

The case against ISO 9000

by John Seddon

In brief

Not everyone is happy with the widespread implementation of ISO 9000. In the United Kingdom, one of the standard's strongest critics is John Seddon, Managing Director of Vanguard Consulting¹⁾, who has written the book, In Pursuit of Quality: The Case Against ISO 9000. In the following article, Mr. Seddon summarizes his arguments against ISO 9000 which he castigates for what he sees as its "command and control" orientation. This, he says, is in direct contrast to the flexible, customer-focused approach necessary for business success in today's highly competitive marketplace.

Rather than improving the quality and competitive position of organizations, ISO 9000 has made matters worse

People say I must have had a bad experience with ISO 9000 as a child. I just did the research! Since 1979, British organizations have been persuaded, even coerced, into achieving certification of their quality systems, first to the British Standard, BS 5750, and then to ISO 9000, which was published in 1987 by ISO.

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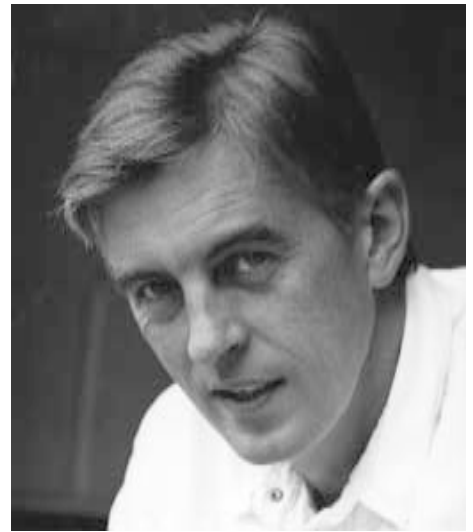
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BS 5750 was one of the national standards from which the ISO 9000 series was developed, despite there being no evidence that it had merit. Everything I have learned suggests to me that this has been a mistake of monumental proportions. Rather than improving the quality and competitive position of organizations, ISO 9000 has made matters worse. I have found that its underlying thinking has little or nothing to do with quality and its implementation has prevented managers from seeing what might have been seen if they had taken a different – and genuine – quality view. ISO 9000 is claimed to be a quality management standard, certification to it being a formal recognition that an organization is managed in a quality manner.

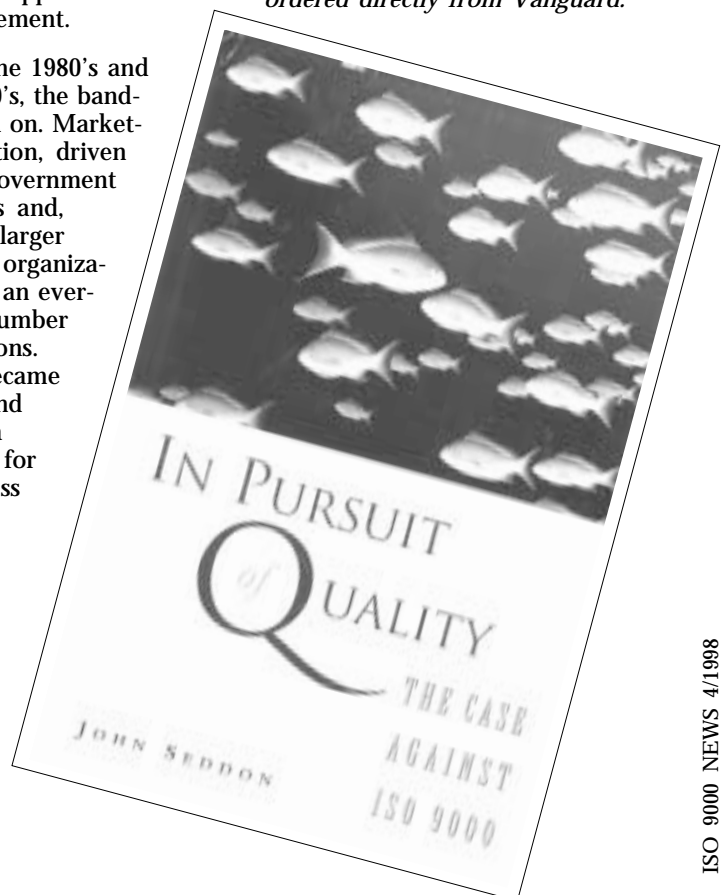
When I first came across the standard in the mid-1980's, I was persuaded that the obvious over-bureaucratization was due to managers taking an inappropriately internal and administrative attitude. At that time, I was dissuaded from being too critical. Criticism would have implied that I was not a supporter of the quality movement.

Through the 1980's and into the 1990's, the bandwagon rolled on. Marketplace obligation, driven largely by government organizations and, latterly, the larger commercial organizations, meant an ever-increasing number of certifications. ISO 9000 became ubiquitous and its status as a requirement for doing business lessened the chances of anyone questioning whether it was doing any good.



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The cover of John Seddon's book, In Pursuit of Quality: The Case Against ISO 9000 (ISBN 1-86076-042-2), which is published by Oak Tree Press. Priced at GBP 18.95, it can be ordered directly from Vanguard.



I might never have questioned ISO 9000's contribution to business performance if it had not been for my clients asking me what they should do about it. They too were concerned about the evident bureaucratization. They were perplexed by the idea that this rather formal and strictly enforced regime had something to do with quality. I felt unable to offer constructive advice, so I sought out research. Then came my first shock. We had been employing this standard in United Kingdom for over ten years and there was no research which would illuminate whether it was doing good or harm and, by implication, no clear guidance on how, if it is at all possible, an organization might approach it beneficially.

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Disaffection

I have since learned that, at about this time, the institutions supporting ISO 9000, which included the British Government Department of Trade and Industry (DTI) and the various certification bodies, were all too cognisant of disaffection in the market-place. Inevitably, those who had succeeded in persuading others to take the medicine were disinclined to call a halt. Instead they claimed, as they do now, that, "It is OK – if you do it right". In an attempt to get one sector more right, the DTI launched the TickIt scheme (ISO 9000 for software developers). The only published research on the impact of TickIt shows it has had no beneficial effect on software quality.

In 1993, I published the first major opinion study of ISO 9000. Six hundred and forty-seven organizations were represented. The results were, to say the least, disturbing. Less than 15 % of the people who responded claimed that their organizations had achieved all of the benefits attributed to ISO 9000 in the literature

of its promoters. At the time, I assumed this minority had taken a more productive approach. So, to learn more, my research team visited them.

What we found was shocking. In every case, we found evidence of things put in place to comply with

The case in full

This article for *ISO 9000 News* is a synopsis of the arguments I develop in my book, *In Pursuit of Quality: The Case Against ISO 9000*

In my book, I present ten arguments in the case against ISO 9000:

- ISO 9000 encourages organizations to act in ways that make things worse for their customers.
- Quality by inspection is not quality.
- ISO 9000 starts from the flawed presumption that work is best controlled by specifying and controlling procedures.
- The typical method of implementation is bound to cause sub-optimization of performance.
- The standard relies too much on people's interpretations of quality, particularly those of auditors.
- The standard promotes, encourages and explicitly demands actions which cause sub-optimization.
- When people are subjected to external controls, they will be inclined to pay attention only to those things that are affected by the controls.
- ISO 9000 has discouraged managers from learning about the theory of variation.
- ISO 9000 has failed to foster good customer-supplier relations.
- As an intervention, ISO 9000 has not encouraged managers to think differently.

the standard which were making matters worse. In short, these claimants had, to be kind to them, rationalized their experience. Since that time, more opinion research has been published, the majority of which has been commissioned by the certification bodies and it shows substantially the same picture, although, of course, the results have been given a more positive spin.

Since 1993, I have been re-searching case studies, the only reliable way to find out what organizations have done as a consequence of certification to ISO 9000. What has emerged is that ISO 9000 predictably causes people to do things which, at best, sub-optimize their organization's performance and, at worst, make it considerably worse. These are natural consequences of the thinking embedded in ISO 9000. Bureaucratization and its inherent limit on learning and flexibility is always the easiest to spot. It is caused by the various requirements for documentation, for the auditor cannot do his or her work without it.

ISO 9000 is built on an ethos of inspection

Worst cases

Contract review, the clause dictating how to deal with customers, leads to precisely that: a contractual attitude to customers – the last thing you need in a market-place driven by customer choice and the need for a value-creating response. In the worst cases, I have found organizations being driven out of business because of requirements placed on them by their certification body, those actions making the organizations less attractive to their customers.

ISO 9000 is built on an ethos of inspection. It is a reminder of the standard's origins. During the Second World War, if you wanted to supply the British Ministry of Defence (MoD) with munitions, you had to be registered to a standard from which ISO 9000 was derived. The purpose was to prevent accidents in munitions factories and the method was to insist on all procedures being documented and independently



As the cover of John Seddon's book, 'In Pursuit of Quality', shows (see p. 11), this British management consultant sees himself, where ISO 9000 is concerned, as going resolutely against the current.

for a so-called quality community to have done. One might have thought they would first test its fitness for purpose. The Toyota Corporation, to name just one example, has shown what can be achieved with entirely different thinking and methods. These methods are not peculiar to the Japanese, but they spring from a perspective which is diametrically opposed to the thinking in ISO 9000. Would that the quality community had insisted on proving ISO 9000's value before it was promulgated, they might have been obliged to find a model of management from which all would have benefited.

Serious charge

Which brings us to the most serious charge against ISO 9000. It has merely reinforced current management wisdom – the very thing that has held competitive performance back. ISO 9000's precepts fit hand-in-glove with mass production, or "command and control" thinking. Control of work through specifying and inspecting procedures is a variation

checked. This is a way of working which ensures that production meets specifications. It is a method of control which ensures consistency of output. It solved a problem of the time.

A quality approach, by contrast, would be to continuously improve output and for that you need different methods derived from different thinking. At the time that our munitions factories were controlling output through control of procedures, some American munitions factories were improving output by reducing variation – still a foreign concept to most British managers. This work was led by Dr. W. Edwards Deming.

Following the war, Deming's ideas were ignored by American industry in a growing market that tolerated the waste of inefficient production (Deming used to joke: "Let's make toast the American way: I'll burn – you scrape!"). The Japanese were the first to take him seriously. The rest, as they say, is history.

During the time that the Japanese have been perfecting world-class systems, we have foisted an unproved instrument upon our organizations, itself a strange thing

The business that was going under

LAN Company is just one of the many case studies in my book. It is the story of a business that was going under, where the owner found himself working harder for his certification body than for his customers.

LAN Co. made local area networks. Typical customers would include health service trusts and education authorities and the typical value of a contract was GBP 500-600. As LAN Co. designed networks, the company was certified to ISO 9001 which, unlike ISO 9002, includes design control. Friends of the owner remarked that this clearly meant his company was not as good as others – he being certified to ISO 9001 while others were certified to ISO 9002.

LAN Co.'s ISO 9000 certification body insisted on every job being documented and signed-off by the customer. However, customers often changed their minds. The auditor insisted that LAN Co. was obliged to amend drawings and repeat the customers' sign-off.

Customers were not particularly impressed. It felt to them like a continual emphasis on the contract, rather than receiving a service. They were happy to make changes and expected those changes to be reflected in the invoicing.

The owner did the right thing for his customers – he stopped making changes to designs and had to hide the evidence from the assessor. He did so by putting all offending documents in the women's toilets, the only place the certification body auditor could not go.

on the theme of designing work in functional specialisms, separating decision-making from doing the work and giving managers the job of making decisions on the basis of output or budgetary information.

There is a better way. It starts from a view of the organization as a system. It is an "outside-in", rather than a "top-down" view. The structure of the organization is designed according to "flow", rather than "function"; procedures relate to purpose and are developed by those who do the work since they are far more able to improve performance than managers using irrelevant and misleading "rear-view-mirror" techniques.

Stifling attitude

The defenders of the standard continue to maintain that "it's OK – if you do it right". I have been shown many who were purported to be doing it right only to find the same general problems. It is true that some benefited from clarifying their procedures, but these benefits could have been had without the accompanying bureaucracy and stifling attitude to improvement.

And it is not just that ISO 9000 has resulted in major or minor damage to current performance. The standard acts as a shield against seeing what could be done to improve performance radically. If the European Commission is serious about improving the competitiveness of organizations, the abolition of ISO 9000 would at least put a brake on the current damage and, more importantly, such action might capture the interest of managers who remain unconvinced that ISO 9000 is anything more than a cost of doing business.

Does ISO 9000 improve product quality?

by Reuben Rabinovitz, Eli A. Glushkovsky,
Aharon Shatzkin, Daniel Sipper

In brief

"Does ISO 9000 certification impact on suppliers' product quality?" The answer is a resounding "yes!" according to Israel's largest communications equipment manufacturer, Telrad, which carried out a survey of 111 suppliers. The four collaborators in the study, co-authors of this article, analysed suppliers by size, type (producer or vendor), whether ISO 9000-certified or not, and if "initiated" into quality system implementation by the company. The basis for determining "quality" was the percentage of rejected batches per year per supplier.

They found that ISO 9000-certified suppliers achieved higher product quality than uncertified suppliers, regardless of type and size, and suppliers initiated by Telrad even more so. Also, the study revealed better quality, on average, from direct producer/suppliers than vendors, from small as opposed to large suppliers, and from those who had been ISO 9000-certified earlier in the 1992-1996 period under review.

The message to Telrad, and indeed to other companies with many component suppliers, is actively to encourage and guide their suppliers in ISO 9000 implementation. According to the study, there is likely to be a measurable payback in improved product quality as a result.

In recent years, ISO 9000 certification has become a major tool of quality enhancement and a quality "must" in many organizations around the world. Professional literature is full of ISO 9000-related topics. However, one aspect is missing: the measureable impact of ISO 9000 implementation on quality.

The key issue addressed was: 'Does ISO 9000 certification impact on product quality?'

The effect is usually expressed in general statements such as, "although ISO 9000 does not guarantee a quality product, it does specify the criteria by which a quality or service can be consistently expected"¹). In contrast, we present in this article an empirical study of ISO 9000 effectiveness among a sample of suppliers, with distinct and measureable qualitative results.

The study was carried out at Telrad Telecommunication and Electronic Industries²), Israel's largest communications equipment manufacturer. The company has annual worldwide sales of about USD 400 million, an annual purchasing budget of over USD 150 million, and some 500 suppliers located in Israel, Europe, North America and the Far East.

Telrad initiated the ISO 9000 implementation process in 1992 and obtained certification in 1993. The company prefers to work with ISO 9000-certified suppliers and actively encourages those not already pursuing certification to do so by offering them guidance.

In Figure 1, we show a time-based representation of the rate at