
HUMAN RESOURCES MANAGEMENT WITHIN AN ISO 9000 QUALITY MANAGEMENT SYSTEM

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SLIDE 1

Mr. Chairman, Distinguished Guests, Ladies and Gentlemen, as Secretary-General of ISO – the International Organization for Standardization – which is the body responsible for originating, developing and maintaining the ISO 9000 family of International Standards, I strongly advise you *against* adopting ISO 9000. This next slide explains why.

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However, as Human Resources professionals, you are used to meeting challenges, so despite my warning, you might be attracted to ISO 9000 in order to reach the achievements listed on the next slide.

SLIDE 3

Now I propose to steady the boat and take a closer look at some of the benefits to your organizations of implementing ISO 9000

SLIDE 4

- Gains in efficiency that translate into cost savings. According to a Canadian local government authority which has implemented ISO 9000: “Each dollar invested generates at least a four-fold return if the standard is implemented well.” Even if the organizations you represent are not for profit, being able to demonstrate your efficiency in terms of cold hard cash to the governments or other stakeholders which fund your operations would seem like a useful thing to do in today’s climate of tough budgets.
- Increased confidence in your ability to manage your activities effectively can lead to other positive effects on the bottom line, as another public authority, this time in Australia, found. Its insurer spared it from a rise in premiums being imposed on other authorities because of its excellent risk rating achieved through implementation of an ISO 9000 quality system.
- Many of you may work in organizations that are under intense pressure to evolve from an institutional mode of operating to a stakeholder-focused, businesslike

mindset. In choosing ISO 9000 as the model on which to restructure your operations, your management can have the confidence that comes from implementing a standard which forms the basis for more than 350 000 quality systems in 150 countries, in both private and public sector organizations.

- For Human Resources professionals, a quality system based on ISO 9000, particularly the revised version targeted for publication next December, consolidates some of your most important job functions, such as recruitment, job definition, training and internal communication, as essential processes of the overall system. You can, therefore, make a large and visible contribution to your organizations' success through your participation in implementing and operating an ISO 9000 system.

I hope thereby to have established some good reasons for why you should be listening to me. Having captured your attention, I would now like to tell you a little about ISO, then a good bit more about ISO 9000 with the aim of giving you a basic understanding of what the standard is all about so that you can contribute to any debate about implementing it within your organizations. I shall be giving you an update on the current revisions of ISO 9000 and include some pointers on how the new versions address your specific professional preoccupations as Human Resource managers. Lastly, I shall present a brief overview of ISO 9000 in the public sector.

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Firstly, a few words about ISO. At a gathering of international organizations, alphabet soup is bound to be on the menu. However, you may have noticed that I refer to "ISO" and not to "I-S-O". This is because "ISO" is not a set of initials, but our international name. Our long name in English is International Organization for Standardization. Because translating this name would have resulted in different abbreviations in different languages, it was decided at the outset to use a word derived from the Greek *isos*, meaning "equal" – which is very appropriate to our activities. Therefore, whatever the country, whatever the language, the short form of the organization's name is always ISO.

ISO is a network of the national standards institutes of 137 countries, on the basis of one member per country, with a Central Secretariat in Geneva that coordinates the system.

ISO develops voluntary technical standards which add value to all types of business operations. They contribute to making the development, manufacturing and supply of products and services more efficient, safer and cleaner. They make trade between countries easier and fairer. ISO standards also serve to safeguard consumers, and users and general, of products and services – as well as to make their lives simpler. In addition, many of our standards – such as those dealing with health, safety and the environment –serve society as a whole.

Since we began operations in 1947, ISO has published 12 900 International Standards. ISO's work programme ranges from standards for traditional activities, such as agriculture and construction, through mechanical engineering to the latest information technology developments.

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The ISO 9000 family of International Standards for quality management is among ISO's most widely known and successful series of standards ever. ISO 9000 has

become an international reference for quality requirements in business to business dealings, and has increasingly been taken up by the public sector as part of the wider interest in new management for public administrations. International not for profit organizations have so far been hesitant in taking the plunge, but I encourage you to do so because I believe that you will find the experience invigorating!

ISO 9000 represents an international consensus on good management practices with the aim of ensuring that the organization can time and time again deliver the product or services that meet the customer's quality requirements. These good practices have been distilled into a set of standardized requirements for a quality management system, regardless of what your organization does, its size, or whether it is in the private, or public sector.

Working in international not for profit organizations, the term "customer" may seem too business-oriented to fit your context. However, public sector bodies in many countries have successfully implemented ISO 9000. These organizations are concerned to serve well not only their "customers" in the sense of the public they deal with directly, but also wider groups of stakeholders such as the governments that fund them, regulatory bodies, their local communities and society in general.

The existence of an organization, whether in the public or private sector, without customers, or with dissatisfied customers or stakeholders, is in peril! To keep customers and stakeholders – and to keep them satisfied – your product or service needs to meet their requirements. ISO 9000 provides a tried and tested framework for taking a systematic approach to managing your business processes (in other words, your organization's activities) so that they consistently turn out product conforming to the customer/stakeholder expectations.

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The key elements of a quality system based on ISO 9000 are the following:

- A management policy to seek customer satisfaction by meeting the customer's quality requirements and the setting of concrete objectives to translate the policy into action.
- Analysis of all aspects of the organization's activities that affect the quality of its output.
- Development and improvement of the organization's processes which produce its output. We can call this, "Making sure we are doing things right".
- Monitoring and measuring, and corrective and preventive actions to ensure that quality objectives are met.
- Auditing to determine if the quality system is functioning well and conducting management reviews to address the possible need for changing policy, objectives and processes to achieve continual improvement. We can call this aspect, "Making sure we are doing the right things".
- Documentation of the quality system to ensure transparency of policy and responsibilities, consistency of processes, to assist in training and induction by avoiding having to re-invent the wheel, and to provide traceable data for problem-solving and quality improvement.

You could sum up the whole as, “We say what we are going to do, we do it, then we check that we have done it right. And we document it all so that we can periodically review the system to see if we can do things better.”

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To give you a better idea of what working with an ISO 9000 quality system in place might mean for your day-to-day work, we can develop a simple example. For those of us who are not in Human Resources, one of your most important products or services is the preparation of our salaries and entitlements. If your internal customers are anything like the staff of my organization, they tend to get pretty mad pretty quickly if there is a mistake in their pay slip. In ISO 9000 terms, this would be termed a “nonconformity”. A nonconformity is not something to be afraid of, or swept under the carpet, because it may, in fact be an opportunity for improvement. When a nonconformity is isolated, a corrective action may be all that is required to put it right. But your internal auditing may detect, through examination of your quality records, a recurrence which may require preventive action to avoid future repetition.

Corrective and preventive actions will, in turn, be brought up at periodic management reviews and can point the way to modifications needed in your processes and the documented procedures that describe them. In this way, implementing an ISO 9000 system on a daily basis begins to drive your organization through a cycle of continual improvement with an underlying ethos not of “who is wrong?”, but “what is wrong and how can we improve it?”

In considering the adoption of ISO 9000 by your organization, you might run into objections because the requirements are standardized – but most of us like to think our organization is unique. So how does ISO 9000 allow for the diversity of say, on the one hand, a “Mr. and Mrs.” enterprise, and on the other, to a multinational manufacturing company with service components, or a public utility, a government administration, or an international organization?

The answer is that ISO 9000 lays down *what* requirements your quality system must meet, but does not dictate *how* they should be met in your organization – which leaves great scope and flexibility for implementation in different sectors and cultures.

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One aspect of ISO 9000 that has given rise to misconceptions is ISO 9000 certification. Let me explain briefly what that is all about and clear up a couple of those misconceptions along the way. An organization that implements ISO 9000 should carry out auditing of its ISO 9000-based quality system itself to verify that it is managing its processes effectively – or, to put it another way, to check that it is fully in control of its activities. In addition, the organization may invite its clients or those who fund its activities to audit the quality system in order to give them confidence that the organization is capable of delivering products or services that will meet their requirements.

Lastly, the organization may engage the services of an independent quality system certification body to obtain an ISO 9000 certificate of conformity. This last option has proved extremely popular in the market-place because of the perceived credibility of an independent assessment. It may thus avoid multiple audits by the organization’s clients, or reduce the frequency or duration of client audits.

Misconception n°1 is that these certificates are issued by ISO, or controlled by ISO. We do not do either. We develop and maintain the standards, but we do not audit organizations. ISO 9000 certificates are issued independently of ISO by some 570 certification bodies around the world. We do not control their activities, although we have produced voluntary guidelines for them that help ensure good practice and consistency.

Misconception n°2 is that you have to be certified. You do not. You can implement ISO 9000 purely for the greater efficiency it brings. If your management and stakeholders are happy with that, you can leave things there without going to the expense of an external certification audit. On the other hand, you may decide that you need the pressure of an independent verification of your quality system to concentrate minds and get everyone working towards a common goal. But unless your funding organization demands certification, then you do have a choice. Whether or not you decide to go for certification, the important thing is not the certificate on the wall, but to ensure that your quality system is actually producing benefits.

By this point in my speech, I hope to have got you feeling reasonably comfortable about ISO 9000, what it is all about and how it might assist your organizations. What is missing, and what I shall now attempt to remedy, is to give you an idea of how you, as Human Resources professionals, might fit in to the picture. To do that, I need to tell you a little about the ongoing ISO 9000 revisions which will result in the publication of new versions in December 2000.

To ensure that ISO standards remain the state of the art, they are reviewed at least every five years to decide whether they need revising. In the case of the ISO 9000 standards, which were first published in 1987, some light modifications that we can classify as “good housekeeping” were made in 1994, but the current revision is a major one designed to take advantage of new developments in the field of quality, and the experience of ISO 9000 users.

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One of the most visible changes is that the number of standards in the ISO 9000 core series is being reduced, which is just one of the measures to simplify users' lives. The two most essential standards are ISO 9001 and ISO 9004.

ISO 9001 specifies the requirements for a quality management system and can be used for internal application by organizations, or for contractual purposes, or for certification. It focuses on the effectiveness of the quality system in meeting customer requirements.

ISO 9004 gives guidance on a wider range of objectives, particularly for the continual improvement of an organization's overall performance and efficiency, as well as its effectiveness. It is not intended for contractual purposes or for certification. If you wanted to buy just one ISO 9000 standard, then I would recommend ISO 9004 because it also contains the text of ISO 9001. Although it is not intended as an implementation guide to ISO 9001, the clause structure of the two standards is similar and the additional guidance in ISO 9004 will help you better to understand what quality management systems are all about.

The guidance offered to management in this standard is based on eight quality management principles which I used as the synopsis for this speech in slightly adapted form to bring out their relevance for Human Resources professionals. I will not repeat them here because I have lots of other information I hope will be useful.

A major feature of the revised standards is that they are no longer structured on a linear set of requirements, which, if badly implemented can lead to a rather static, control-oriented system, but on a more dynamic process-based model. I will explain what that means. While most organizations are still managed by means of functional, hierarchical structures, products and services are produced, sold and delivered by organizational processes which operate cross-functionally. These processes take inputs from a number of sources and blend, or transform them to produce desired outputs. Therefore, understanding and managing well your organizational processes is how you add value to your work.

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The Year 2000 revisions of ISO 9000 are restructured on a process model. This takes the view that everything to do with quality starts and ends with the customer. The process begins with input – in other words, the definition of what the customer wants. This input feeds into the product or service planning and then into production or service provision. So, an ISO 9000 quality system covers all the activities that your organization needs to carry out to make your product or provide your service.

The revised ISO 9000 model also highlights the importance of obtaining information on customer satisfaction. Measurement of this, and evaluation of the organization's performance provide vital feedback in the drive towards continual improvement.

The foundation of the revised standards are the four new main clauses which address the four principal organizational processes of: Management Responsibility, Resource Management, Process Management, and Measurement, Analysis and Improvement. These main clauses are structured around the Plan, Do, Check, Act feedback loop and contain a number of individual sub-clauses.

I see much scope in the revised standards for Human Resources professionals to play an active role. For example, under the heading of Management Responsibility, there are a number of requirements relating to your typical work area, including defining and communicating job functions, authority and responsibility. For a quality management system to work, everyone should know what they are expected to do and what they are allowed to do. Management is also required to ensure good internal communication and, in many organizations, it is the HR department which is tasked with this function.

Under the second main heading of Resource Management, there are four requirements that deal directly with the Human Resources work area. These cover the assignment of personnel; training, awareness and competency; facilities; and the work environment.

Other areas where you could find yourselves closely involved are in internal auditing to verify that the quality system is delivering the goods, and possibly, in measuring and monitoring customer satisfaction. To sum up, I do not think that ISO 9000 is going to put you out of a job!

As far as international organizations are concerned, I am proud to say that ISO Central Secretariat has been ISO 9000 certified since 1996. In case you are wondering how ISO 9000 might apply to your central office operations, then I can perhaps give you a point of comparison by telling you that the mission of the ISO Central Secretariat is to manage the decentralized standards-development system and to prepare, produce and disseminate International Standards and related

documents. Associated with this is the need to provide information about the standards and strategic issues of ISO's business with a view to achieving the aim of the organization which is to promote the development of standardization and related activities in the world.

What was our experience of introducing ISO 9000 at ISO Central Secretariat? The answer in a nutshell is, "creative confusion"! Those of you who have been involved in change management programmes will know that a period of confusion is part of the process. When people move from the way they have always done things and have not yet mastered the new way of doing things, there is bound to be some confusion. There was certainly confusion at ISO Central Secretariat when we asked people to describe their jobs and to identify their internal and external customers and what they thought those customers required of them. But the confusion was creative because it brought to light gaps, malfunctions and mistaken assumptions in our processes. It was a reality test that probably would not have taken place if the quality system had been forced into place with staff being told what top management thought they were doing, rather than what they were actually doing. There might be a lesson in there that you as Human Resources professionals can use.

A learning point for me as Chief Executive Officer of the organization was the need for dedicated resources. In the beginning, I had someone working part time on managing the the establishment of the quality system and doing other projects as well. It gradually became clear that you need to assign full time resources to managing this task and perhaps even more so in operating the quality system once it is up and running, especially if you are really serious about using it as a engine for driving your business and for continual improvement.

The ISO 9000 certification of ISO Central Secretariat has since been followed by that of a number of its national member institutes, or of departments within them. I know of no other international organizations which have taken the plunge.

However, take-up by public sector organizations at the level of local and national administrations is now well established and because these share some of the characteristics of international organizations like your own, I propose a short overview of the adoption of ISO 9000 by this sector.

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At the beginning of my speech, I mentioned the example of local authorities in Canada and Australia. To these, we can add the United Kingdom, which has had the longest experience of a quality management standard, BS 5750, which predated ISO 9000, and it is in this country that there has been the largest take-up so far by public administrations. Dozens of local government departments, with responsibilities ranging from the upkeep of parks, to municipal swimming pools, to road maintenance have implemented ISO 9000 and sought certification of their quality systems. A number of operating units of central government departments, including the Treasury and Inland Revenue, and public utilities, such as a water authority, as well as other public servants, such as the Metropolitan Police, have also instituted ISO 9000 quality systems.

In Finland, local municipalities have implemented a project called "Quality and the Community", based on ISO 9000 standards.

In Belgium, the public transport authority operating in the Brussels metropolitan area has an ISO 9000-based quality system and I am sure that many of you have noticed

that the buses, trolley and trams of Geneva's own public transport authority proudly sport a logo portraying its ISO 9000 certification. That is close to home, but in fact, you can go around the world and find many other examples of ISO 9000 having been implemented by government departments, such as in the United States, Mexico and Singapore. Perhaps the most ambitious project of all is in Malaysia which has decided to implement ISO 9000 across the board in its entire public administration.

Why is there this growing interest in quality in the public sector? In the United Kingdom, which has the greatest experience of this phenomenon, the following four influences have been identified:

- Firstly, the introduction of compulsory competitive tendering for procurement contracts has produced a more businesslike approach to services.
- Secondly, the customers for public services are becoming increasingly demanding and discerning about the quality of these services.
- Thirdly, the emphasis in public-sector management has shifted from a traditional institution-led approach to an approach focused on the customer.
- Lastly, the generalized development of quality management in the private manufacturing and service sectors means that public-sector service providers cannot remain outside the quality movement.

Quality in public administration must take account of a number of distinctive features. Public administrations, like international not for profit organizations, may be accountable to customers, citizens, elected representatives and to government, which creates responsibilities additional to those of private-sector organizations. The range and nature of services in public administration also makes it distinctive as does the diversity between different central and local authorities in terms of functions, population, geographical area, socio-economic factors, and business and community needs.

However, these distinctions do not mean that the essentials of good management practice are not applicable. They just need applying in the knowledge that the ultimate aim for service provision is not *profitability*, but for *added value* to the individual, to the administration, to the government or other stakeholders which fund the administration's activities and to society as a whole.

Ladies and Gentlemen, I began my speech rather provocatively and I shall end it the same way.

Let us just imagine that there is someone in this room who my presentation has left in the depths of depression. This is because that person is thinking to himself or herself that ISO 9000 sounds fine, but that within his or her own organization – and remember that we are just exercising our imagination here – inefficiency is so endemic and the inertia of the staff, who are ageing and set in their ways, is so great that ISO 9000 would never work!

Since the best leadership is by example, I am going to end with a shining example. It comes from a country which may well have been a customer for the services of some of the organizations present here today. The country is El Salvador, in Central America. Until three years ago, the customs system in that country was a serious concern for the Government, the Ministry of Finance, importers and exporters alike. There were problems relating to sanitary conditions, delays in customs proceedings, unduly long merchandise dispatch times, abuses of confidence, accumulation of

merchandise in holds and hundreds of tonnes of abandoned goods. In response, the top management of the Ministry of Finance launched a rigorous clean-up plan in June 1997 which included ISO 9000 implementation. As a result, the customs service has been transformed into the most modern in the region with much faster enquiry response times, dramatically improved efficiency, practically no complaints and increased customer satisfaction. The change for the better has been such that Salvadoran Customs is visited by delegations from Latin American countries to analyse the impact of ISO 9000. The programme was so successful that it was followed up with others in the Directorate General of Internal Taxes and the Internal Tax Court of Appeals.

The reason I chose this example was to encourage our imaginary friend. Perhaps the most spectacular feature of the Salvadoran project for deep cultural change in an organization is that it was implemented without dismissing a single employee, many of whom had worked in the Ministry of Finance for more than 20 years and were over 50 years of age.

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Change for the better *is* possible and ISO 9000 may be the key for the organizations you represent as it has been for others. But as my last slide says – you don't have to do any this – nobody is forcing survival on you! Thank you.