

What is ISO 9000 and Why Should I Care?

Amy Zuckerman

What follows is the first of three articles we will be running on ISO 9000 and what it means for the gear industry. This first article will cover what ISO 9000 is, what some of its benefits – and problems – are, and whether your company should be a candidate for this certification process. In our next issue, we will consider the important question of how, when, and if to hire an ISO 9000 consultant. The final article in this series will discuss ways to save money while streamlining the certification process in your company.

NAFTA is a reality. The GATT treaty seems certain to become reality.

As the world focuses on treaties and agreements, the thorny question of how to make international trade really work has been receiving scant attention. Which brings us to ISO 9000, the international quality standards program that has been touted as a replacement for all quality assurance standards worldwide.

ISO fits neatly into the "how-to" issues of foreign trade. Companies who buy

into the ISO 9000 program – companies from Minneapolis to Mombasa – are supposed to be able to select among ISO 9000 certificate bearers worldwide and feel confident that they are dealing with a "quality" company. By offering this assurance of "quality," ISO 9000 is expected to breed credibility in the world market and thereby make overseas working arrangements far easier.

If boosters of ISO 9000 talk about creating a "quality" company, many world market players consider standards programs like ISO 9000 a key to international trade. This is especially true in Europe, where there is general recognition that the purpose of quality assurance – the backbone of ISO 9000 – is domination of global markets. European ISO officials understand that he who dictates how companies operate will dictate the rules of the game. They understand that ISO 9000 is big business and that the registrars that are the most respected will end up on top.

With the glow of overseas markets beckoning



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internationally many companies – especially those with overseas interests – are coming to understand the connection between standards and trade. Some have responded to the ISO 9000 promise for market purposes, while others have been coerced into ISO 9000 compliance by multinational customers. Whatever the reason for pursuing ISO 9000, a total of 40,000 ISO 9000 certificates have been issued to companies throughout the world. And there are now 95 countries worldwide that have accepted the ISO 9000 standards on a voluntary basis.

At present, but subject to change, the ISO 9000 Series is comprised of subdivisions 9001, 9002 and 9003, which relate to a company's scope of activity at any particular site. Standards are introduced

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throughout a company to increase quality performance and awareness in all company functions. As such, the standards apply to service companies as well as manufacturers. It should

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be well understood that ISO 9000 is a for-profit, open market program.

Also note that the main buzzword of the U.S. ISO 9000 program is "quality assurance," not "product assurance." Quality assurance is only tangentially connected to product assur-

ing whereby all company functions – even office procedures – are constantly monitored. Documentation is the primary auditing tool. The standards are necessarily quite general and flexible: Applications will vary appreciably from company to company.

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ance. One widespread criticism of the ISO 9000 program is that it is not connected directly enough to product standardization. In effect a certified company could manufacture a poor product, but in a very efficient manner.

Key to ISO 9000 implementation is internal audit-

In general, certified companies claim increased productivity, fewer accidents, and better employee morale and communication. Most certificate holders market the fact for competitive advantage.

Some Growing Pains: Some Politicalization

There are problems with

Certified Organizations Categorized by Industry, Type of Certificate and "Certificate Age"

Category	Certificate < 1 year	
	ISO 9001	ISO 9002
1 Industry		
2 Food and Drinks		2
3 Fabrics		
4 Clothing		
5 Leather/Shoe		
6 Wood/Furniture	1	
7 Paper/Packaging		4
8 Publishing		
9 Oil/Chemical	16	25
10 Rubber/Synthetics	3	2
11 Building Material	2	2
12 Metal (basic)	1	2
13 Metal Products	5	11
14 Machines	6	1
15 Electronics	14	9
16 Transportation (related)		45
17 Instruments/Optical	3	1
18 Other Industries	7	5
19 Industrial Trade		12
20 Mineral Exploration		
21 Building (related)	4	1
22 Trade		
23 Logistics/Communication		2
24 Banks/Insurance		
25 Professional Services	9	13
26 Other Services		
27 Laboratories		2
TOTAL	71	139

how the program is being administered internationally. ISO 9000 consultants are not regulated; the American Registrar Accreditation Board (RAB) has insufficient funding to maintain records, and U.S. registrars are not always accepted overseas. The RAB has recently issued "Conflict of Interest" rules for registrars.

Technically, the primary criticism of ISO 9000 is that it is too vague to be of significant value for industries in general. For example, the U.S. Big Three auto-makers include complete ISO 9000 standards in their supplier quality guidelines, but have sup-

plemented them, expanding 15 of 20 ISO 9000 sections. For the time being, the Big Three recommend that suppliers need only meet their standards.

Members of the ISO and European national accreditation boards are looking at modifying ISO 9000 along industry-specific lines. They, along with American boards, are also considering more stringent regulations for registrars.

The major industry complaint is the cost of certification. The base cost of registration fees runs about \$35,000. However, consultants, employee time and documentation costs can easily drive total costs up well into six figures. The National Association of Manufacturers' Small Manufacturers Forum is creating a cross-industry council to lobby for ISO 9000 cost concessions for smaller manufacturers.

Many industry leaders are questioning the need for ISO 9000 certification at all at this time. Dean Beachler of the National Tooling & Machining Association and C. Daniel Whelan, quality control manager of Ford Motor Co., are both concerned with the lack of regulation surrounding the U.S. program, as well as the high cost of certification. Neither the NTMA nor automotive leaders are urging their suppliers to become ISO 9000 certified.

Other industry leaders are just as adamant that their suppliers seek certification. In the chemical

Chart compiled by Dutch ISO 9000 consultant Gerrit Zijlstra.

Certificate > 1 year			
ISO 9001	ISO 9002	ISO 9003	TOTAL
			2
			1
	3		7
	2		2
8	14		63
2	7		14
2	1		7
	1		4
10	15	1	42
4	7		18
17	2		42
1	20		66
2	3		9
	2	1	15
2	5		19
4	2		11
	3		5
7	2	1	31
1	1		4
60	90	2	362

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Who's Who in ISO 9000

INTERNATIONAL ISO 9000 PROGRAM

ISO or International Organization for Standardization

- **Purpose** – To create and promulgate ISO 9000 quality assurance standards internationally. Does not regulate the ISO 9000 program. Based in Geneva, Switzerland.
- **Status** – Non-profit, though some ISO board members operate ISO 9000 consulting firms.
- **Products for Sale** – Subscriptions to *ISO 9000 News*, memberships.

National Accreditation Bodies

- **Purpose** – Charged by the ISO to accredit companies in the private sector to carry on ISO 9000 work in the field and to authorize ISO 9000 registration (certification in Europe). Some accreditation bodies (mostly European) actively regulate and monitor ISO 9000 activities within their boundaries.
- **Examples** – United States Registrar Accreditation Board (RAB), Dutch RvC, British BSI, etc. . . .
- **Status** – Most accreditation bodies are non-profit organizations that charge fees to companies seeking registrar/certifier status. In Europe, many accreditation bodies are government-regulated. This is not the case in the U.S.

European Organization for Testing and Certification (EOTC)

- **Purpose** – Established by the European Community (EC) to promote harmony between European and international ISO 9000 organizations.
- **Status** – Non-profit, 70% funded by the EC. Will have to become self-supporting within the decade.

Registrars (Certifiers in Europe)

- **Purpose** – To offer ISO 9000 registration (or certification). These are the entities that national accreditation body regulate.
- **Status** – Most registrars/certifiers operate for profit, though some are non-profit. Some offer ISO 9000 consulting services, an issue currently being debated in the U.S. and abroad.

ISO 9000 Consultants

- **Purpose** – Individuals or companies that offer ISO 9000 assistance in the field.
- **Status** – Most are for-profit; unregulated.

U.S. ISO 9000 PROGRAM

American National Standards Institute

- **Purpose** – To create standards (product and quality assurance) for U.S. industry. One of several such organizations throughout the country. Not yet recognized as the official U.S. standards agency. Offices in New York City.
- **ISO 9000 Role** – Coordinator of national ISO 9000 program. U.S. representative at the Geneva-based ISO. May soon be directly involved with the U.S. RAB in the registrar accreditation process.
- **Status** – Non-profit.
- **Products for Sale** – Includes standards series for ISO 9000 and other programs, as well as memberships.

American Society for Quality Control (ASQC)

- **Purpose** – "A society of individuals and organizations dedicated to the on-going development, advancement and promotion of quality concepts, principles and technologies . . . [with the aim of] facilitating continuous improvement and increased customer satisfaction by identifying, communicating and promoting the use of quality principles, concepts and technologies, and thereby be recognized throughout the world as the leading authority on and champion for quality." (From ASQC mission statement) Based in Milwaukee, WI.

- **ISO 9000 Role** – "Parent" agency to the U. S. Registrar Accreditation Board.
- **Status** – Non-profit.
- **Products for Sale** – Books on quality issues, videos, audio tapes. Maintains a promotional catalog that lists mugs, posters and other such items for sale.

United States Registrar Accreditation Board

- **Purpose** – A subsidiary of ASQC, the RAB oversees accreditation of ISO 9000 registrars. May soon share these duties with ANSI. Based in Milwaukee, WI.
- **Status** – Non-profit, though some board members operate for-profit ISO 9000 consulting companies.

CEEM

- **Purpose** – To disseminate ISO 9000 publications, sponsor ISO 9000 seminars. Based in Fairfax, VA.
- **ISO 9000 Role** – Maintains records of U.S. companies that have been ISO 9000-registered, as well as names of ISO 9000 registrars operating in the U. S.
- **Status** – For-profit publishing and seminar house. Has published the works of U. S. RAB Chairman Robert Peach (an ISO 9000 consultant), and other well-known ISO 9000 consultants. Will offer information to the media *gratis*, but sells information to the general public.

industry, for example, ISO 9000 is fast becoming a condition of doing business with a giant like DuPont. And there have been recent reports that General Electric ordered all suppliers to become ISO 9000 certified if they want to continue to do business with GE.

What are companies to make of these kinds of contradictory messages?

Industry leaders and experts in the ISO 9000 field recommend compa-

porations or exporting, may never feel the pressure to become ISO 9000 certified.

Controlling Your ISO 9000 Destiny

Good upfront organization and planning as well as employee involvement are key to savings in any quality program. But there are other ways to shave thousands of dollars from the ISO 9000 process. The marketplace is responding to cost-saving pressures; some international registrars fac-

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nies keep an eye on their industry leaders (see chart). If industry leaders and heads of industry associations are advising against ISO 9000 certification, the best course is to learn as much about the process as possible while sitting tight.

For companies serving several industries, it may be necessary to keep abreast of ISO 9000 developments in all industries where you have a customer base. If one or more of these industries is pushing ISO 9000, you should be prepared to enter the certification process. At the very least, conduct a baseline audit of your company to determine where you stand vis-a-vis the ISO 9000 standards. Find a registrar that suits your company's needs and be prepared to hire him or her if and when the pressure is on to seek certification.

Not all companies will need to become ISO 9000 certified. Companies that are regional in nature, with no connection to major cor-

ing mounting competition are bowing to lower cost demands. Some large customers have financially assisted small suppliers in obtaining certification.

Companies of all sizes should negotiate carefully with potential registrars and consultants. Question those who say or imply that "A quality company should pay whatever it takes to become certified." Learn from companies that have been certified; ask what their costs were; where they felt they could have saved money. Ask registrars and consultants what portion of their incomes are derived from ISO 9000 services.

Be aware that ISO 9000 as implemented in today's world is big business - but it is not oriented towards improving any manufacturers' bottom line. It is up to the aspiring company to make such certification worthwhile. ■

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