Internal audits and pastures new?

"Thus sang the uncouth swain to the oaks and rills,
While the still morn went out with sandals gray;
He touched the tender stops of various quills,
With eager thought warbling his Doric lay.
And now the sun had stretched out all the hills
And now was dropped into the western bay;
At last he rose, and twitched his mantle blue:
Tomorrow to fresh woods and pastures new."

Lycidas, 186 -193.
John Milton.

Importance

A matter raised almost in passing by Jim Wade (of the Business Improvement Network, based in the UK) in a post on the Saferpak forum is significant to quality professionals, business and the entire ISO 9000 standards, training and certification industry. Not because of the actual message he posted, but because of its ramifications. It would seem to me we are probably witnessing the first signs of what Joseph Schumpeter would describe as a *"perennial gale of creative destruction."* Something new is happening and it could well sweep away many features of present day quality programs and the services offered to organizations. The underlying concepts are not "new" in that certain features were described some time ago. What is "new" is that it seems some companies are acting on them and, I believe, they are the vanguard for thousands of others that could follow.

No crystal ball

In this article, the views expressed are based on my personal understanding of the information at hand, primarily from Mr. Wade, on my stances stated and written over a period of many years and my consequent analysis of the situation as it appears to me. This article does not pretend to present the outcome of gazing into a crystal ball and some of the possibilities described may never materialize or, if they do, they may become manifest in slightly different form. However, as it is a fundamental principle of effective business management that one tries to foresee events and prepare for them - that being the nature of taking "preventive action" - this article is presented accordingly.

Naturally, one expects there will be considerable discussion and perhaps fierce debate over the article's views. Some people may regard the sentiments expressed as "heretical", likely, as being controversial. Without fulsome debate, neither consensus nor professional progress is possible.

Valued participation and facilitation

Being a person who believes in free speech and the importance of full, uncensored airing of controversial matters, I am using the internet to post this article in preference to submitting it to a traditional "professional quality body", hoping the latter might deign to publish it in the fullness of time, unedited, unexpurgated and if it does not seem to threaten an establishment or its view or mantra, or an assault on someone's personal opinion, prejudices or preferences. Moreover, because I believe the eventual changes I attempt to describe herein as possible will affect so many firms – globally – only the internet can provide the global reach in a timely manner such that businesses (and individuals) can decide sooner than otherwise on their individual courses of action. Only the internet can provide vibrant forums in which thousands of quality professionals and others who may be affected can quickly air their views, unhindered, unedited – in the raw, so to speak – as genuine stakeholders - and get a feel of the international sentiments that emerge. They will be able to make their voice heard and through their postings *know* their views are seen, considered, discussed and valued. Put another way, all *"letters to the editor"*, not an edited selection of palatable platitudes, will appear. (For those reasons, I am increasingly of the view that internet discussion forums will become the principle homes for future professional societies having international membership and that present day, traditional ones residing in bricks and mortar monuments will fade in importance and relevance. They are ponderously slow in facilitating communications and solutions responsive to management's desires and thinking in a timescale that maintains the credibility of the quality profession in the eyes of management.)

So, it is necessary that I express my appreciation to Simon Timperley of the Saferpak Forum for first posting this article and making available his Forum for so many international citizens to participate in what I regard as an important issue that will affect them. As with similar sites, the Saferpak Forum by its existence, technology and nature is one that practices Voltaire's maxim: *"I disapprove of what you say, but I will defend to the death your right to say it,"* (within, of course, the limits of courtesy and proper conduct.) It is not a Forum in which one has to go to a Council of the self-important to have one's right of reply validated. Through the internet is every practitioner valued for his or her contribution.

Background sequence of events to this article

The beginning stems from Mr. Wade's post on the Saferpak Forum. The sequence of postings leading up to the writing of this article is shown in Appendix 1.

A discussion of the information available

Having now considered carefully those posts on the Saferpak Forum, the two main questions that arise are:

1. Does the idea of process review comply with ISO 9001:2000?
2. Might process review as a surrogate for internal audits accord with my publicly expressed views?

Beyond answering those questions, one then ponders the possible ramifications of internal auditing no longer featuring as a requirement of ISO 9001:2000.

1. Does the idea of process review comply with ISO 9001:2000?

Inevitably people will wonder whether or not the use of process review, PR, as an alternate to "conventional" internal auditing would satisfy the requirements of ISO 9001:2000. Those entrusted with performing a "compliance audit" will certainly need to consider that question.

In fact it has three distinct facets:

a) Terminologically could PR theoretically be an acceptable substitute for internal auditing?
b) What does ISO 9001:2000 require about the actual conducting of an internal audit?
c) In practice does PR equate to internal auditing?

a) Terminologically could PR theoretically be an acceptable substitute for internal auditing?

To reach a decision, one must consider various "hinge" words and expressions contained in that standard. Of course, ISO 9000:2000 offers some definitions that one presumes represent the litmus test for their meaning. My view is that one must therefore consider, as far as the standard, is concerned:

- What is a process? See 2.3 in which a "process" can be a single or set of activities. That is, it may be of a micro or macro nature. The actual definition (clause 3.4.1) refers to them being a "set" of interacting or interrelated activities, therefore appearing to exclude the possibility of a single activity being treated as a "process". (That does at least seem to perpetuate a tradition of the ISO 9K series extant in the earlier editions of being somewhat self-contradicting.)
- What is a system? See 3.2.1 whereby a system is a "set" of interrelated or interacting elements.
- What is an audit? See 3.9.1 whereby this is also a process that must be systematic, independent and documented, aiming to obtain objective evidence that criteria are fulfilled. (The similarity of the actual definition to my own work is patent. It is gratifying to know they pay attention!)
- Is a "review" an audit? Perusing 3.8.7, one can see it could indeed be. But, that clause does not mandate independence on the part of the reviewer.

- Is the principle of independence required and, if so, is it explained? Yes, in the case of an "audit", 3.9.1 mandates "independence."

It would, therefore follow; a process "review" could be an "audit" provided whosoever does the review is independent of the "subject matter" (to use the standard's own expression) under consideration. If the customer performs the review, then the PR would be an audit because the customer is independent of the supplier and not responsible for the particular process.

It must then follow either:

- The supplier must afford the customer the opportunity to participate in the review as the "independent" element of the review; or,
- If the customer will not or does not wish to be present, the supplier must then ensure a reasonable person could regard the chosen reviewer as sufficiently independent of the process concerned. A manager responsible for the process may not meet that test.

Those things being done, one would conclude replacing internal audits with PRs would indeed meet the requirements of ISO 9001:2000.

Since it is common practice for a customer to include in the T's and C's its desire to be involved in chosen aspects of the supplier's work, as a contract progresses, its participation in PRs may be assured, within the usual limits of "communications' breakdowns". But the customer's diligent buyer (purchasing officer) is normally responsible for ensuring participation as and when desired.

That particular scenario applies to purchases where a customer expressly wants to be involved. Since it is not the case for all purchases, ISO 9K advocates will (rightly) express some concern about PR as a surrogate "internal audit" in those situations. They may even use that to justify the retention of conventional internal auditing and rejection of PR as its surrogate.

The final arbiter on what is and is not acceptable is the customer. (One of my long held views.) If the customer has mandated the supplier must possess an ISO 9K certificate, issued by a registrar, it assumes the registrar has verified the supplier meets AN interpretation of the standard. The customer may even *hope* all registrars and all registrars' auditors interpret the standard in the same way. (It does spring eternal!) The question is, what does an ISO 9K certificate mean to the user? That is discussed in a later section of that title.

b) What does ISO 9001:2000 require about the actual conducting of an internal audit?

ISO 9001: 2000 has certain requirements, (8.2.2), of a rudimentary nature for the planning, conduct, reporting etc of an internal audit that could easily be accommodated under the title of PR.

Other standards such as the ISO 10011 family are not mandatory (they are "for guidance") therefore having no bearing on what is acceptable conduct for an audit and, by extension, a PR.

ISO 9004:2000, containing a number of topics that *might* be covered during an internal audit is cited in ISO 9001:2000 as a guide for organizations wishing *"to move beyond the requirements of ISO 9001"*: as a consequence it has neither weight nor bearing on what an internal audit or PR *must* cover in order to meet the "requirements" of ISO 9001:2000.

c) In practice does PR equate to internal auditing?

Regardless of what the "standard" may or may not require, this is the key question that will determine what benefits, if any, may derive from a PR as an internal audit surrogate.

The answer, of course, depends on how and when the organization conducts its PRs. If the "reviewer" is independent of the process, fully understands the process (task element) approach, fully understands the process itself, works systematically, is properly prepared for the PR, is able to find root causes of whatever problems might be discovered, can demand effective corrective action, and will not allow work to proceed further unless and until such action is taken and verified as effective then, yes, equivalent practices are used.

It comes down to "who is the reviewer", "how does the reviewer operate" and "what authority does the reviewer have?"

In fact, when conducting an internal audit, using the process (task element) approach, one has always effectively "reviewed" the process, its inputs and outputs and applicable task elements. And for a "macro" process, one follows its sequence of activities, i.e. follows the system verifying the existence of a (audit) trail, to determine there are no breakdowns.

Call an audit whatever you will, it is the practical conduct that determines its efficacy.

My conclusions

- Terminologically, considering the expressions used in ISO 9000:2000, a PR could be regarded as equivalent to an internal audit.
- In practice, ISO 9001:2000 has insufficient constraints that would prevent someone considering a PR as equivalent to an internal audit
- On the basis of the case(s) cited in Appendix 1, as the associated registrar(s) subsequently issued the certificates, that act endorses the auditor(s) decision creating important precedents of which others should take swift advantage. It creates a precedent, a case example. And this is where things get quite interesting

and exciting, for the registration and ISO 9K industries, as might be seen from the later discussion *"If the precedent becomes the norm"*.

- In the real world, a PR may or may not equate to an internal audit depending on how it is actually done.

2. Might process review as a surrogate for internal audits accord with my publicly expressed views?

Some of my thinking is presented in Appendix 2 and I summarize key points as follows:

- I developed and have always advocated the "Process (Task Element) Approach" to quality programs and auditing.
- I believe in the performance of management auditing by someone independent of the process audited.
- Auditing is a fact-finding exercise that provides management information.
- I believe in self-auditing and self-checking prior to work being started using the process model.
- The fundamental product of anyone's process is a "decision".
- I consider verification being any of a check, inspection, test or review according to circumstances.
- The customer is the final arbiter of what is and is not acceptable.

Those published thoughts are the yardstick for my analysis of the developments described by Mr. Wade. I will consider the first four in that list.

The Process Approach

As is well known I developed the Process Approach back in the 1970s and it has served well my employers, my clients and my own needs as a quality professional over the many intervening years. Both Yell and NKUK are claiming to follow the Process Approach and presumably believe in its ability to serve their business needs. From my experience I am not surprised. Whether or not they *really* understand it and apply it in the manner I would advise, I am unable to say, but I would like to see for myself.

Management auditing, self auditing

a) In the case of NKUK

It seems to me from what Mr. Wade has reported, it is a case of a "rose by any other name…" etc. Though the PR may not bear the title of "internal audit", in light of the participation of the customer, an audit is happening, to some extent or other.

- The efficacy of the customer's effort depends, of course, on the calibre of its representative, the nature of his/ her inquiries when on site, (which depends on the training received) and the time taken for those inquiries. Those and other

matters (as I mentioned earlier) are things I would wish to assess for myself. But, as all business is a matter between customer and supplier, if that satisfies the customer – fine and *caveat emptor*.

- In that the customer is independent of the process being reviewed, PR would be consistent with that aspect of my definition of a management audit, stated in Appendix 2.

- In that the "process" may be of a macro nature, that is, it encompasses its own systems linking together its own micro processes that together deliver the processes' product, it would then also be looking at the processes' systems.

- The customer is well positioned to determine whether or not the supplier is meeting its contractual obligations, a component of my "audit" definition.

- By virtue of its presence and that one can reasonably presume the supplier will show the customer objective evidence of what it is doing, one can conclude the PR is, for the customer, a fact-finding exercise: that would satisfy another part of my audit definition

- As to the "legal obligations", another part of that same definition, the possibility of risk and liability is an important issue for each organization's top management and legal advisers to thrash-out. Such issues were never of concern to registrars or ISO 9K promoters anyway: after all, how many of them proudly (or foolishly?) claimed a QMS has nothing to do with the product or that a QMS does not guarantee product quality! That being the case, they would now be hoisted on their own petard if they raised any concern about them. Or perhaps they would be hoisting themselves on their own petard? Whatever may be the case, I care not about any dilemma now confronting them. One's concern must remain, as ever, that any QMS/ quality program/ management controls *et al* are *efficacious*. That is a concern expressed in a 1979 paper of mine, mentioned in Appendix 2.

- A matter of concern is that I regard management audits as being future focused: that is, being done to best effect before an activity (process, project, whatever) actually starts. Depending on the timing of the NKUK's PR activity, that preventive role, so important in avoiding avoidable costs may not be present. If so, the customer is ill served in the long term as is NKUK itself.

- Since by its nature PR occurs after the process that is being reviewed, the supplier is conducting a type of self-audit which I have stated is a type of internal audit. The weakness is that in being conducted *after* the process, it is not a truly preventive action.

Overall, though one might play word-smithing games, I am unconvinced NKUK is performing management audits because the actual conduct *et al* are unknown. I would wish to personally assess how they go about their PRs.

b) In the case of Yell

When I read Mr. Wade's initial report, I was not actually concerned about the Yell circumstance, for reasons I explain below: of greater concern is the possibility of general abandonment of internal auditing that may be sanctioned in firms where matters of health and safety could be paramount. And, I would still be concerned unless equivalent controls, as outlined above, for NKUK, were instituted in those firms.

In the case of Yell, at the time of this writing, Mr. Wade does not report the involvement of the customer and I am therefore skeptical of Yell's compliance with the standard and of its real implementation of the types of control, just mentioned. So, I would wish for more information and, preferably, to undertake my own assessment of their practice, policies and program. From the information contained in his Saferpak posting, I would not endorse the Yell controls as a precedent for companies whose products have health or safety implications.

That being said, on the basis of my adage, *"Never lose sight off the product"*, what does Yell sell? Telephone directories? Not to me; they seem to appear at my mailbox every now and again as free issue items. From my understanding of Yell's business, it sells advertising to firms listed within the covers of its directories. What are the risks? A business has an incorrect set of contact information or description of its products or services, in which case an update can soon correct that unfortunate situation but the world will not end. And, if the size of the tome in my office is any guide, perhaps the risk of injury if it fell on my foot! Though I might utter an expletive in that circumstance, I will not then examine the section dealing with "Attorneys" to sue Yell!

Consistency with my 2005 keynote address

In my recent Keynote address to the ASQ's Quality Audit Division 2005 Conference, I observed how I see a bifurcation developed in "quality". One branch deals with process management, the other deals with management process and that firms facing the pressures of globalization can take advantage of that bifurcation. The implications for auditing were cited and I reproduce the following diagram used during that speech. (The text of the speech is published in full elsewhere in this Forum.)

Branch	Deals with	Audit trend
Process management	How processes must manage their work.	Process auditing. Self-auditing, (six sigma etc.)
Management processes	What management processes the organization needs.	Management auditing. Value Assessing

For the normal purposes of meeting ISO 9001:2000 to the satisfaction of a registrar for certification purposes, the process management line should suffice. That is, a combination of self-auditing and process auditing should be sufficient. (Indeed, in that six sigma is not a requirement of ISO 9001:2000, any organization adopting it would exceed the standard's "strictures".) But, as mentioned, performing PR after the fact does not constitute self-auditing in the manner I have advocated. It would remain to be seen whether the process owners undertake that style of self-audit. And it is also not known whether or not the firms really understand the process approach such that in conducting a PR they would

Based on Mr. Wade's posted information it seems to me the controls chosen by NKUK should meet the requirements of the first line for effective process management and my general views, already summarized. They also meet my test of independence ***only*** by virtue of the fact that the customer is involved in the process review. They should be sufficient to protect health and safety of products and persons provided they embrace the task elements. I am not so sure of Yell's compliance but for reasons stated product safety is not an issue of magnitude similar to that in, say, the making of pharmaceuticals, of aircraft design or of pressure vessel fabrication.

For going to greater depth, the second line would apply *in addition* to the first. But, unless that second line is done, I would not be assured the firm was constantly trying to avoid avoidable costs at the level of the business model. The types of audit cited in that line extend beyond the limits of compliance audits, which are the prime concern of ISO 9001:2000.

My original concern

Based on the limited information contained in Mr. Wade's first post my original concern was that regardless of what ISO 9001:2000 may stipulate, certification bodies may be waiving the need for internal audits and that health and safety might be at risk in some circumstances. My *angst* was not with what the standard itself might require but from the [horrifying] thought that a tried and tested tool (internal audits) that has been a pillar of effective quality programs and management systems was being wantonly discarded. Mr. Wade's initial post provided no information concerning any alternative, effective control that might be instituted by Yell or other companies for whom a similar dispensation had been provided.

Though being concerned that a certifying body (registrar) had destroyed that pillar, I do not believe such folly was committed. If anything, for reasons explained in this article, future events and developments may show the registrar destroyed a pillar of the certifying industry and its own portfolio of services. Regardless of the eventual outcome, I must praise the registrar's auditor involved for his/ her open mind and flexibility and for opening up these new possibilities. Future events may show it was, what the civil service and politicians would dub, a courageous act.

In any event, regardless of what may satisfy the flimsy requirements for "internal auditing" contained in ISO 9001:2000, an organization can still voluntarily conduct management audits as its strives to eliminate or prevent avoidable costs. And it can also choose to move towards Value Assessments for similar reasons. Though PR may seem a useful expedient, based on the limited information at hand concerning their use at NKUK, management may decide in the fullness of time it needs something more effective. Call the activity what you want, its contribution and efficacy are what matter.

If the precedent becomes the norm – will we visit fresh woods and pastures new?

New thinking and change is always welcome. Auditors must think and accept new practice, new ideas. Semantics are less important than business needs and results.

So, are these developments to be welcomed? Yes. Jim Wade has it right in writing:

> *"…it is less a case of eliminating a requirement and more of taking a fresh look at the requirement and coming up with creative interpretations that:*
>
> - *[primarily] make good business sense in the light [of] accepted good management practice.*
> - *[secondarily] meet the requirements of the standard."*

If the precedent of accepting PR *in lieu* of internal auditing becomes the norm, in the ISO 9K registration industry, the following key matters deserve consideration:

- What does an ISO 9K certificate mean to the user?
- Self-certification
- The effects on auditor training
- The effects on the registration industry.
- The effects on ISO 9K et al.

What does an ISO 9001:2000 certificate mean to the user?

Perhaps the first consideration has to be, who has issued the certificate? Judging by initial expressions of concern and dissent posted on the Elsmar Cove Forum by some individuals working for different registrars, there is now potentially any number of certificates each reflecting individual registrar's views about compliance. Each would be

based on the particular registrar's auditor's and registrar's organization's interpretation of the meaning of the standard and what is and is not acceptable as a means of complying with its content.

That being so, one must ask is there a need for a "sanctioned interpretation" about PR etc, as Mr. Wade describes? Moreover, and more crucially, should there be any sanctioned interpretations at all? I will not advise on either of those two questions as they are of less relevance to business *actualite*. That *actualite* raises more important considerations.

Even if the ISO 9001 and registration industries agreed there should be sanctioned interpretations, if the customer is going to participate in the PR, does he or should he care about them for his particular business needs? Does or should he care about a registrar's interpretation of the supplier's compliance: in other words, does that customer effectively need a registrar's approval for how it will work with the supplier and meet ISO 9001: for its own contract?

The answers, of course, are respectively: no; no; and no. In effect, they strike at the heart of the original purpose of ISO 9000. The customer and supplier may be *guided* by some of the standard's precepts but will formulate their own practical QMS and certify it with execution of their contract. This will change the terms and conditions, T's and C's, of the customer's contracts. No longer will the customer require compliance with the requirements of the standard: rather it will be more appropriate for the customer to stipulate *the standard shall be used as a guide*.

So, one could argue in accepting a company's views on how to comply with ISO 9001:2000, the particular registrar(s) accepting PR *et al* have paved the way for the abandoning of registration as a mandatory requirement. To coin an American expression, have turkeys voted for Thanksgiving? Perhaps not, for reasons explained below. There is a world beyond ISO 9001:2000.

In the case of auditor training and certification schemes, probably "yes", for those registrars who are providing them. For the RABQSA and IQA' own schemes, they may well prepare for a significant drop in certifications (and associated cash flow.) I find it all rather pleasing for, as I mention elsewhere in this article, the general quality of results has long been poor.

A fall-off in auditor training, though, is only one possible outcome. More significant is the possibility for entering a new era of self-certification by the supplier.

Self certification

Why not? The idea of certificates of compliance, CofC's, is certainly not new and the customer can visit and satisfy itself of the validity. Since NKUK is indicating it does involve its customer in the PR, the customer will be visiting its supplier and can quickly determine the efficacy of the supplier's PR. *"We meet the requirements of ISO*

9001:2000" may be sufficient. Or, more likely, for reasons stated above, *"Our QMS meets the guidelines expressed in ISO 9001:2000"*. Or, *"our QMS meets the intent of the guidelines of ISO 9001:2000"*.

What is the difference in value of such statements from a CofC stating, *"This steel meets ASTM 316L"*. Such testimonies have been accepted for decades: and registrars such as DNV and Lloyds commonly accepted CofC's in issuing "Certificates of Fitness" for the likes of oil platforms installed in the North Sea.

The key question would seem to be, if I were a customer, would I accept a self-certificate? One's answer is "Yes", depending on the product involved and whether or not I decide to participate in the supplier's PR at the supplier's premises where my supplies are produced.

In any case, in light of the (too many) horror stories circulating over the years since ISO 9K came into being and its registration industry appeared, like many others I have been unwilling to take much notice of the certificates issued anyway: they have never been the deciding factor in any assessment undertaken of a supplier's QMS, for reasons I have explained on numerous times elsewhere.

Effect on auditor training?

If registrars accept there is no need to perform internal audits in the conventional manner, they must accept there is no need to require qualified auditors or audit training for the purposes of qualifying company auditors. Of course, auditor training for their own people is an entirely different matter they must resolve together with their accreditation bodies.

It would also follow anyone trained on an audit course delivered (sold) by a registrar may wish to claim a refund if that registrar was accepting PR as the internal audit surrogate *before* the training was sold, especially if that registrar issued a corrective action request based on failure to train internal auditors.

So, why bother with auditor training? Why bother with certification? The answer rests in the prospective auditor's own organization's aspirations. If it wants to compete in the global market place it must move towards "value assessments", as noted in that 2005 keynote address. And, as delegates who attended heard my sidebar remark, registrars do not have the experience or capability of offering any course in that topic, though I have little doubt some will disingenuously claim otherwise and try to peddle the same old stuff in a relabeled bottle (as will many of the familiar names in the "consulting" arena, perhaps under the auspices of the so-called professional bodies).

To survive, quality "auditors" must move into the new age of value assessing. And, that will also mean a different type of person with a different set of basic qualifications will become the "assessors".

We can expect a major shift in the nature of "auditor" training and in the body of knowledge fundamental to so-called auditor qualifications. I have my thoughts, experience and material at hand, upon which at present I will not enlarge.

The alleged NKUK statement – inevitable and predicted outcome of poor audit training.

Few people working in today's quality arena should be in the least way surprised that a company's people regarded internal audits as being activities chasing up with schedules "*for the benefit of the certification body"*. That has been a fairly typical use of audits by many firms. It reflects, of course, the level of service delivered by auditors that results in a lack of top management support for auditing. And, in the majority of cases I have seen, it is a direct result of poor quality training delivered to those auditors.

One must consider how many people have been trained on "recognized" or "registered" courses purporting to be "audit training courses". A number of registrars have offered such courses over the years and, until ISO 9001:2000 emerged embracing the "process approach" the content was generally based on the old "docs and stickers" stuff I have derided for over 30 years! Neither Yell nor NKUK ever have been clients of mine and I am confident that had they been so, they would not have gained the impression of "audits" and their use that they have: at any level of their staff.

So, that at least two firms are trying to be "audit free", as Mr. Wade puts it, is a reflection on the state of audit training generally available in the marketplace, of the effectiveness of schemes for registering or recognizing those courses. I suspect there are many more harboring similar feelings and "yearning to be free," as Emma Lazarus would describe those tired, poor and huddled masses of firms!

And, as those who attended my various speeches and seminars know well I have been forewarning of the need to "raise sights, raise standards..." and so forth, and of the eventual demise of "auditing" if conducted in the way typical of so many. Indeed, at a meeting organized by the IQA, held at Cranfield Institute, November 1990, and attended by all the then "certification bodies" (registrars) and "recognized" training "providers", I expressed my views about all and sundry in blunt terms warning of the eventual damage that would occur: my remarks were received with displeasure. I retract not one of them.

Though my course was one of the first four recognized by the IQA in the mid 1980s, I pulled out of its scheme at the beginning of the 1990s as I fundamentally disagreed with its requirements and did not want to be associated with courses under that or similar schemes. (In fact, I was criticized for teaching my "Task Element" approach – i.e. the process approach – instead of the then current text of ISO 9001:1987 family, which neither embraced nor contained that approach!) As more and more individuals and firms piled into "audit training", it became a commodity and I found one was tarred with the same brush as a result. Accordingly, I stopped offering my audit training on a public basis preferring to work in-house for clients on an exclusive basis and have only presented my course publicly on two occasions in the last 10 years: each time by invitation of the ASQ.

Prudent management knows it needs an assurance tool and has shunned the others' types of internal audits, as they did not deliver the results they needed. But, that poor level of service was and seems still sufficient to satisfy registrars and maintain certification. That, in and of itself, does not speak highly of certification or registrar standards. But then, who trained them, to what standards were they examined and then certified as "Lead Auditors" or "Lead Assessors"? Not me, not mine and not my course, I am relieved to say.

Based on any number of inquiries I receive for training, it seems an growing number of firms believe an individual can be fully trained in only a few hours to become an "auditor". That reflects the skills and competence level they see applied by "qualified auditors." It also evinces their low expectations of the quality of service received. Such assignments are politely refused but the inquirers frequently allege other trainers confidently claim a half-day or day is all that is needed. Their arrant nonsense is calculated to win business and make a fast buck without regard to the consequences for the quality profession as a whole.

And, even the schemes that claim someone needs only a couple of days of training to become a qualified internal auditor are misguided. Auditing is auditing whether the auditee is external or internal but the schemes and course providers think business is well served by devoting less time to training internal auditors than to external ones. And, of course, management encounters more closely the service (or lack thereof) delivered by internal auditors than external ones. Can one, therefore, be surprised if internal auditing gets the "press" exemplified in Mr. Wade's posting, allegedly derived from NKUK?

The solution being used by those two particular firms highlights the failure of the registered training courses, the schemes and the methods taught: consistent with my criticisms, spoken and written, over the years. To use a Jack Welch sentiment it is time to fix them or close them and I have no grounds for believing those presently involved or running them could do the first. If after some 15 - 20 years those involved could not make the schemes and courses deliver the level of service business needs, why should one think they could now? Perhaps in pursuing PR, ill-served firms are tacitly saying, *"enough is enough. If you could not get it right by now, you never will."* That is, management has started to take that second course: close them.

Effects on the registration industry

An end to registration?

Registration of quality management systems by a so-called independent body came about as an extension of product certification. Some of the present day registrars had successful business in that field. As examples: BSI with its "kite mark", Underwriter' Laboratories with its familiar "UL" logo and Lloyd's Register an outcrop of Lloyd's Register of Shipping (LROS) with its famous 100A1 for ships and its "LR" applied to a ship's

Plimsoll Line. (Det Norske Veritas and Bureau Veritas did similarly). All possess honorable heritages and offer respected services that continue to this day. The certifications provided some assurance to "whomever it may concern" that a product had been designed, made or constructed in accordance with recognized codes and standards central to their specifications. When quality system requirements appeared, notably in the pressure vessel industry, some companies who certified the products were then expected to also determine compliance with the associated requirements. As an example: Hartford Steam Boiler became world known as the major certifying body for pressure retaining equipment constructed in accordance with ASME III or ASME VIII. But, the product and the QMS requirement were explicitly linked and, in the case cited, of pressure vessels, the applicant was required to produce a demonstration piece to the satisfaction of the Authorized Inspector (i.e. the assessor). Only after that had been done could a pressure vessel complying with the strictures of the product code (standard), which also contained the associated QMS requirements could be marked with an "N" or "U" stamp.

Firms could and did advertise the fact they had been awarded the "N" or "U" stamp. Customers knew what that meant and they knew what would be the involvement of the certifying body (e.g. Hartford Steam.): there would be an Authorized Inspector involved making sure of the proper application of the stamp and maintenance of the QMS. But, that AI was first and foremost knowledgeable in the product codes, standards, methods of manufacture, and all of the processes that would be used. The certifying body, to make sure it complied with the code or standard's requirements for approved materials and scantlings, would have already assessed the design itself.

Even though an AI may be present, most customers would want to also do their own verifications and systems' assessments. Soon came the problem of multiple assessment, whereby several organizations would be assessing the firm for the same thing. Multiply this by the number of contracts or orders in hand and it was something of a nightmare for the supplier.

> Indeed, when I worked for GE's nuclear division we had so many "audits" occurring, we employed people whose sole job was to act as escorts. Engineers and buyers, among others, would complain they could not get any work done because as one team of auditors departed, another almost immediately entered their office. It was costly.

Some bodies logically moved into offering quality system assessment as a service.

Have we come full circle and who needs a registrar?

If customers are an integral part of the process review, PR, process, they are starting once again to do the job that was being outsourced to registrars in an attempt to reduce multiple assessments. Organizations adopting this PR approach must be welcoming the involvement of multiple customers as distinct from regarding it as a costly nuisance.

At least PR involving the customer will put to an end to the horror stories about registrar performance and all the discontent there has been. One can strongly argue, if registration had delivered the type of service customers seek, they would not get as involved as they do. The old saying is, *"if you want a job done right, do it yourself"*: perhaps that is the message customers are giving the ISO 9001 and similar registration schemes through their willingness to be involved in PR together with their supplier(s). And, as every supplier's management knows, the customers' certificates are always the most valued and marketable to attract other business. (J.D. Power awards are derived from customer experiences and feedback concerning the actual product, service and value for money received. In effect, they are the real testimony as to the efficacy of the organization's quality program *et al* in the face of market competition. That is something the ISO 9001 and similar certificates cannot provide.)

What is a most interesting feature of PR is that the customer is getting involved in the process and (hence) the product. Does that mean the customer and the supplier are exhibiting little confidence in a QMS to guarantee business performance in the essential areas of quality and delivery? Does it herald some companies beginning to turn away from the idea that any "third party", such as a registrar can provide the service needed? Even if registrars pay little attention to the product and more to the QMS allegedly implemented, the customer and supplier do not. It is the product that makes the money go round. The old style AI looked at the product and processes needed to produce it. He/ she demanded demonstration pieces – coupons, examples – to be made so that the assessed firm could prove the system worked and embraced the requirements of applicable codes and standards. Few registrars do so today. The old methods were not perfect but, no one lost sight of the product. Too many do so today.

Though firms may be paying lip service to thee idea of being "certified to ISO 9001", many registrations came as a result of significant customers contractually compelling the supplier to be certified: and we all know it!

Take away the compulsion and the entire registration industry would forced to prove it adds value to the registrant's business. In a 2004 posting on the Elsmar Cove I stated:

> *"I look forward to the day when major, powerful buyers such as automotive OEMs remove all requirements for any certification to any* [QMS] *standard and simply say to their suppliers, 'we are concerned with quality, delivery, price, continuous improvement and our standards for performance are zero defects, 100% on time every time etc etc. If you believe ISO 9K, TS 16949 or whatever else will help you get there – it is your free choice; if you believe obtaining a CofC against a standard will help – it is your free choice. We are indifferent about how you achieve those results. We will not interfere in your internal management strategies or decisions concerning how you will meet those obligations if you wish to retain our business. But, we reserve the right to visit you to determine how well you spend our money entrusted to you when we award you our business.'*

"When that happens the diligent registrar will have its day in the sun, driving out the less professional minded, effectively cleaning up the act. And the benefits or otherwise of pursuing whatever Q. standard a firm might choose, will become clear – unfogged by issues of registrar performance because those that do not add value to the client's operation will disappear.

"That the number of registrations is falling may be a healthy sign for the quality profession. There is nothing like a crisis to stimulate a rethink and to 'get back to the basics'."

Self-certification, mentioned earlier, is another possibility that would make redundant the registrars. Put another way, they would be "downsized" if it becomes a practice acceptable to customers. And why not? The world does not owe registrars or anyone else a living.

What might registrars do in a PR world?

When it comes to the world of "compliance" services, registrars may earn a living on parallel matters where the deliverable is not directly affected: environment; safety; security.

However, I pointed out in my 2005 keynote address the business model needs to be revised and that the old COI concerns must be discarded. What must not be allowed is for registrars to re-label their old wine bottles. They do need to work with RABQSA/ UKAS on developing the new model for which I have expressed some (but not all) of my thoughts in that speech.

We are probably witnessing the first breezes preceding a Schumpeterian gale of creative destruction. The smart registrar will take note and adapt: the foolish one will vanish.

Where stand the RABQSA, UKAS et al?

They are likely facing their own Schumpeterian gale. If there is no need to undertake internal audits and no need to train auditors, let alone "certify" them, that aspect of their business has no purpose: that cash cow is gone to the abattoir, transported to its slaughter and evisceration by that registrar's precedent-making decision. Since one registrar has shown it will accept PR as the internal audit surrogate, others must follow. After all, firms wanting to pursue that approach can take their business to that particular registrar away from a registrar who does not see matters as flexibly. Alternatively, when renegotiating with the present registrar, the firm could advise accepting PR *in lieu* of internal audits will be a condition of contract. That is, it could exercise "negotiated compliance", (rather more commonplace than some might care to believe in an industry where registration services themselves are a commodity offered by hundreds of firms.)

If registrars adopt the approach I suggested in my 2005 keynote speech and offer solutions as part of their service, they will effectively become consultants. They will be

engaged on the basis of their ability to add value. At that point, would the customer really care about its accreditation? Probably not: I would not. In which case, what do those accrediting bodies have to offer? Not much because it would be most difficult for them to determine the capability and competence of a consulting firm in an age of transient knowledge: an employee can depart quickly with the sellable knowledge.

This is most exciting and energizing.

Of course, the accreditation bureaus may try to scold, censor or reprimand registrars daring to accept PR but that would deny what the market is saying. Registration numbers are falling and management is flexing its muscles on what it will and will not accept. Who pays the piper shall call the tune. Push management hard and it will turn away from registration and, as with human habit, the departing trickle could become a flood. It is quite common for people to muse why such notable firms as Toyota succeed as they do considering they did not adopt ISO 9001 etc. nor compel their suppliers to become "certified" to it. And, considering ISO 9000 family has now existed for close on 20 years, the percentage of businesses in this world that are "certified" is small: given all of the publicity, propaganda and posturing of that industry, the numbers represent a miserable achievement in comparison to, say, the number that have invested in PCs or web sites.

The accreditation bureaus are more vulnerable than are the registrars. Many of the latter retain honorable roots to which they could return, roots predating by decades or, in some cases, centuries the birth of accreditation bureaus. The registrars possess sellable knowledge they can continue to develop: accreditation bureaus do not. I do not need an accreditation body to advise me on the worth and competence of, say, Underwriter's Laboratory or DNV.

In a private communication to me, one accreditation bureau confirmed it has been aware *"…for about 12 months of* [registrar named] *acceptance of Yell's assertion that conventional auditing is not required…"*

Is ISO 9001:2000 out of date?

Yes and no. But that is of little importance. Management is on the move and deciding for itself what it needs for its business purposes.

What should be the ISO position and that of the TC committee?

For many, ISO is a bookshop. Whenever a standard changes it's good for business and ISO knows that well as does any other bookstore peddling standards. As the business *actualite* develops and such practices as PR become more accepted, the TC committee will play catch-up (again) and its members will bask in their feelings of importance. Let us remember, since creation of the ISO 9K standard is supposedly the end result of a democratic process involving a hierarchy of committees supposedly considering input *derived from* business practice, catch-up is inherent in the formulation of that standard. It

is the result of experience, i.e. something obtained from past actions and decisions. More importantly, it is also based on what management will accept.

What will consultants and "professional bodies" think?

One is reminded of the advice given by *"Deep Thought,"* the great computer appearing in Douglas Adam's *Hitchhiker's Guide To the Galaxy,"* to the philosophers who felt threatened by the computer's task to find the answer to "life, the universe and everything" They perceived a demarcation dispute: Deep Thought advised them to get onto the pundit circuit, which they did and became famous as a result by arguing with each other about the eventual answer the computer would provide.

So, one must expect the same old game, same old faces, same old topics keeping the velocity of circulation of money greater than zero, as those faces have recently been fearing it might be stopping altogether. Instant experts all. Expect the usual slew of conferences, *"tables of comparison," "Guides to the new requirements", "How to implement…," "How to be guided by the guide," "The new requirements and you…"* and training courses offered by great, the good and grand of the committees and so forth. And, for a price, business will be advised to do what it already decided to do which is what provided the input for a revised standard anyway. It will thus be sold its own decisions neatly presented in three ring binders by a three-ring circus! It will all be highly enjoyable, entertaining and amusing. But taken most seriously for it *is* a serious matter.

As in any sporting event, *"Let the games begin!"*

What are my own personal "lessons learned" from these recent events?

Overall, I do not believe on the basis of Mr. Wade's subsequent posting, there are justifiable reasons to take an action I posted on the Saferpak and Elsmar Cove Forums, viz: that the registrar should be "thrown out" of the quality profession. That action was suggested on the basis my original concern, describe above. In fact, I broke one of my own guidelines for auditing in being hasty in reaching a conclusion. One is always learning from one's errors and, sometimes, repeats them: that, too, is a personal lesson.

That said, I still adopt the Missouri wisdom when it come to the current efficacy of PR at, say, NKUK: "show me," your fresh woods and pastures new.

April 14 2005, Allan J. Sayle
president@sayle.com

Appendix 1

The beginning stems from Mr. Wade's post on the Saferpak Forum, in which he mentioned:

> "…the reactions of all the many senior managers I have interviewed on the subject of internal auditing vary from boredom through resignation to simmering anger. It seems it's only the 'quality experts' who think that such techniques are helpful.
>
> "Some companies in the UK (Yell is a prime example) have negotiated with their ISO 9001 certification bodies to remove internal auditing as a requirement because it had no business advantage."

That a registrar might sanction the abandonment of what has been and is a pillar of effective quality programs seemed outrageous and I penned a blunt response airing my views and concerns. It was posted April 5, 2005 on both the Saferpak and Elsmar Cove Forums.

In response to my post, using Saferpak again, Mr. Wade expressed the following views, which I reproduce as follows:

> "With regard to the auditing requirement [of ISO 9001:2000]: in the instances I know of, it is less a case of eliminating a requirement and more of taking a fresh look at the requirement and coming up with creative interpretations that:
>
> - [primarily] make good business sense in the light [of] accepted good management practice.
> - [secondarily] meet the requirements of the standard.
>
> "So for example, if a management team takes the process approach seriously, involves internal and external customers and suppliers in process reviews, and so on, one can **demonstrate compliance to clause 8.2.2 with no need for auditors or auditing** AND can put in place practice that is more beneficial than the sort of apology for auditing that is typically tolerated by the certification bodies.
>
> To paraphrase the Salvation Army's William Booth *"why should the devil have all the best interpretations of ISO 9001.""*

Using plain language Simon Timperley then commented to Mr. Wade:

> "...if I read you correct Yell's Certification Body have allowed them to ditch internal auditing in favour of process reviews and so on, which the CB accept as meeting the requirements of [ISO 9001:2000] 8.2.2 (shalls and all)."

To that, Mr. Wade responded with the following additional views and information:

"All I know for sure about Yell, Simon, is that they no longer do audits and that they invoked self assessment as {at least part of} their way of meeting the requirements of 8.2.2 I hope to know more soon.

"Here's how another audit-free organization summarises its approach:

> *'For many years our employees, mention of ISO 9001 Internal Audits evokes memories of auditors chasing auditees to catch up with internal audit schedules in the name of ensuring records are up to date for the benefit of the certification body; "to keep thee badge". At NKUK we did not want to instigate a similar approach in our new business, we could not see that it would be beneficial in terms of our meeting our business aims. So, we said "no" to Internal Audits.*
>
> *However, we did want a system for reviewing the way our business operates, at regular intervals, in order to improve our effectiveness in terms of meeting the company's objectives essentially to win work!*
>
> *We developed our business in the form of four key, top level processes, each owned by one of the Directors.*
>
> *Our business Processes are reviewed regularly, looking at information feeding into the process (inputs), information produced or the next process (outputs) and identifying ways of improving the mechanics. The exercise is termed the Process Review. Generally, the Process owner (a Director), one person from the upstream and downstream processes and a facilitator are present at the review (non-confrontational!). The result of the meeting is a series of actions, to improve the process in question, carries out by anyone available (Directors and Engineers alike – this ensures everyone gets involved in shaping the business). The results and actions from process review are revisited in the Management Review to check progress.*
>
> *By carrying out a desk study to ensure the business processes are compliant with ISO 9001:2000 – for the whole system at the outset and from then on only for changes made to the system – we believe we have met the requirements of clause 8.2.2 of ISO 9001:2000, and our certification body agrees.*
>
> *Esam Bakh, Nippon Koei UK.' "*

Appendix 2 - My publicly expressed views over the years

a) What did I write in my books?

***Meeting ISO 9000 in a TQM World",* 1st edition, 1991, ISBN 09511739-3-6**. In that work, I wrote of self audits (page 100-101):

> "*Self auditing can be used by foreground and background staff to verify the state of readiness, of the equipment, of information and of items that they require both before and during the working day. Planned and periodic checks can also be performed by them. Records of completed activities and routine checks can be reviewed or audited…Customers are the final arbiters on service quality and if their experience and views are obtained, a better guide becomes available."*

But, I also advised that normally such customer feedback is an after-the-event matter.

I wrote of my "Process Model", page 5, as follows:

> *"The benefits of using the process model for quality planning and improvement are being increasingly recognized. The idea is that one can consider individual jobs as "processes" that can be planned and controlled. In a TQM environment much of the responsibility for planning is delegated to the person who actually has to accomplish it together with total responsibility for actually controlling it…Chapter 15 'The Task Elements' describes the constituents of every task (process) that require planning and control and it details actions to be taken. The relationships of the process models to the clauses within ISO 9001, 9002 and 9003 are shown diagrammatically in Chapter 3*."

In those diagrams I showed how "self check" would be applied to any "task" (a.k.a. "process") though none of the ISO 9000 series advocated the process model at the time*."* Chapter 3, *"The Process Model"* described my process model in a form current readers, of ISO 9001:2000, would immediately recognize. The "Task Elements" had appeared much earlier in each of the two editions of *Management Audits* that had been written up to that time of writing the first edition of *"Meeting ISO 9000…World."* An earlier version of them had also been briefly described in Juran's *"Quality Control Handbook"* 4th edition.

***Meeting ISO 9000 in a TQM World",* 2nd edition, 1994, ISBN 09511739-3-6.**

In this edition, I repeated those diagrams linking the process model to the (new, 1994) clauses of the standard and explained the following:

> (Page 386),*"Independent verification is now abandoned with the exception of audit performance as constituting the only type to be practiced within the firm. This is a good move consistent with the TQM idea of self-control. Self-auditing, whilst not being advocated/ required…is not disbarred".*

(Page 41), *"Prior to starting a task required it is always beneficial for the individual to perform a self-audit, otherwise prevention cannot be assured. Self-checking is always vital. A central tenet of TQM is that the person doing the work is responsible for the results obtained. Responsibility cannot be said to have been exercised if the individual hands over his/ her work in an unknown or uncorrected state. Everyone must self-check his/ her own work first to the best of his/ her ability. Self-checking is not inconsistent with the precepts of process control found in ISO 9001 and 9002* [that is the 1994 releases]*; self-auditing is not excluded by either of those standards and a TQM programme will never be fully effective without it."*

***Management Audits, 1st edition*, 1981, ISBN 07 084556 5**

This text was written in 1978 and finally appeared in print in 1981, at first as a McGraw-Hill (UK) publication. The text was, therefore, prepared long before BS 5750 was released in 1979. That standard effectively became the original ISO 9000, released in 1987.

Page 4 offered a definition:

"*Management audit: an independent examination of objective evidence performed by trained personnel, to determine whether integrated management systems, which are required to fulfill the contractual and legal obligation of the company to its customer and the community are being effectively implemented, and the true and fair presentation of the results of such examination."*

On the same page, I expressed my hope:

"Eventually an organization such as Dun and Brdstreet may include in their assessment of a company an analysis of the efficacy of the enterprise's management systems, based on information gathered by an audit of the enterprise in question. If this development should take place, a recognized auditor's qualification scheme will have to be introduced to lend these independent audits the necessary credibility."

Management Audits, 2nd edition, 1988, 09511739-1-X.

On page 1-6, I expanded somewhat on that first edition's definition but the substance remained the same. But, I did also express my views about multiple assessment (pp 1-10 – 1-12). At the time of writing (1987) I was already becoming concerned about:

- The questionable credibility of *"...various assessment schemes designed to reduce multiple assessment of firms in general"*, and
- Of the fact that,*"...when an assessment body investigates compliance with the [ISO 900X] standard, it will be investigating AN interpretation – and it will issue*

a certificate whose validity rests on that interpretation alone: assessment bodies do not, currently have the authority to impose their interpretation of that standard's words into the auditee's practices or management systems. Accordingly, any company wishing to select a supplier solely on the basis of an assessment body's certificate would be well advised to remain circumspect."

But, "self audit", a practice I had been advocating for some time, I described as follows:

"This is a particular type of internal audit performed by an individual upon his or her own systems, procedures and facilities in order to assess his or her performance, its needs, its strong points and its failings."

"Management Audits", 3rd edition, 1997, ISBN 0951173901.

In this edition, I added my views on "self auditing" and also truncated the definition of "Management Audit", as follows:

Page 20: *"The self audit places mature responsibility onto one's employees. Since everyone is a manager, it is sensible for each individual periodically to determine the results of his or her efforts and associated needs for improvement. This is one area where the performance of a self audit is most useful. Although the ingredient of independence is lost, the extra value of self discipline and delegated trust fully compensate. Self audits are performed in addition to, not as a substitute for, independent management audits…the self audit is a particular type of internal audit performed by an individual upon his or her own systems, procedures and facilities in order to assess his or her performance, needs, strengths and failings".*

Page 12: *"A management audit is a fact finding exercise which provides management information".*

b) Views expressed in articles and papers

In a 1979 paper, *"Quality Assurance – updating the definition"*, which was published by Britain's IQA, I offered a definition for "quality assurance" paralleling that used in the first edition of *Management Audits"*.

In several papers I expressed my concern about the state of the quality movement, audit perforrmance, audit training and so forth.

c) Self-auditing video

I developed a self-audit training course and, with the kind assistance and hospitality of Messrs Digital Equipment Corporation, shot a video package showing self-auditing at Digital's facility, in Fareham, UK, in January 1989. The video showed people undertaking self-auditing actions but not process review performed by their managers. It was shown at the AQC Toronto later that year. Intel's Urmil Desai took sufficient interest

to travel to London and see it. His (then) manager, Vivian Brown, said then it was *"timely but ahead of its time"*. It was advertised in a 1989 isue of *Quality* Progress. I still have it.

d) Major speeches

In several of my keynote addresses to the ASQ's Audit Division conferences, I have expressed my concern about the generally poor state of auditing, the generally poor service delivered to management, the inadequacy of training courses *et al* and have forewarned that management may find its own solutions for its needs. The texts to those speeches are available from various sources.