



## “ISO 9000 - Impact of Quality Systems on Business Performance”

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### ABSTRACT

*Quality is something every company strives for and is often times very difficult to achieve. Complications concerning efficiency and quality present themselves everyday in business, whether an important document cannot be found or a consumer finds a product not up to their expectations. How can a company increase the quality of its products and services? The answer is ISO 9000.*

*As standards go, ISO 9000 is one of the most widely recognized in the world. ISO 9000 is a quality management standard that presents guidelines intended to increase business efficiency and customer satisfaction. The goal of ISO 9000 is to embed a quality management system within an organization, increasing productivity, reducing unnecessary costs, and ensuring quality of processes and products.*

*ISO 9001:2008 is applicable to businesses and organizations from every sector. The process oriented approach makes the standard applicable to service organizations as well.*

**Keywords : Quality Management, Marketing, Business Development, ISO 9000**

### Introduction:

#### How does ISO 9000 operates

ISO 9000 is set up as a collection of guidelines that help a company establish, maintain, and improve a quality management system. It is important to stress that ISO 9000 is not a rigid set of requirements, and that organizations have flexibility in how they implement their quality management system. This freedom allows the ISO 9000 standard to be used in a wide range of organizations, and in businesses large and small.

One important aspect of ISO 9000 is its process-oriented approach. Instead of looking at a company's departments and individual processes, ISO 9000 requires that a company look at "the big picture." How do processes interact? Can they be integrated with one another? What are the important aspects of products and services?

Once this process-oriented approach is implemented, various audits can be done as a check of the effectiveness of your quality management system. There are three main types of audits – 1st, 2nd, and 3rd party audits. An internal audit is a 1st party audit. 2nd party audits allow for a consumer to evaluate the performance on an organization. As an alternative to a 2nd party audit, many companies choose to become certified with ISO 9000 through a 3rd party audit. In this case, an independent certification body comes into an organization and evaluates it in terms of the ISO 9000 guidelines. If an organization meets the requirements of the standard, it becomes certified in ISO 9000 and carries a seal of quality recognized throughout the world.

#### Why is ISO 9000 important

The importance of ISO 9000 is the importance of quality. Many companies offer products and services, but it is those companies who put out the best products and services efficiently that succeed. With ISO 9000, an organization can identify the root of the problem, and therefore find a solution. By improving efficiency, profit can be maximized.

As a broad range of companies implement the ISO 9000 standards, a supply chain with integrity is created. Each company that participates in the process of developing, manufacturing, and marketing a product knows that it is part of internationally known, reliable system.

Not only do businesses recognize the importance of the ISO 9000, but also the customer realizes the importance of quality. And because the consumer is most important to a company, ISO 9000 makes the customer its focus.

### PILLARS OF ISO 9000

#### 1. A Customer Focus

Customer is the primary focus of a business. By understanding and responding to the needs of customers, an organization can correctly targeting key demographics and therefore increase revenue by delivering the products and services that the customer is looking for. With knowledge of customer needs, resources can be allocated appropriately and efficiently.

#### 2. Better Management

A team of good leaders will establish unity and direction quickly in a business environment. Their role is intimately intertwined with the next ISO 9000 principle.

#### 3. Employees Involvement

The inclusion of everyone on a business team is critical to its success. These people will tend towards innovation and creativity, and utilize their full abilities to complete a project. If people have a vested interest in performance, they will be eager to participate in the continual improvement that ISO 9000 facilitates.

#### 4. Business Process approach to quality management

The best results are achieved when activities and resources are managed together. If a process is controlled as a whole, management can focus on goals that are important to the big picture, and prioritize objectives to maximize effectiveness.

#### 5. Management system approach

Combining management groups may seem like a dangerous clash of titans, but if done correctly can result in an efficient and effective management system. Additionally, interested parties will recognize the consistency, effectiveness, and efficiency that come with a management system. Both suppliers and customers will gain confidence in a business's abilities.

#### 6. Continuous Innovation

The importance of this principle is paramount, and should a permanent objective of every organization. Through continuous inno-

vation the company activities will be aligned, leading to faster and more efficient development leading to increase profits and gain an advantage over competitors.

### 7. Effective approach to decision making

Effective decisions are based on the analysis and interpretation of information and data. By making informed decisions, an organization will be more likely to make the right decision.

### 8. Supplier relationships

A supplier that recognizes a mutually beneficial relationship will be quick to react when a business needs to respond to customer needs or market changes. Through close contact and interaction with a supplier, both organizations will be able to optimize resources and costs.

### ISO 9000 interaction with other standards

ISO 9000 is the standard for a quality management system that closely resembles many other management systems. These other systems, based on health, safety, the environment, and business continuity, can be integrated into an overarching business management system. Benefits of this system include aligned interests, reduced costs, and improved efficiency. Using multiple standards will not only increase the efficiency of an organization, but increase the integrity of its operations.

### What does ISO 9000 mean to Medium Enterprises

ISO 9000 is a standard created to make the attainment of quality, consistent products easier by providing specific steps for development of an organization's quality management system. This quality management system is meant to monitor the progress of a product or service as it goes through each stage of production, from development to testing to assembly to customer feedback.

One cornerstone of ISO 9000 is continual improvement. This is why continuous innovation is a requirement of the standard – to inspire progress and the pursuit of perfection thereby increasing Market share of Product or service.

ISO 9000 is an internationally recognized flexible standard that lays down requirements for an organization to follow, but allows the organization to fulfill these requirements any way they choose. This increases ISO 9000's scope of effectiveness, allowing a wide range of companies to create quality management systems that match their needs of market penetration and business development.

### How will ISO 9000 benefit small business Enterprises

A good foundation builds a good business, and ISO 9000 is a good foundation for small businesses that want to expand their market. By introducing a quality management system like ISO 9000 to a small business, the quality of processes will increase and costs due to inefficiency will decrease. In addition, a small business will be able to advertise their use of the internationally recognized ISO 9000. Having management systems in place, such as ISO 9000, will help when selling a business. The integrity and value of a small business will be apparent with well-documented processes and proof of quality. ISO 9000 will ensure the reputation of your business in any situation

The ISO approach towards quality management concentrates on standardization of the activities of production. The eight quality principles of ISO 9000, along with its twenty-four requirements outline business processes. The emphasis here is on the control of events in each aspect of doing business by documenting evidence and reports. The eight principles of ISO 9000 include prioritizing customer data, purchasing and quality systems, among other critical aspects. ISO 9000 recognizes each process, whose end goals are the same, as an independent entity. Docu-

mented quality requirements typically decide, based on set rules, whether or not a particular process adhered to that standard. In today's service-sector driven economy, more and more companies are using ISO 9001 as a business tool. Through the use of properly stated quality objectives, customer satisfaction surveys and a well-defined continual improvement program companies are using ISO 9001 processes to increase their efficiency and profitability through effective Marketing.

### A Renewed Business Vision

This transformative thinking goes to **Dr. W. Edwards Deming**. By improving quality, companies will decrease expenses as well as increase productivity and market share.

After applying Deming's techniques, Japanese businesses like Toyota, Fuji, and Sony saw great success. Their quality was far superior to that of their global competitors, and their costs were lower. The demand for Japanese products soared – and by the 2011 many of these companies dominated the global market. American and European companies realized that they could no longer ignore the quality revolution.

So the business world developed a new appreciation for the effect of quality on production and price. Although Deming didn't create the name Total Quality Management, he's credited with starting the movement. He didn't receive much recognition for his work until 2002, after he wrote the book now titled "Out of the Crisis." This book summarized his famous 14-point management philosophy.

### The Fourteen Points are:

1. Create a constant purpose toward improvement.
2. Adopt the new philosophy.
3. Stop depending on inspections.
4. Use a single supplier for any one item.
5. Improve constantly and forever.
6. Use training on the job.
7. Implement leadership.
8. Eliminate fear.
9. Break down barriers between departments.
10. Get rid of unclear slogans.
11. Eliminate management by objectives.
12. Remove barriers to pride of workmanship.
13. Implement education and self-improvement.
14. Make "transformation" everyone's

### The Cost of Quality

The "cost of quality" isn't the price of creating a quality product or service. It's the cost of NOT creating a quality product or service. Every time work is redone, the cost of quality increases. Obvious examples include the:

- Re-working of a manufactured item.
- Re-testing of an assembly.
- Re-building of a tool.
- Correction of a bank statement.
- Re-working of a service, such as the reprocessing of a loan operation or the replacement of a food order in a restaurant.

In short, any cost that would not have been expended if quality were perfect contributes to the cost of quality. All products, services or other processes can be measured and the cost of quality can be determined, given the right tools.

### Conclusion:

Customers' satisfaction on their purchase is a significant factor that leads business to success. In recent times, customer satisfaction has gained new attention within the context of the paradigm shift from transactional marketing to relationship marketing. Customer satisfaction is commonly related to two fundamental properties (Ostrom & Iacobucci 1995), including the customer's judgment of the quality of the product and his evaluation of the interaction experience he or she has made with the product provider.

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