

# TRANSFORMATION NEWS

Issue 1

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► STRATEGIES THAT WORK

## Your Company's Best Kept Secret

### How To Turn Your Quality Management System Into A Strategy For Business Improvement

*By Lesley Steer, Principal Consultant, Bywater*

Over heard at a recent conference on business performance and improvement, "Let's skip the sessions on ISO 9000. It has nothing to do with improvement and is just a load of paperwork."

What has been going wrong in the field of Quality Management Systems to create such a lack of confidence in their value? Around the world, thousands of organizations have implemented quality management systems. However, the majority of organizations have not realized the gains in business improvement they anticipated when they began their Quality System journey.

When asked to state the original objective of their Quality System initiative, organizations surveyed sited one or both of the following motivators:

1. Customer pressure for registration to a Quality System Standard (such as ISO 9000, QS 9000 et al).
2. The need for improvement in profit and customer satisfaction.

Research showed that a majority of the organizations surveyed reached the first motivator. However, over 60% were unable to meet the objectives set forth in the second motivator.

While many organizations are losing confidence in their Quality System results, there are a quiet but growing number of organizations that are achieving significant performance improvement from their Quality System investment.

**Organizations that are gaining significant benefit from their Quality Systems are treating it as a STRATEGIC ISSUE**

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These organizations recognize the need for a system that provides consistency and control in the processes fundamental to the survival of their businesses. They do not doubt the value a Quality System provides or the meaning it symbolizes to their customers. So, how are these organizations succeeding?

The answer is by positioning their Quality System as a driver of business improvement, and by treating Quality Management as a STRATEGIC ISSUE. In this approach, there are three main "Strategic Success Factors:"

**The Strategic Success Factors**

1. A Quality System built around the business process framework
2. Integrate performance measurement into the Quality System
3. Integrate the Quality System and continuous improvement

The very definition of the word "quality" (defined as meeting requirements) can lead an organization to focus on the better management of processes. This is a natural link because it is the design of business processes that end up "meeting" or "not meeting" customer and stakeholder requirements.

Because the consequences of failure, such as customer dissatisfaction, increased cost and other waste activities, are unacceptable in business processes, they must be designed to deliver properly. Besides these compelling reasons, there is constant and accelerating competitive price pressure and increasingly demanding customer service expectations.

An international telecommunications company integrated their customer satisfaction improvement effort with their Quality Management System.

They defined those processes that delivered customer requirements and examining them for non-value adding activities and waste. The result: \$1.8M of savings identified in one process alone.

An effective Quality System seeks to formalize the critical business processes and activities through which all these things will be accomplished.

There are many natural links to improvement created by the adoption of a process-based approach. For example:

Processes by their nature cut across functional boundaries, lending themselves to the formation of natural process improvement teams.

Traditional diagnostic and analysis tools, such as cycle time analysis, cost of quality, root cause analysis, take on new meaning and value when applied within a process framework.

Problems and issues are more effectively addressed when viewed in the context of a process framework where upstream and downstream effects can be readily evaluated.

Processes become the vehicle for implementing change since they provide a ready channel to the activities in the business where change takes place.

Those organizations that have taken a strategic approach to Quality Management System design have recognized that long-term business success is dependent on balancing the requirements of all stakeholders so that no stakeholder group gains benefits at the expense of others.

A strategic approach to Quality Management Systems provides the focus to realize a number of significant benefits:

A dramatic improvement in process efficiency and effectiveness, which translates to improvement in bottom line results.

An environment for continually managing change.

A vehicle for changing behavior and a focus on satisfying the needs of stakeholders rather than the needs of functions.

**"... long-term business success is dependent on balancing the requirements of all stakeholders so that no stakeholder group gains benefits at the expense of others."**

In summary, the great advantage of using this strategic approach to Quality Management System design is that it focuses on performance results and process improvement directly. As a by-product, it creates a management system that can be registered to any standard chosen. This effectively combines the work of continuous process improvement with Quality System Design.

Lesley M. Steer, Principal Consultant of Bywater Inc., has over 18 years of experience helping clients develop and implement business improvement strategies. Her experience spans European, North American, and International companies in a diverse range of industries. Ms. Steer expertise includes strategic planning, business process improvement, performance measurement, improvement team coaching, and management system implementation. Ms. Steer holds a degree in Business Studies with certificates in Quality Control Techniques and Quality Management Practices. She is a member of the American Society for Quality, and a Registered Lead Auditor with the RAB and IRCA. Ms. Steer frequently presents papers on process management and related topics.

# Raising The Standard

## What Leading Companies Are Doing To Stay On Top

Since 1919, Zierick Manufacturing has designed and manufactured connectors and electronic insertion equipment for the electronic and automotive industry. As a leader in their industry, they have provided innovative solutions and award winning patented designs to a large diverse worldwide customer base.

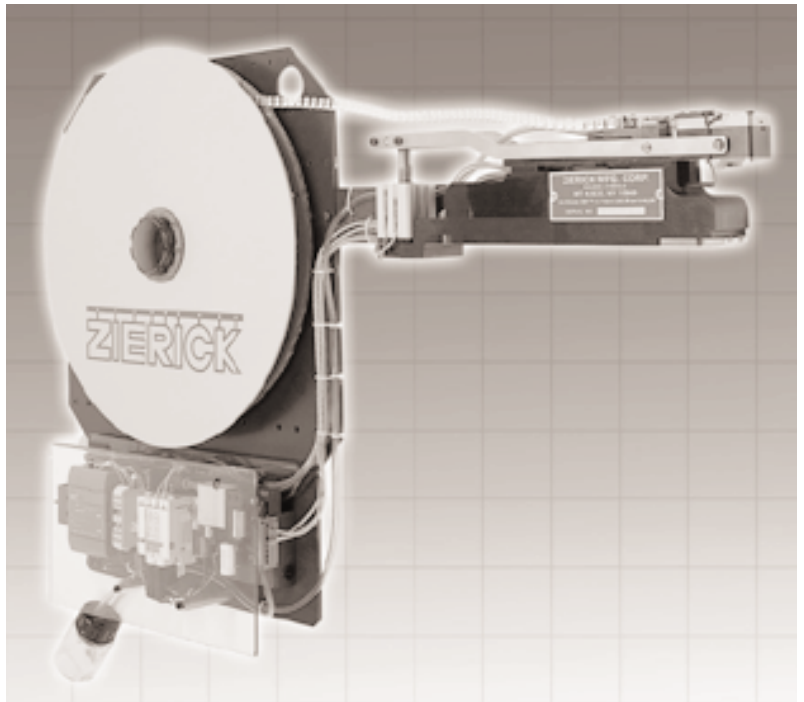
At the end of 1998, Zierick found itself in a dilemma that many other organizations are themselves discovering. Zierick had received ISO 9000 registration but was disappointed that the investment made in their quality system was not paying off in terms of internal benefits. At this time, a number of their first tier automotive customers were inquiring about Zierick's intent to become QS 9000 registered. However, the company did not want to engage in another quality system effort that was perceived as adding little value.

Gretchen Zierick, Vice President of Zierick Manufacturing, and Vicki Cuccia, Director of Staff Development, explain how the company developed and implemented a strategic approach to QS 9000, and reveal the benefits gained.



UPDATE:

On their first attempt in November 2000, Zierick achieved QS 9000 certification.



**Vicki Cuccia (VC):** “About six years ago, our president heard about the ISO standards. He immediately understood the benefits associated with documenting the activities that ensure a consistent product, which would serve as a source of reference in years to come.

We quickly became ISO 9000 registered by hiring an outside resource who wrote our procedures with very limited input from our people. We soon realized that this approach had resulted in an enormous cumbersome manual of excessive paperwork embedded with minutiae. Few people ever used the manual as a source of help, and changing the manual became a burden to keep up. We had created a nightmare for ourselves that seemed to add very little value beyond the certificate on the wall.”

**Gretchen Zierick (GZ):** “Then some of our customers began asking when we would become QS 9000 registered. We debated the value of embarking on what we feared would be another ordeal. Frankly, we were not ready to invest again in something that so far had failed to show a return. On the other hand, we recognized the need to maintain our position and credibility with our customers.”

**VC:** “We started a mission to find a quality system that would meet our needs. We discovered that some organizations were using an innovative

“The company has experienced a 14% increase in revenue and without adding significant resources.”

approach that treats quality systems as a strategic business issue and designs them based on business processes. We decided to adopt this approach for our QS 9000 initiative.”

**GZ:** “The approach proposed was an eye opener for us. It would be written by Zierick people, entirely based on our business processes, and reflect how we take a customer need and turn it into a satisfied customer. The clauses of QS 9000 would hardly figure at all except as a “checklist” to make sure we had covered the requirements. We could see that this innovative approach was an opportunity to transform our system into one that would help us manage our business and better meet the needs of our customers.”

**VC:** “It took only six months for cross-functional process teams to develop our QS 9000 compliant quality system. We used our business process framework as a road map and adhered to some simple design rules:

1. Simple flowchart based process descriptions replaced text based procedures.
2. We only wrote work instructions where they were helpful and not to make up for lack of training. This rule kept our quota of work instructions to less than 30.
3. Process teams defined the processes and had the authority to recommend changes to process designs.
4. Business and common sense prevailed. We agreed not to do anything unless it added value for the customer or us.
5. An in-house orientation team (not a professional trainer) delivered awareness education to their peers. This sent a strong message about the company’s commitment to employee involvement and provided a forum for people to safely voice concerns and suggestions.
6. What gets measured gets noticed. Performance requirements were

designed by the process teams and integrated into the processes and became part of the quality system. The internal audit team verifies that process measures are in place.”

**GZ:** “We have learned that the business process based approach leads to natural teams and has provided opportunities for personal growth and a sense of real achievement for those involved. This QS 9000 effort has touched and involved everyone in the company. A new work environment is evolving where each individual in a process is able to see how he or she contributes to the bottom line and to customer satisfaction.

Customer and employee satisfaction are among the most important drivers for our business. I can see that we have been able to make progress in both of these areas by using a team approach. In the near future, we will be making use of this new found confidence in team working to solve problems and improve processes.

We have been able to achieve this during a time when the company has experienced a 14% increase in revenue and without adding significant resources. This tells me that this time around we have built a system that is really helping us to effectively manage our day-to-day business.”

The Zierick Quality System	
Then	and Now
500 procedures	25 flow chart process descriptions
Structured around the 20 clauses of ISO 9000	Structured around the business process framework
No ownership	Owned by process teams
No relevance to business issues	Performance requirements align with business objectives
Little executive interest	Executives are process owners
Seen as a high added cost	Seen as a business investment

# The Information You Need at a Click

**B**ywater's Executive Briefings are designed to explore and share insights about the pressing concerns of today's business leaders.

Each briefing looks at a specific challenge, defines the problems encountered when trying to meet the challenge, and provides discussion and practical applications to succeed.

Visit our website for immediate access to a list of briefings and information designed to help individuals and organizations succeed as leaders in their industry.

[www.bywater-consulting.com](http://www.bywater-consulting.com)

## TITLES:

- Fundamental Cost Reduction
- Achieving Dramatic Growth
- The Executive's Role in Sponsoring Change
- Multi-Site Business Effectiveness
- Transforming the Supply Chain
- And many more...

## FEATURED BRIEFING

### *Creating Value Added Quality Systems*

#### **A New Year... A New Standard**

ISO 9001:2000 represents the opportunity to redesign your Quality System and create the foundation for step changes in performance. The new version of ISO 9001 challenges traditional thinking about Quality Systems and reflects what many forward thinking organizations are already practicing: continuous improvement focused on the needs of the final customer AND on all the business stakeholders.

Bywater's Executive Briefing, "Creating Value Added Quality Systems," examines the fundamental differences between the philosophy, concept, approach and detail of the new ISO 9001:2000 and those of the 1994 version. It explores what a Business Process Based Management System looks like, and the potential it holds for dramatically improving performance and managing change for any organization.

Learn how to transform your quality system into a management system that reflects core business processes and provides:

A definition of cross-functional interfaces, while identifying the root cause of delays, costs and waste,

A framework for the integration of the needs of all stakeholders,

A meaningful baseline for process-to-process benchmarking and performance measurement,

A vehicle to deploy business goals and objectives through the processes,

And an umbrella under which overall improvement effort can be coordinated.

Be informed. Be Briefed. Visit our website at [www.bywater-consulting.com](http://www.bywater-consulting.com) to download your copy of "Creating Value Added Quality Systems."

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*Create Competitive Advantage*  
**Bywater**

▶ ON THE HORIZON

**A**t Bywater, we are constantly striving to provide you with the information you need to continue your organization's success as a leader in your industry.

We are in the process of redesigning our website and uniting all of our worldwide offices into one global site, with new executive briefings, articles, events, and invitations to executive forums, where you can interact and share information with global businesses.

Our clients will have access to the immediate status of their projects and the ability to share our knowledge database.

[Look for the launch of our new website in Spring 2001.](#)

### SHARED SERVICES WEEK 2001

February 25–28 • Hyatt Regency • Atlanta, GA

Companies that implemented traditional models in the 90's are now updating, improving, and optimizing their processes to accomplish even greater cost efficiencies and service excellence.

Join Bywater as we present findings of a recent global research study of 1000+ companies' shared services strategy. These up-to-the-minute findings will look at:

Key business drivers

Types of functions and operations, as well as use of technology

Charging and billing — the most common and successful charge-back processes

Customer satisfaction and performance measures

To find out more about the conference and how to register, contact the International Quality Productivity Center at (800) 882-8648 or log on to:

[www.iqpc.com](http://www.iqpc.com).