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Management Commitment



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It's not *all* about delegating.



ISO 9001 says in subclause 5.1, "Executive management shall provide evidence of its commitment to the development and implementation of the quality management system and continually improving its effectiveness by:

- a) Communicating to the organization the importance of meeting customer as well as statutory and regulatory requirements
- b) Establishing the quality policy
- c) Ensuring that quality objectives are established
- d) Conducting management reviews
- e) Ensuring the availability of resources"

The standard also says in subclause 5.5.2, "Executive management shall appoint a member of management who, irrespective of other responsibilities, shall have responsibility and authority that includes:

- a) Ensuring that processes needed for the QMS are established, implemented, and maintained, b) Reporting to executive management on the performance of the QMS and any need for improvement, and c) Ensuring the promotion of awareness of customer requirements throughout the organization."

The above section of the standard is where executive management often gets confused and is under the perception that the extent of their participation is to pick a person to be a management representative for their ISO system. Every paragraph in section ISO 9001 clause 5 of the standard begins with, "Executive management" and not with "the management representative." Management commitment refers to all of the executive management (management team) and not to an individual or department.

There are many reasons why executive management needs to be continually committed and involved in implementation and maintenance of the business management system besides it being a requirement of clause 5 of ISO 9001. The main reason is that if commitment isn't evident to the employees then the system will never truly be implemented throughout the organization. Employees at all levels of an organization won't be committed to a system that's not driven, supported, and believed-in by upper management.

Don't confuse promotion, advertising, or mandating of a QMS with the "management commitment" of a QMS. Telling the company that you're going to be registered to a standard and expecting them to do what they perceive is required is very different than executive management driving, participating, and flowing the QMS down to their employees through their actions and not just their words.

A company implements a business management system (ISO 9001, AS9100, ISO 14001, RC 14001, and others) to define how they do business, collect data from their activities, and analyze that data to improve their processes and ultimately become more profitable. The basic programs that all of these standards require is:

- Define a quality policy.
- Set measureable objectives at all levels of the organization with customer focus and requirements in mind.
- Conduct audits of your process.
- Conduct management reviews of your processes, programs, and data.
- Based on analysis of all of these topics, assign corrective and preventive action to continually improvement your processes/company.

Communication of these programs is the key to illustrating management commitment to a business management system. To accomplish this, commitment must be illustrated through action(s). When an employee submits a suggestion for improvement to management, management reviews the suggestion and chooses to take action or not. Either way, communicating to the employee the decision that was made and providing them with a clear explanation is how to illustrate commitment.

By providing continuous feedback to employees, management will ensure that suggestions will continue, even if a few aren't accepted. Without clear communication from management, employees will eventually become discouraged and employee's suggestions for improvement will decrease dramatically. Executive management must define all of the company's measureable objectives. These objectives should be a unified goal that defines what is best for the company. Objectives cannot be unrealistic or standard (everyday) goals that the employees perceive they should track for quality improvement (such as SPC). Every company has customer requirements.

The management must define what processes and how best to conduct these processes to meet the customer requirements with the required quality at the lowest possible cost. It's in this arena that the management must set measurable objectives for each process. When laid out clearly and accurately, management will illustrate their commitment to the employees. The objectives must be directed toward improvement of quality, performance, and cost reduction.

Cost reduction is included because it really is a catchall to every process. For example, accidents that happen during a process affect the overall cost and employee turnaround requires additional training and therefore affects costs. Hence, process cost reduction may encompass a wide variety of elements within a process. When audited by a third-party auditor (registrar), management commitment is measured in several ways. Executive management must be available, ready, prepared, and excited to participate in the opening and closing meetings.

This illustrates management's commitment to the registrar and illustrates their total support for the management team. When the auditor audits clause 5 of the standard, they're required to interview the executive management (many registrars require that the auditor document the names of executive management interviewed). If the auditor only speaks to the management representative (MR) and the MR shows them all of the records of audits and management review, it is difficult for the auditor to find evidence of management commitment.

This isn't to say that executive management cannot delegate responsibilities and authorities of their management system. Executive management must define the objectives of the company, review the data/outputs of processes, and make decisions based on these reviews of what actions to take and what the extent of those actions should be. Actually collecting the data, summarizing the data, or reporting of the data can be delegated freely.

Executive managers are concerned with

- Profit margins and reducing expenses
- Increasing the company value
- Not becoming obsolete in their industry
- Opportunities for growth
- Not having to deal with personnel issues
- Not having to defend their company in legal battles (liability and personnel issues)
- Becoming the best in their industry
- Less stress and more golf

What tools are available to properly address executive management's concerns?

- Management review meetings
- Departmental meetings
- Internal audits
- Strategic planning using quality objectives
- Training, seminars, and having the opportunity to share ideas with external experts in a similar career
- Having access to company information in a timely manner

Currently, executive management in companies often perceive that their QMS is costs money, causes personnel issues, and requires additional resources (commitment) that they feel is unnecessary to simply get the work done. These managers may say things like:

- "Why do we have to have these meetings?"
- "Why do we have to do audits?"

- "Why do we need to train so much?"
- "We fully understand our challenges, we have been in business forever..."

Very rarely do you hear ...

"Our QMS system has saved us thousands of dollars a year—we love it!" We don't hear this very often because we don't communicate the results of our ISO standards programs effectively, or we don't use our ISO standard in a way to clearly measure cost savings, risk management, and improvements.

The responsibility is with the management team

As managers in a company, we have the responsibility to recognize and understand the executive management's concerns, focus, strategic plan, and objectives and to take actions to ensure that they're realized. We may not always agree with the executive management's focus, but as managers, we must ensure that we are all on the same page.

Communication is the key

When communicating audit results to executive management, we must consider their interests in the operation:

- Provide a summary of the audit.
- Highlight opportunities for improvement (avoid zero opportunities).
- If audit actions aren't taken or effective, executive management needs to know.
- Include cost savings or cost overruns as a result of the QMS.
- Include potential cost savings and associate them with opportunities for improvement.

Communicating to executive management correctly

- Identify processes to audit based on data; e.g. scrap, rework, or cycle time.
- Baseline the current performance of each process.
- Set objectives for each process.
- Identify opportunities for improvement for each process, including cost savings.

Management review—the heartbeat of the organization Executive management doesn't want to waste time in a meeting to have a record in order to satisfy an ISO requirement. In a management review, executive management wants to see a picture of the company and have the information and data available complete and accurate so they can make effective decisions and improvements. Specifically, executive managers need to:

- Review and establish new company objectives.
- Determine what actions we're taking or need to take to achieve company objectives.
- Determine when they'll be achieved and at what cost.
- Understand where nonconformities are originating.
 - How much are they costing?
 - How many are there?
 - Why and when will they go away?
- What is the customer's perception?
 - Positive and negative customer feedback
- How much is negative customer feedback costing us?
 - What are the trends?

- Will we lose customers?
- What indicators do we have that show if our corrective and preventive action programs are effective?
 - Are nonconformities and negative customer feedback trending down in the areas where we have implemented action?
 - If not, why not? What are we doing about it?

Internal audit program—the engine driving improvement How to put your executive management to sleep when reporting on an internal audit:

- Report that an internal audit was done and a checklist completed. It says that our processes match our procedures and we have a record to show the auditor. In other words, we are telling them that we are perfect when in fact the executive management knows very well that we aren't.

How to keep your executive management glued to their seats and not thinking about golf

- We conducted an internal audit of the “X” process and found four opportunities for improvement:
 1. John Doe suggested we do this, and it will save us 20 hours a week.
 2. We eliminated a nonvalue-added process step that will save us X-dollars/month.
 3. We identified a breakdown in communication between one department and another.
 4. We identified a process in this department that has improved their efficiency by X-percentage resulting in X-dollars savings per year. If we implement this process in other areas, we can improve their efficiency as well.

How do we implement this approach? The simple part about this approach is that the internal auditor has no pressure to identify these steps. The internal auditor simply has to know what type of questions to ask. Audit the process and take notes of all of your observations (mini process map):

- How do you do this (inputs/outputs)?
- While you're observing, pay attention to what does and doesn't make sense, and then ask these questions:
 - Why do you do it that way?
 - Is there a better way?
 - What problems have occurred in the past?

Pay attention to the answers. The following answers indicate that further investigation into the process is required and may require input from other managers more qualified to identify opportunities for improvement. Furthermore, these types of answers indicate a lack of effective training:

- We've always done it this way.
- I don't know.
- That's how I was trained.

Asking the right questions The people you are auditing are a wealth of information. They know what will make their processes better; the auditor's job is to get this information from them. By asking the right questions, the auditor will get all of the opportunities needed to report to management.

How to change Another way to identify opportunities for improvement in a process is to try and do the process. Simply take the work instructions and do the process according to the instructions with the help of the person you are auditing. By doing this you can gather information by asking, "Why do you do it this way? Wouldn't it be easier if ...?" This gets the person you're auditing to look at their process in a whole new light and all of the sudden they're working with you to come up with ways to improve their process.

Where are the opportunities? Most opportunities for improvement have to do with communication between departments or effective communication of the company objectives.

- Ask, "What are the objectives in this process?"
 - If none why not?
 - If yes how are they measured?
 - When they aren't achieved what happens?
- Ask, "What is the communication?"
- Who do you communicate with?
- What is the biggest breakdown in communication?
- How do you communicate? (verbal, forms, electronic, etc.)
 - If forms or electronically, do you get all the information required to do your process effectively?

The art of questions What data have been collected within this process to provide management with information for continual improvement opportunities?

- Has action been taken based on them?
- Do they align with company objectives?
- Are there any opportunities for preventive action in this process?
- What will be prevented (risk or cause analysis)?
- What are the advantages of preventing this?

As managers, we must accept a large responsibility in driving the future development, improvement, and success of an organization. It isn't a responsibility that can be taken lightly. To succeed as managers, we must put in the effort and work to ensure that executive management's objectives are achieved. (It's our job.) Every manager should strive to make a difference in the organization. Management isn't only about completing paperwork to pass an audit. Management is about managing—taking proactive steps to avoid problems and improve the organization. Management skills can be learned (continual training is required).

A final note about improvement Many managers seem to feel that there is a limit to improvement. In fact, we've heard comments such as:

- "These types of problems are associated with the process and can't be removed (acceptance)."

- "We're better than industry standards and in fact, achieving 97.5 percent is excellent (perception of excellence)."

Acceptance I attended a management seminar presented by my colleague Peter Sanderson, who presented some interesting examples about acceptance and attitudes of management. (A copy of this seminar may be obtained by from peter@cisssoftware.com [1].) In 1993, Sanderson went into a circuit-board manufacturer to quote an ISO 9001 quality system. The quote was \$ 19,500.00, which the owner felt was far too much money. During the tour of the operation, Sanderson noticed a large table in the inspection that was piled high with scrap boards under a sign that said "scrap of the month." Before leaving without an order, Sanderson questioned the owner about this scrap table and was told that manufacturing circuit boards was a tough and dirty business that inherently produced scrap. Sanderson asked about the value on the scrap table and was told that the typical monthly scrap was about \$ 30,000.00. Sanderson told the owner that he'd do the ISO 9001 system for free and see it through to certification with one condition. That condition was that we benchmark the scrap table today, and that after the ISO 9001 system was implemented, the company would issue a monthly check payment for any difference between the \$ 30,000.00 typical scrap amount per month and the savings after certification for the rest of his life. Sanderson explained to the owner that if he was willing (accepted the fact as a standard) to have \$30,000.00 worth of product scrapped each month and that it was acceptable to him, why would he object to simply putting the money in Sanderson's pocket rather than on the scrap table? After all, he would get a free ISO system. Sanderson left with a \$8,000.00 deposit to do the management system and the owner agreed to the \$19,500.00 price tag. In six months, the monthly scrap was less than \$4,000.00.

Perception of excellence In this example from the same seminar, Sanderson said, "If I were to give you a brand new 2008 Ford Mustang right now, how happy would you be?" But before he delivered the Mustang, he would take a key and scratch the car all over each side including the roof, trunk, and hood. "Would that make you angry? Even though the car was free, wouldn't you have the scratches repaired?" The Mustang has approximately 25,000 square inches of surface area. The surface area of the scratches would be about 33 square inches, 0.00132 of the car's surface. In fact, the car is still 99.9868 percent scratch-free. Well, isn't 99.9868 percent perceived as perfect? Can't we live with that? If not, why are we so willing to live with it in our organizations' processes?

The bottom line is attitude The attitude of solving a problem alone vs. having a team approach to problem solving may be a change.

- The attitude of working together to meet customer's performance requirements on a daily basis may be a change.
- The attitude of planning together to survive into the future instead of only fighting today's battles may be a change.
- The attitude of insisting on performing the job right the first time to a standard process may be a change.
- The attitude of measuring performance, effective process auditing, and taking preventive actions to avoid potential errors and initiate improvement may be a change.

But there is *no* change to the QMS.

Final notes No nonconformities, variations from the standard, or mistakes are acceptable, no matter how small the ratio of output to errors can be. Continuous improvement only becomes effective when all management buy into this methodology. ISO 9001 emphasizes the importance of management leadership to meet the customer's needs and quality objectives. Without leadership, the company achieves zero improvement and simply reacts to problems.

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