be all of the above.

To help our readers sort through the wealth of information and opinion on this subject, in this issue we begin a three-part series on ISO 9000. In this issue, we will present a general overview of ISO 9000, some of its promises and problems and the impact it may (or may not) have on your business. In the next issue we will discuss the complicated business of whether you should hire an ISO 9000 consultant and how to go about it if you do. Finally, we will discuss strategies for streamlining the certification process to save money.

Like it or not, whether to become ISO 9000-certified is a question the gear manufacturing industry will have to confront. One thing that does seem certain is that it is not just another business fad, and it will not go away.

However, a head-long leap onto the ISO 9000 bandwagon may not be a good idea either. For many companies, the first clue that they need to be concerned about ISO 9000 will be a clear message from important customers that ISO 9000 certification will be part of the price of doing business with them in the future. For such companies, the question will not be whether to become certified, but when. For companies that don't receive that message from their customers, the course of action is not as clear.

For the present at least, most gear suppliers will have the time to study the issues and, if they opt for certification, to implement it in an orderly fashion. At present, two major gear industry customers, the automobile manufacturers and the defense industries, are not requiring certification.

However, there are real benefits to be gained by going through the process, whether your customers demand it or not. First is that ISO 9000 certification is



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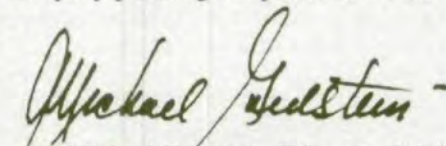
rapidly becoming – at least in some industries – key to success in establishing global markets. If you want to play in that league, ISO 9000 is almost a must. At this point some 95 countries around the world have adopted the ISO 9000 standards in some form or other.

But more important, according to some who have been through the process, ISO 9000 certification can be good for your company. According to some participants in the program, its real benefit may come through the simple act of examining and documenting your particular business's processes and practices. One gear manufacturer I discussed ISO 9000 with said that for the first time since certification, people in his company felt they knew exactly what their responsibilities were, where to go to get problems resolved, and how their jobs fit into the overall process. According to a survey conducted by *Quality Systems Update* newsletter and the management consultants Deloitte & Touche, 42% of 620 companies surveyed reported that positive corporate change, greater company efficiency or enhanced internal communications resulted from their going through the ISO 9000 certification process. Better documentation was reported by 32% of those surveyed, and 20% cited greater quality awareness as a result.

Real dollar savings can result as well. According to the same survey, the average annual savings to companies who implemented ISO 9000 was \$179,000. More than 50% of the respondents reported that they recouped their registration costs in less than 40 months.

But there is a down-side to certification, and whatever your company's motive for implementing the ISO 9000 program, you should proceed with caution. The price alone (\$35,000 start-up and in some cases well into six figures to get the process from start to finish) can be a deterrent, especially for small companies. So is the unfortunate politicalization of the process and the squabbling that has developed between ISO regulators in Europe and the U.S. A key question those considering certification must ask is whether or not the people they are using as registrars are going to be recognized by the people (usually their customers) who are demanding certification. A long hard look at your own markets and future plans, as well as your company's present quality assurance system are in order before buying into ISO 9000. Finally, no matter what ISO 9000 true believers say, ISO 9000 is not a panacea for all your problems.

So what's the answer on ISO 9000? It is the greatest thing since sliced bread or an expensive, over-sold marketing ploy? Probably something between those two extremes, but certainly a system important enough and useful enough to merit careful study by any company planning to operate in the current global economy.

  
Michael Goldstein, Editor-in-Chief