

# ISO 9000 is bad for business

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A little bit of history

The research

Features of the ISO 9000 disease

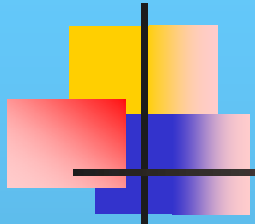
The beginning of the end



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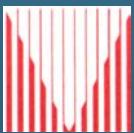


# A little bit of history

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It is the system that governs behaviour

From TQM to Ohno



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# Changing management thinking

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## TRADITIONAL THINKING

## SYSTEMS THINKING

Top-down

perspective

Outside-in

Functional specialisation

design

Demand, value and flow

Separated from work

decision-making

Integrated with work

Budget, targets,  
standards, service levels,  
activity etc.

measures

Capability versus purpose,  
variation

Manage budgets and  
people

ethic

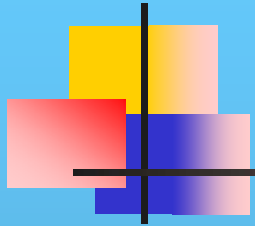
Act on system



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# Service is not like manufacturing

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The customer is involved in what is 'made'

The system needs to absorb variety

It is more vital that you take a systems approach to the design and management of work

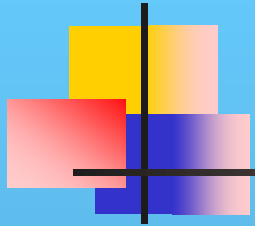
*But the good news...change is fast*



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# Service centre design and management

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Traditional thinking leads to significant sub-optimisation

Higher costs, poor service, low morale

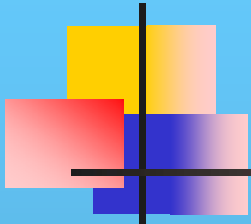
*and what contribution do standards make?*



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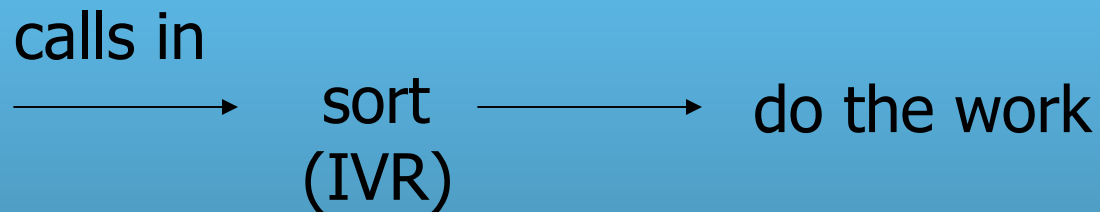
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# Service centre (front office) design

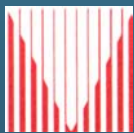
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Monitor:  
activity  
scripts  
procedures  
quality

volume in

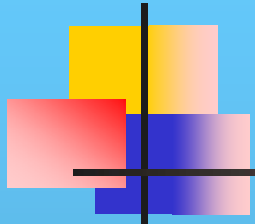
service level



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# First big mistake

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Failure to understand the nature of demand

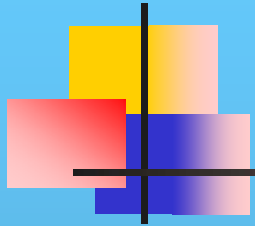
All demand is treated as 'units of production'



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## Second big mistake

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Assuming the workers can be held accountable for the work they do.

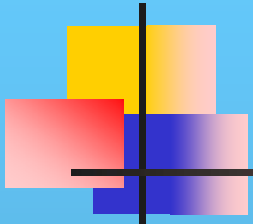


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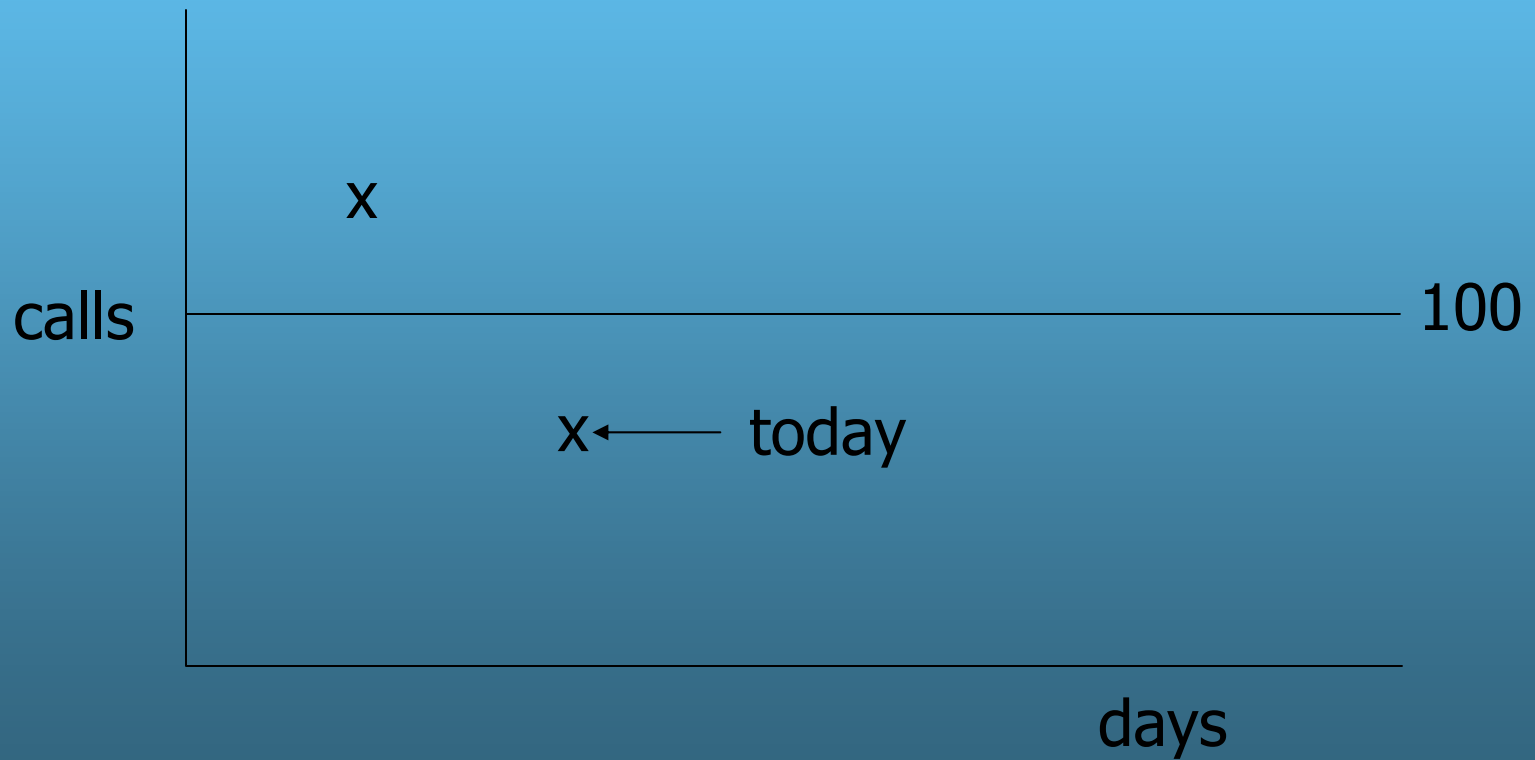
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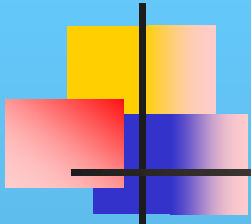
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# John's calls per day





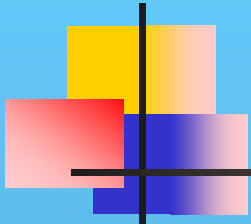
# John's capability



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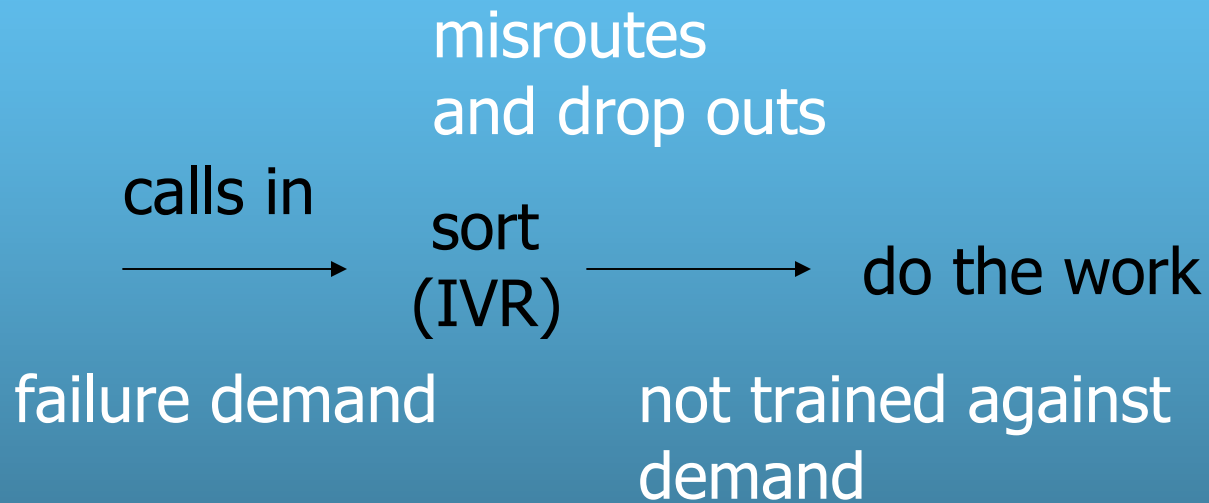
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# Seeing the invisible

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Causes of variation:  
Demand  
Activity  
management  
Scripts  
Procedures  
Inspection

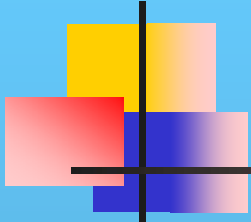
*Consequences: customer dissatisfaction and high costs*



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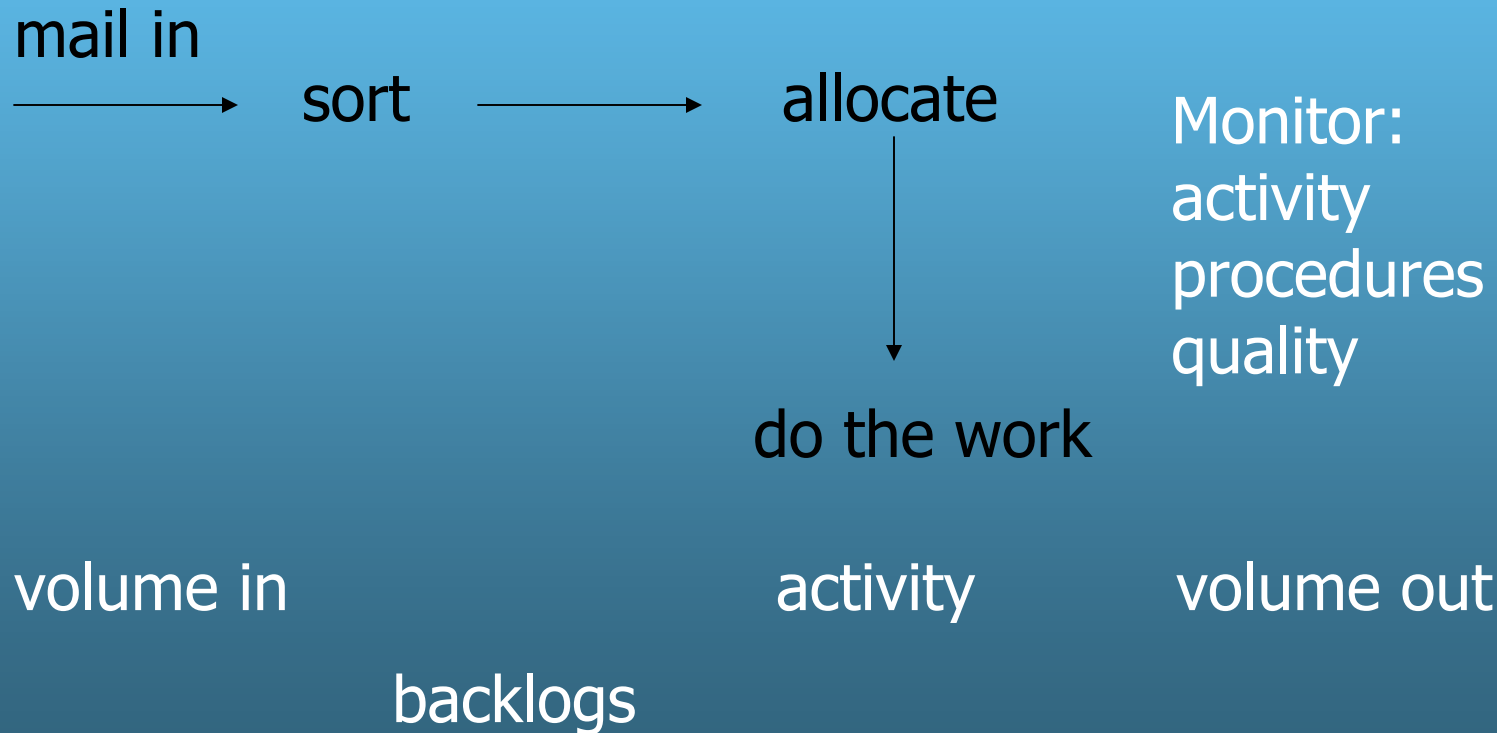
[www.lean-service.com](http://www.lean-service.com)

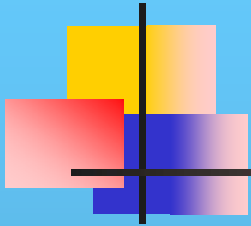
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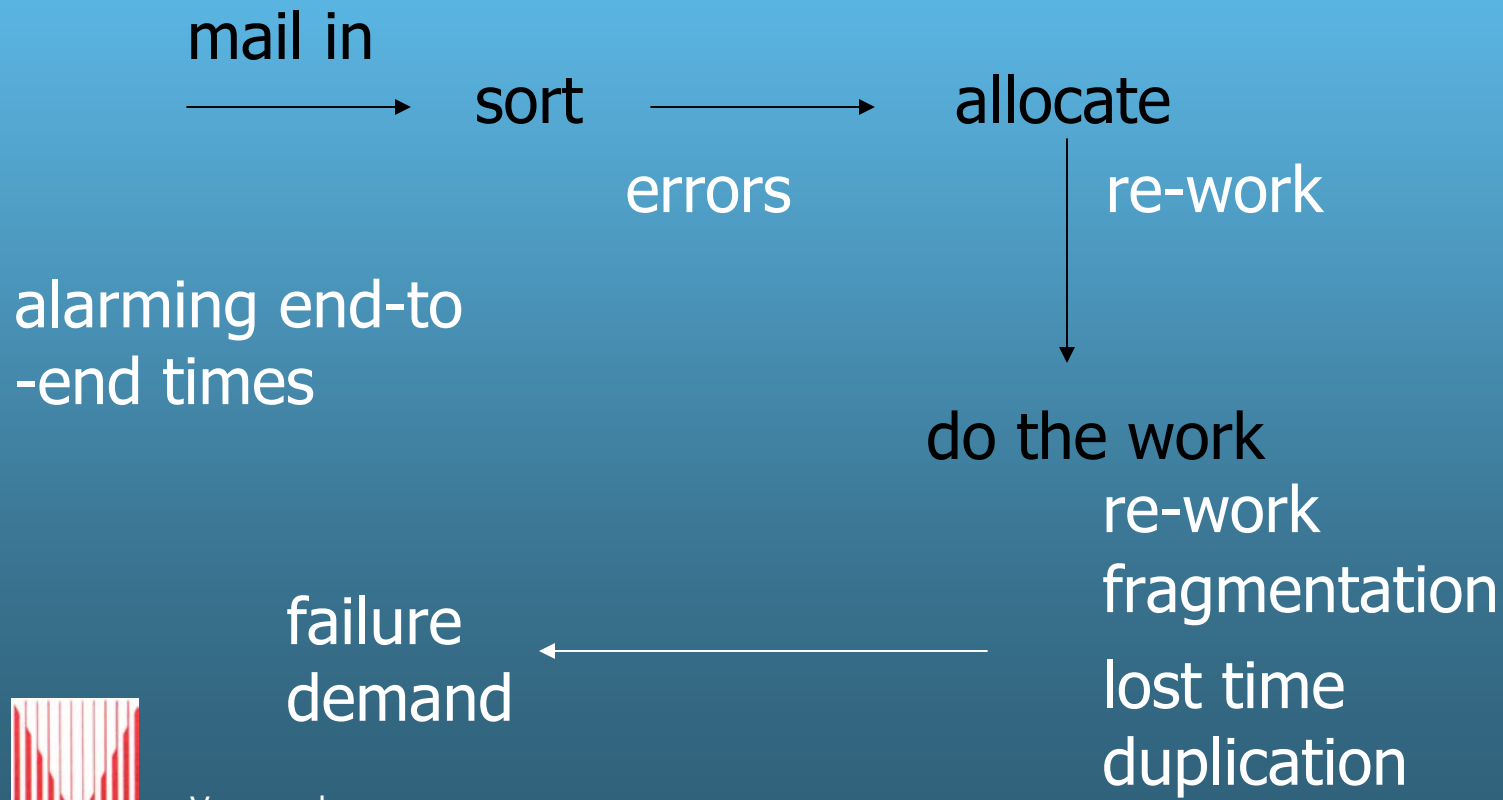
# Service centre (back office) design

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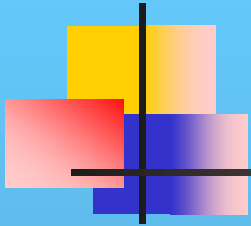
# Seeing the invisible



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# Design to absorb variety

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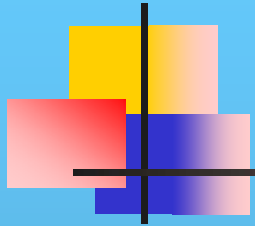


## measures

permanent: demand, capacity, one-stop, time, accuracy (sampled), value created (sampled), agent capacity.

temporary: type and frequency of: demand, 'dirt' in input, waste in flow.





# Typical results

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Increased capacity

Better service

Lower costs

Improved morale

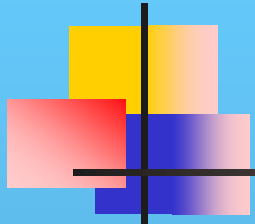
*Did standards help at all?*



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# How we met

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What do we do about 5750?

Where did it come from?

Did it 'work'?

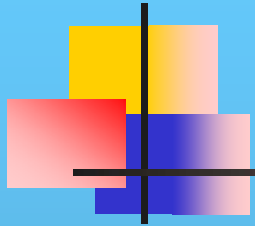


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# Opinion research

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Problems with value for money, bureaucratic assessors, inspection experience, fit to business.

It is a requirement for doing business.

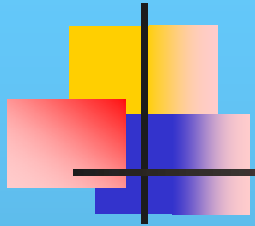
*So what do ministers do?*



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Tickit

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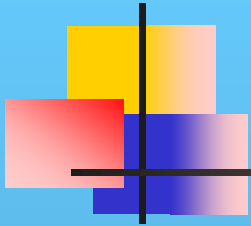
An attempt to do the wrong thing righter



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# More research: case studies

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Two propositions:

It makes you do things that make you worse

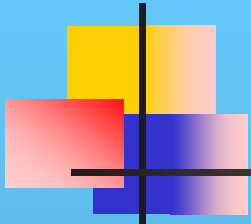
It stops you doing things you should do if you want to be better



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# Features of the disease

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Error-cause-removal

Standardisation

Separation of design from process

Inspection as a philosophy

Locus of control

Not world class  
thinking

Not a method  
for change



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# A letter from Japan

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Dear Mr Seddon,

I read ISO 9000 News in July/August 1998 and learned about your book. I went to a bookstore and ordered your book. Now I am reading your book and I am in accord with your way of management thinking.

I have been an industrial consultant for about thirty years. During this time I have done much improvement work at client's factories and have written many books.

Then ISO 9000 came. As in the UK, redundant government officers and surplus industry quality managers became assessors and consultants for ISO 9000 registration. Generally they have not been familiar with JIT, VE, Taguchi methods and so on, which are concerned with true quality theory as you mention. Thus the similar problems you talk about in your book have occurred in Japan.



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## A letter from Japan (cont'd)

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So I had to participate in the ISO 9000 movement to prevent installation of bad systems for my clients. In 1996, I was certified as a lead auditor and since then I have written several books and many articles on ISO 9000 introduction.

But generally Japanese organisations are losing their world class systems by introducing the ISO 9000 management system.

Sincerely yours

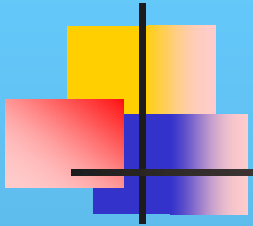
Takaji Nishizawa



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# A visit from TN

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Bureaucracy vs simplicity

Use of quality methods

Design vs process

Problems with assessors



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# Second letter from Japan

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Dear Mr. Seddon

When I received your permission, I was so delighted and took it unbelievable just because it was over my expectation. But the more I think it over how to tackle with this task practically the more it seemed so heavy to me. It seemed something like I am coming into a jungle where I have to explore and get through.

Now I got the perspective of your book instead of seeing each individual trees one after another and found that most of those trees are rather familiar to me.



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## Second letter from Japan (cont'd)

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As a matter of fact, until I come across your recent book, I was rather antagonistic to your country simply because you initiated the global standard ISO9000.

It put our country back to Command and Control thinking from those positive thinking free from command and control initiated here in Japan by Ohno (Ishikawa) and then Deming in the latter half of last century. So I am very glad that you share the same feeling and challenging against that in your country.



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## Second letter from Japan (cont'd)

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Now I feel sad that I can hardly find Seddon here in my country.

Your persuasive and encouraging way of thinking will push me to go through the jungle and this task when completed will encourage those people here in Japan who share the same feeling with me I hope.

Ken-ichi Tokunaga



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## But the good news...

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ISO 9000 is in trouble

“... gratifying to note another growth year for certification” Alan Bryden, Sec Gen ISO.

But what do the numbers tell us?

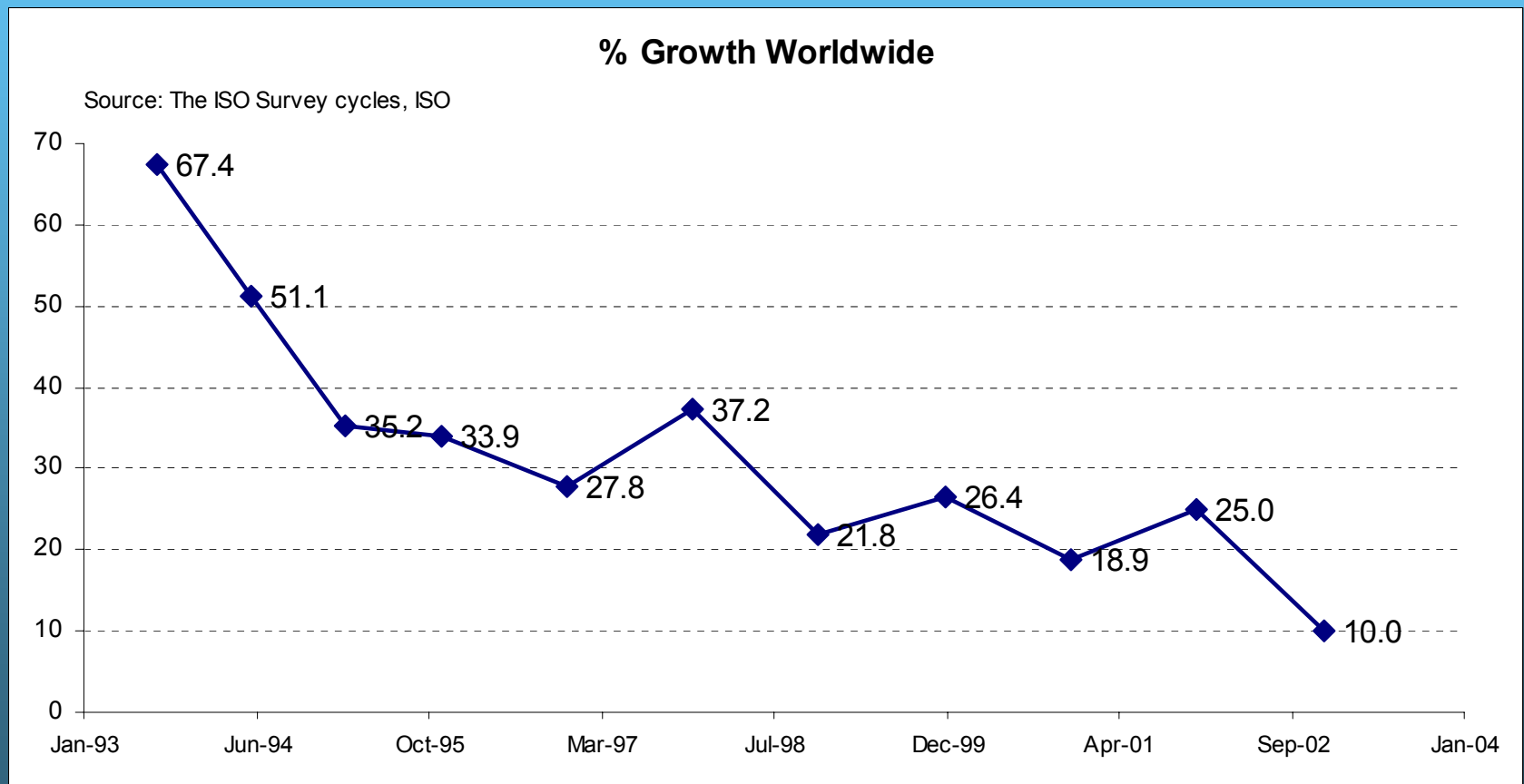


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# The rate of growth is slowing

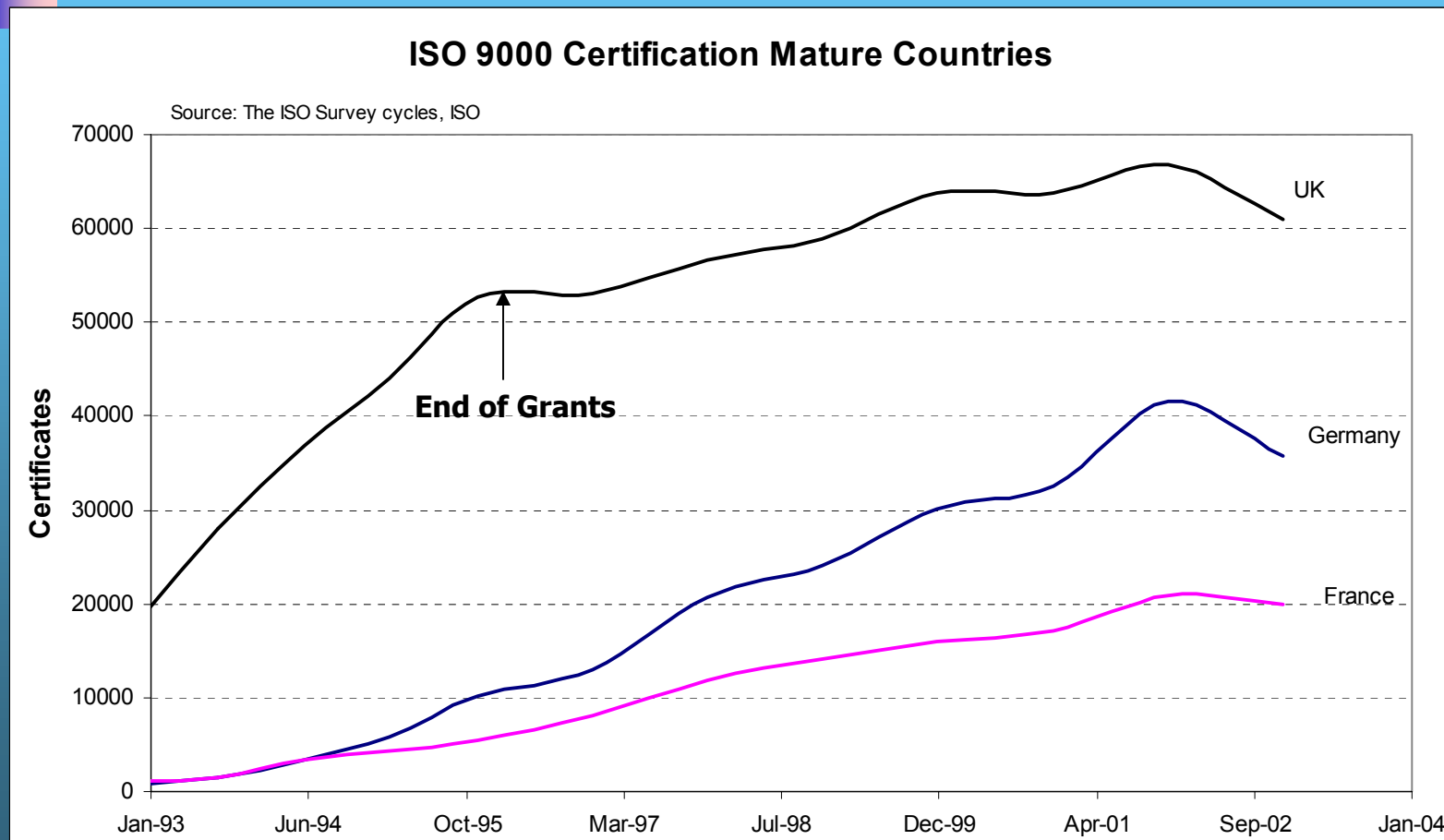


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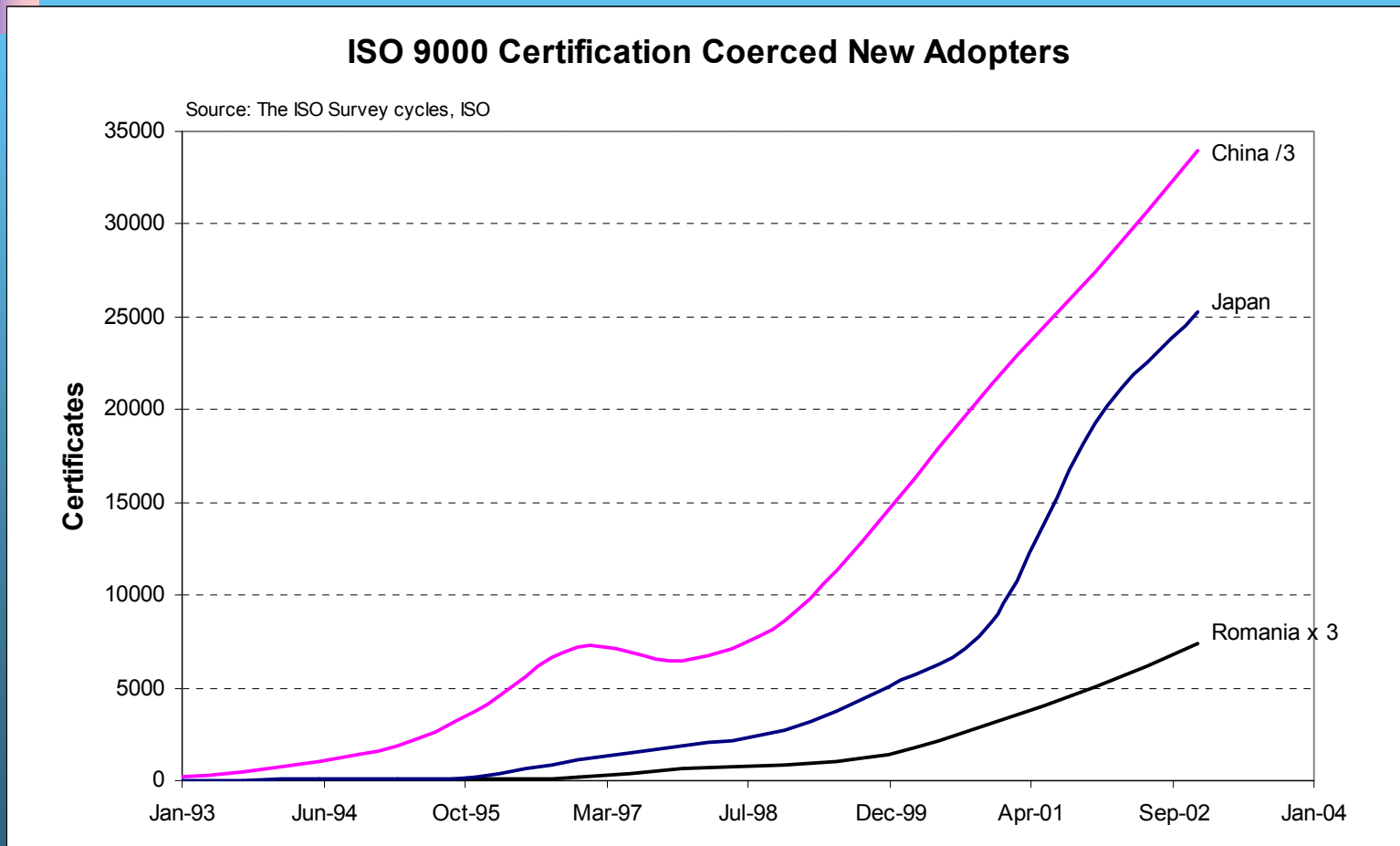
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# Mature countries in decline



# Coerced countries growing





## more from Japan...

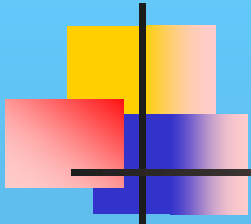
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ISO9001 growth in Japan is all due to market coercion.

Several years ago Japan Ministry of Construction force to take construction companies to take ISO9001. Then the rush had begun. But today the rush was passed away and cries on wasteful documentation are left.

Then recently ISO/TS16949: 2002 has entered the coercion market. It requires in 7.4.1.2 clause that the organization shall perform supplier quality management system development with the goal of supplier conformity with ISO/TS16949 and conformity with ISO9001: 2000 is the first step in achieving this goal.





## more from Japan

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Japanese car parts makers supply the car parts to the whole world and to get stable sales amount they have to have ISO/TS16949 registration. They have a lot of small subcontractors. Then the subcontractors have to have ISO9001: 2000.

May-June 2003 issue of “Management System”, magazine issued by ISO, says in the column titled ‘ISO mobile’ that eight of every 10 cars will run on ISO9001: 2000 by 2006.

The remained two cars will be Japanese cars.

Yours, Takaji Nishizawa



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# The transition to 9000:2000

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Quality World, summer 2003:

6,000 UK firms have formally confirmed that they will NOT be transitioning to ISO9000: 2000.

Of the remaining 61,000, only 16% (as of Dec 2002) had successfully transitioned.

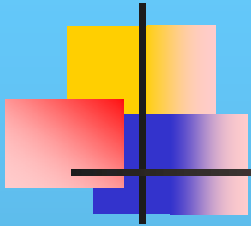
The remaining 84% (51250 firms) had to transition before the end of 2003 or lose their ISO9000 certification.



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# The transition to 9000:2000

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BSI website, Spring 2004:

There will be a 95 per cent conversion rate by the first quarter of 2004.

How was it possible to assess 51250 firms in one calendar year (200 per business day) and have all of them "pass" without the accreditation process being utterly corrupt / lacking in credibility?

Was this the biggest rubber-stamping exercise in history?



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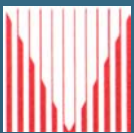
# What do the leaders say?

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2001: Dr. Lawrence Eicher, Secretary-General of ISO challenged ISO 9000 certification bodies - and the accreditation bodies that approve them as competent – to do a better job of weeding out malpractice and dishonest operators.

ISO regularly receives complaints about improper certificates. The conformity assessment community is facing a serious challenge caused by a certain number of certification bodies which act without integrity.

In a direct message to that community, the Secretary-General says "[you] need to be concerned if [you] want to avoid being seen as charlatans ... you need to police yourselves".





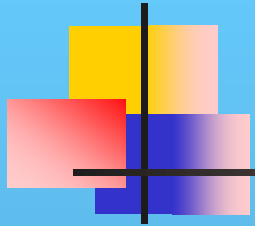
# What do the leaders say?

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"It would appear... that there is cause for concern. There is enough smoke to suggest fire. In particular we hear of allegations that certification bodies mix certification with the provision of consultancy in such a way as to undermine the independence of the certification process."

UKAS Chief Executive Linda Campbell, 2001.





## and the ISO community says:

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“Certification bodies may have made it too easy by adopting a lenient interpretation designed to retain clients”

"many organisations may have failed to take the opportunity to genuinely improve performance".

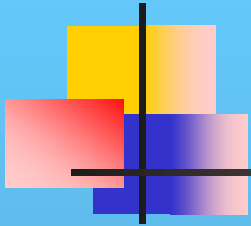
Quality World February 2004



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# It is the beginning of the end

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Coercion is finally on the wane

How many 'bad' ones should we need to say STOP?

People are recognising it doesn't 'bake bread'

How can we get from here to where we need to be?



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