

# ISO 9001 proves to be AIAG's motor for improving services to automotive industry

When your organization's mission is to act as the motor of improvement initiatives in a major industry sector, "walking the talk" and "practising what you preach" have to be daily commitments. The Automotive Industry Action Group (AIAG) is a trade association serving the worldwide automotive supply chain. Stretched to the limits by a huge influx of new members and by the management of support and training programmes, both occasioned by the launching of the QS-9000 automotive quality standard initiative, when the dust settled, AIAG took a long, hard look at its way of doing business and how to improve it. Having seen through the QS-9000 programme the advantages of establishing a quality management system, AIAG decided to implement ISO 9001 and to seek certification. In this highly readable article, AIAG Managing Director Darlene M. Miller describes what must be included in a model implementation programme.



BY DARLENE M. MILLER

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**T**he US-based Automotive Industry Action Group (AIAG)<sup>1)</sup> is a not-for-profit trade association of approximately 1 600 automotive and truck manufacturers and their suppliers. Its purpose is to provide an open forum where members cooperate in developing and promoting solutions that enhance the prosperity of the automotive industry.

AIAG's focus is to improve business processes and practices involving trading partners in the automotive supply chain. Its primary products are manuals and training. The materials are created by committees of volunteers from member companies that represent a consensus of best practices for trading partners in the automotive industry.

AIAG faces the same challenges as any small business trying to produce and deliver products for its customers – keeping its customers satisfied and remaining profitable. However, as an association, AIAG must also respond to the needs of its membership and provide support for

the thousands of volunteers who work on these industry projects.

In the mid-1990's, AIAG experienced tremendous growth, virtually quadrupling in size. The growth was primarily a result of AIAG's role in the introduction of QS-9000, the common quality standard driven by DaimlerChrysler Corp., Ford Motor Co. and General Motors Corp. and subsequently used throughout the automotive supply chain. QS-9000 is based on ISO 9001:1994, but contains additional quality requirements specific to production parts suppliers in the automotive industry.

AIAG assisted with the implementation of the QS-9000 initiative by distributing hundreds of thousands of manuals and providing related training. At that time, AIAG was faced with an immediate need for people, space and equipment to handle the added order processing and fulfilment operations. In addition, industry executives brought other major projects like the ANX service (a secure data communications net-

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work linking automotive suppliers and vehicle manufacturers) and Y2K to AIAG. With such rapid growth, AIAG's existing processes and procedures were severely tested. AIAG reacted like many small businesses might. We threw people and equipment at the problem!

By the late 1990's, AIAG had a staff of 60, a new computer system and a new building lease. We were ready to tackle the broader issue – how to run our business. Because of AIAG's involvement with QS-9000, we knew that we needed a quality management system.

### AIAG selects ISO 9001

Ironically, QS-9000 was not the appropriate standard for us. AIAG has two primary lines of business – project management and distribution of publications and training – but is not a production parts supplier. We looked to the ISO 9000 standards and, since most AIAG projects include a design phase, ISO 9001 was found to be the best fit.

The organization saw ISO 9001 as an international consensus of good management practices and set about making it the framework for how the organization would operate.

### Getting everyone involved

The objective was included as part of AIAG's new three-year strategic plan and a very aggressive target date was set. AIAG wanted to be registered to the standard by the end of 2000. Right from the start, two related factors were deemed as critical to the project's success: management commitment and the full involvement of AIAG's 60 employees. We did not want anyone thinking that this was just another "flavour of the month".

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Everyone needed to understand what we were doing and why. Simply stated, the project was positioned as the best way for AIAG to design, build and deliver "good stuff" for its customers. As managing director, I conducted ISO 9000 overview training and used the "peanut butter and banana sandwich exercise" to get this message across. After asking every-



Managing Director Darlene Miller is presented with the AIAG's ISO 9001 certificate by Rad Smith, of KPMG's Automotive Division.

one to write down the steps necessary to make a peanut butter and banana sandwich, I selected several of their "procedures" and followed them exactly. As you might expect, we ended up with three completely different sandwiches ... even one with a whole, unpeeled banana between two slices of bread!

The exercise made it easy to relate to the need for a quality system and the benefits of using one. What does the customer want ...bananas sliced lengthwise, bananas mashed, a grilled "Elvis" version? How can you be sure that you are making the best sandwich the best

way? What is the recipe/the steps? How can you be sure that a sandwich made this month will look/taste like one made next month? Why are procedures important? The exercise also proved to be a fun way of showing management commitment.

With the exception of instructors for internal auditor training and a consultant to review our documentation, AIAG staff did everything. To keep all levels involved, we included an ISO 9000 registration objective in everyone's 2000 performance plan; named ISO 9000 coordinators for each department, and formed a cross-functional internal quality steering team.

### **We included an ISO 9000 registration objective in everyone's 2000 performance plan**

Employees who answered the questions correctly received ISO Bucks. This turned out to be a very effective and well-received programme. On the day that AIAG was presented its certificate, the staff got to spend their ISO Bucks at "ISoCo" for lunch coupons, CD players, TVs, extra vacation days and other merchandise.

### **A rough ride**

AIAG achieved its goal of ISO 9001 certification – by KPMG<sup>2)</sup> – in October 2000, almost three months ahead of schedule, but the ride was not always a smooth one.



An exercise in procedure writing using 'make a peanut butter and banana sandwich' as an example produced some strange results!

To motivate employees and to make the project fun, AIAG introduced two employee incentive programmes. A performance bonus was set for staff and managers alike. Everyone would receive a set percentage of salary once AIAG was registered to the ISO 9001 standard. As the year progressed, the percentage decreased in value.

We also started handing out "ISO Bucks." As quality system documentation was completed, I e-mailed "pop quizzes" to the staff.

We kicked off the project with that simple peanut butter and banana sandwich analogy, but somehow, after that, we got bogged down in the documentation. By the end of 1999, AIAG's documentation was great – it had everything that the standard required – but no-one could understand it. At the start of 2000, we made the painful decision to scrap the documentation and get back to the basics – designing, building and delivering "good stuff". The documentation was rewritten to include

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AIAG-specific examples and if an element did not apply to us, that is just what the documentation said. This took a lot of extra time, but in the long run it was worth it.

AIAG put all of the documentation on the Intranet so that employees would always have ready access to the most current version. Links allow them to jump with ease from the quality manual to the procedures to the forms needed.

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One unanticipated issue was the staff's enthusiasm for the project. They got so involved that they often did more than was necessary, ending up with more logs, checklists and forms than originally planned. We heard, "It would be better if...", so often that eventually it was necessary to set a "change free zone" just to allow enough time to prepare for the audit.

Within several months of each other, two AIAG directors and the management representative left the organization. That raised the very real concern that there might not be enough people to conduct AIAG's annual AUTO-TECH Conference & Exhibition, continue with normal operations and become certified to ISO 9001 during what remained of 2000. But the staff's "do whatever it takes" approach paid off. Everyone pitched in and we accomplished our goal.

### **A journey, not a destination**

In October 2000, 21 months after embarking on its journey, AIAG successfully passed its first audit and was registered to ISO 9001:1994. AIAG was certified to the 1994 version because the new 2000 version was not published until December 2000. AIAG will continue to use the 1994 format to maintain its quality management documentation in the immediate future. However, as revisions are made, the organization will migrate towards the ISO 9001:2000 standard.



Denise Stitt proudly displays the 'ISO Bucks' she won by correctly answering ISO 9000-related questions.

The new version is much more user-friendly and easier for organizations like AIAG to understand. It fits well with AIAG's design, build and deliver "good stuff" motto. The 2000 standards now have a section where involvement from upper management and continuous improvement can be included in the documentation – two areas that AIAG emphasized as top priorities in its process.

ISO 9001 certification has helped AIAG identify specific areas that need improvement. By analyzing

trends related to customer order problems, AIAG found that many customers who had complained about incorrect shipments had actually ordered the wrong product. We needed to find ways to help our customers understand what they needed. Certain products are now considered "red flag" orders and the customer service representatives ask questions to uncover the customer's true need. AIAG also revised its catalogue, adding better product descriptions for these problem areas.

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on the Intranet, new employees can come up to speed quickly – even if they have just replaced the expert.

In the few months since achieving ISO 9000 certification, AIAG has already experienced several positive results in both employee performance and its overall

business operations ... but this is only the beginning. AIAG now uses the monthly management meetings to review the effectiveness of the quality system. Agenda topics include quality objective project plans, trends/statistics, corrective and preventive action, resources and ideas for continuous improvement. At monthly team meetings, all employees hear about trends and planned changes. The team meeting regularly includes staff training.

**What's next?**

AIAG is confident that it now has a system in place to handle sustained or rapid growth in the future. Trend data helps to identify potential problem areas before they become real problems. Each department has set specific objectives relating to continuous improvement. AIAG will also focus on migrating to the new ISO 9001:2000 version during 2002.

The lesson that can be learned from AIAG's experience is that any organization can benefit from an effective quality management system. The ISO 9001 standard is not just for manufacturing firms. ■



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Prior to certification, AIAG collected data from its customers using a variety of feedback mechanisms but never defined consistent ways to use the information. Today, that information is used to create trend charts. The charts are displayed in key departments and reviewed at management meetings. In addition, the evaluation tools, as well as the subcontractors who assist with product development and delivery, are evaluated regularly.

Overall, AIAG continues to see improvements in its operations. There is a stronger sense of teamwork among the staff, due in large part to everyone working toward the common goal of certification. Employees now have a better understanding of what others in the organization do and where to find things. With procedures defined and posted