



# Sky-high perspective on new standards for hands-on managers

by **Bob Alisic**  
and **José Domínguez**

*This article takes an original approach to introducing the next editions of ISO 9001 and ISO 9004. It is in the form of a story about three people, unknown to each other and sitting together on an aircraft heading for New York.*



## One afternoon, high over Europe...

The cabin lighting was changing back from low to normal; the “Fasten seatbelts” signs had just been switched off as the aircraft had completed its take-off procedure and the passengers were getting more relaxed in their seats.

Laura, looking through the window at the disappearing lights of the airport, remarked to the neighbour on her right: “Good afternoon! It’s going

to be a rather long flight...” Reg, who was also looking at the disappearing lights, turned to a lady next to him: “Yes, indeed! May I ask where you come from?”

“I’m from Torino and I going to meet some customers in New York.”

“Really? I’m going back home to North Carolina. What line of business are you in?”

“I’m CEO of a company that designs and produces style furniture. You know, Italian design...and my name’s Laura!”

Reg pictured in his mind’s eye the furniture he had seen yesterday in the office he was visiting: so beautiful, simple and elegantly designed – not to be compared with his own office! Maybe he should try some changes back at home...

## SPECIAL REPORT

“Great! My name’s Reg and I’m the Quality Manager of a global company that offers maintenance services for IT equipment. I was in Italy to assess the quality management system of one of the outsourcing firms that take care of our customers in Europe. You know, the new ISO 9001 is going to be published at the end of the year and I want to make sure these people are aware of it and getting ready.”

### No major changes

“It’s good to know you’re a quality expert, because we just got our quality management system certified and at my last staff meeting, my quality manager mentioned that there will be huge changes to ISO 9001. We have several customers in Europe that require us to have certification and we don’t want to jeopardize our business. Reg, if you don’t mind, I’d really appreciate if you can tell me what the new ISO 9001 is all about.”

“I’m always willing to help. I’ve got the final draft of ISO 9001 and I’ve begun to study it. Honestly, I don’t see major changes. What modifications I have seen are aimed at making some of the requirements clearer and improving the compatibility with ISO 14001. Also, there are no new requirements and the intent of each requirement in the new edition – based on my experience – is the same as it was in ISO 9001:2000.”

Laura politely gave the appearance of being convinced, although some linger-

ing doubt could be detected in her voice.

“Interesting... Have you decided to implement some changes in your own system?”

“I had a meeting with the process owners of our company before my trip to Europe to review how we are addressing each clause and to identi-

fy some actions to be completed. We decided to review two processes: the *People Competence Management Process*, due to the changes in the related clauses and our *Supplier Development and Control Process*, because of the changes in the outsourced processes control.

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“This is why I came to Europe – to make sure that the subcontractors who take care of some processes on our behalf are fully aware of the changes and starting whatever actions they need to be in full conformity.”

“But what specific actions are you taking?”

“The requirements related to outsourced processes are clearer now in Clause 4.1 and have a direct relationship with Clause 7.4 related to our *Purchasing Processes*. We need to be sure that the current activities on supplier development and control take into account all subcontractors that perform processes or activities on our behalf.

### The new ISO 9004 is much more oriented towards managers

“Regarding the competence of people, a change in Clause 6.2.2 requires that after the training or other actions taken, people actually achieve the competence needed and that the owner of this specific process confirms whether we have been doing the right thing.

“Now, Laura, if don’t mind my asking – what’s your level of familiarity with the intent of the standard?”

Laura took a moment before answering: “Well, the standard encourages us to see our business objectives as the main input to our system and to manage our processes to achieve



them and, at the same time, ensure that our customers are satisfied.”

“That’s very good!”

“Thanks! I’m responsible for the *Business Planning and Evaluation Process*. The planning and management review requirements in ISO 9001 are the foundation of my daily review and decision-making activities. We believe that it’s working well. However, I’ll follow up with my staff a similar approach as you’re currently taking. Before taking any action, we need to study the new ISO 9001 and define whether there is a need for further activities.”

“Laura, I forgot to tell you that there is a new Annex B that shows the changes between ISO 9001:2000 and ISO 9001:2008. This is very helpful and facilitates our task. Let me check my notebook where I wrote the parts of the standard that have something new.” Reg looked in his briefcase and

for his notebook. “Let’s see... look here!”

While reading and noting this information, Laura suddenly thought of another question for Reg.

“Reg, sorry... but due these changes to the standard – do you see training as being necessary for staff?”

### Training

“After the result of our initial assessment, we decided that we will not need extensive training for current staff. Perhaps some awareness meetings will be needed where process owners, internal auditors and quality engineers and coordinators will participate. And, as usually done for our new people, we will carry out an extensive training for the understanding of the requirements of the ISO 9001, now using the new edition.”

“That’s a good idea. Thank you very much.”

A stewardess came along with hot towels and the welcome question: “What would you like to drink?” Laura asked for some red wine, while Reg was obviously “a beer man”.

“Reg, another question: I’m very sorry to bother you...but our quality manager is recommending me to study ISO 9004 because it has a good guidance for the management of our whole business. What do you think?”

Laura’s neighbour on the other side noticed that Reg’s “Personal Document Management” was not delivering what he wanted and said with a typically British irony: “My external memory often shows the same failure to understand me – could it be a kind of Silicon Alzheimer? I couldn’t help overhearing that you are rather interested in quality management issues. Sorry, if I’m interrupting your discussion, but

### Clauses in ISO 9001 with changes

- Foreword
- 0.1, 0.2, 0.3, 0.4
- 1.1, 1.2
- 2
- 3
- 4.1
- 4.2.1, 4.2.3, 4.2.4
- 5.5.2
- 6.2.1, 6.2.2
- 6.3
- 6.4
- 7.1
- 7.2.1
- 7.3.1, 7.3.2, 7.3.3
- 7.5.1, 7.5.2, 7.5.3, 7.5.4, 7.5.5
- 7.6
- 8.1
- 8.2.1, 8.2.2, 8.2.3, 8.2.4
- 8.3
- 8.4
- 8.5.2, 8.5.3
- Annex B

Figure 2 – Clauses in ISO 9001 that have changed.

### Purpose of the revised ISO 9001

- To provide greater clarity and ease of use
- To improve compatibility with ISO 14001:2004
- To improve translatability
- The revision will not introduce new requirements and will not change the intent of current requirements.

Figure 1 – Purpose of the revisions to ISO 9001.

“Absolutely, but this standard, like ISO 9001, is under revision. Let me check some information I have in my laptop.

While trying to locate the file, he said to Laura: “I’ve read in an e-newsletter something about big changes to ISO 9004. I’m just looking for that e-mail.”

But, with all the e-mails Reg received every day, he was not able to find it. Even typing harder and harder on the keyboard was not helping, but he was absolutely sure that he had something about the ISO 9004 revision.

for me it’s rather motivating to listen to a CEO speaking in such a manner about the actual daily use of a quality management system.

“I can see that you’re a bit surprised, so I should explain. First of all, allow me to introduce myself. My name’s Alfredo. I know it sounds Italian, but I’m from London. I think I can help with some facts about the changes to ISO 9004. It just so happens that I’m involved in the development process of the new version of the standard.”



**SPECIAL REPORT**

Reg closed his laptop and exclaimed: “This is really quite a coincidence! If you’re slap bang in the middle of the change process, then I’m all ears! Laura, this is a great opportunity to get some first hand information!”

Alfredo was obviously pleased to find such an attentive audience for his favourite subject: “What do you want to know about the new ISO 9004?”

Reg was rapid with his first question: “Is the new ISO 9004 really so different from the current one, the 2000 version, as some journalists are writing in the quality magazines?”

Laura sipped some wine and added: “What are the main differences? I’m not that much interested in the details, but what are the key issues?”

“Firstly, the structure of the standard has changed. It is all based on ‘how to manage for the achievement of sustained success of an organization?’ In fact, answering this essential question is the main purpose of the standard.”

**ISO 9004: how to manage for sustained success of an organization**

Coming back with the answer: “Benefits for your interested parties’ would be too vague – he is not going to buy that one. There must be more ‘meat on the bone!’” Reg was getting a bit emotional, it sounded as if he had already lost some discussions with his boss in this area.

Alfredo nodded, thinking about how to explain what was new in ISO 9004 without falling into the well known trap of trying to “sell” a product he was working on. “Let’s try it this way. I’ll demonstrate it by a simple drawing? Laura, may I borrow some notepaper from you?

green part – that looks like a doughnut – represents your money surplus, in other words, your profit. It’s a well known picture, but there are four crucial questions:

**Question 1**

“How to divide the green “cake” – surplus – between all the interested parties? Don’t forget that the organization itself is also one of the interested parties, thinking about the re-investment of part of the profit. How to do this in a good, balanced way is a real management job and is one of the key issues of ISO 9004.

“To achieve sustained success, you have to keep all these interested parties in mind. A bigger piece of cake for one means less cake for the others. How to take such decisions – are they based on intuition only, or are they supported by data on your environment and the trends?

**Question 2**

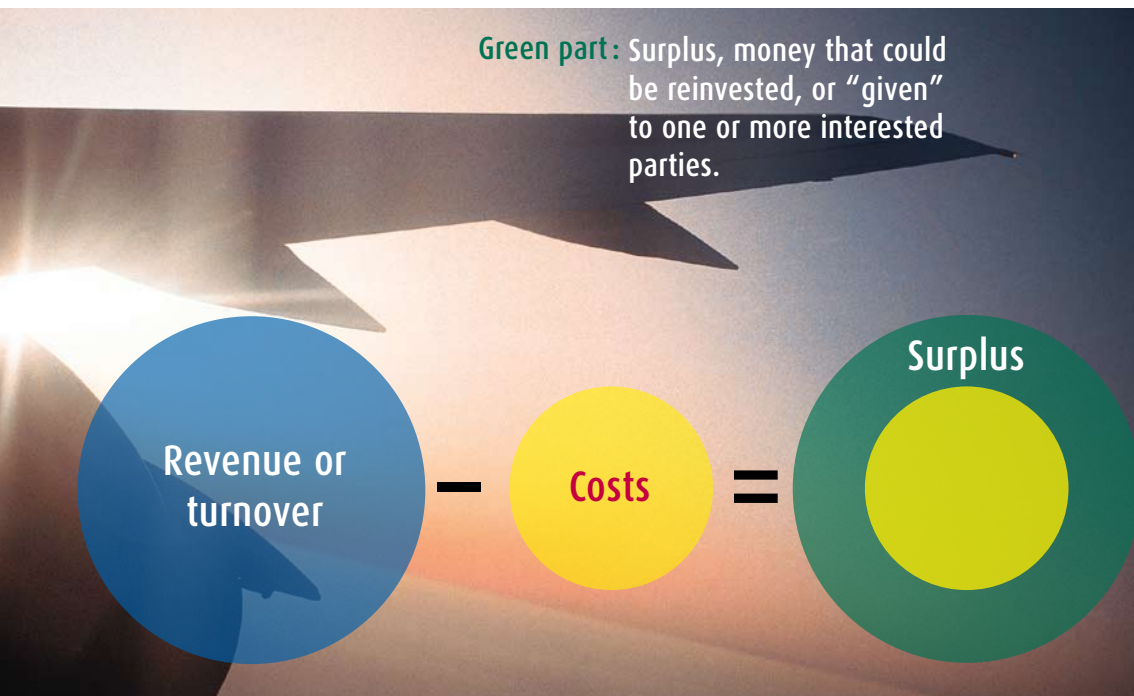
“Is it possible to make the cake bigger by reducing the cost, especially waste and other costs of non-quality?

**Question 3**

“Is it possible to make the cake bigger by increasing the revenue – making your customers more satisfied; finding new customers; introducing better, more innovative products?

**Question 4**

“Could the guidance from ISO 9004 help your managers and people in your organization to



**Figure 3 – Revenue, costs and surplus.**

“Yes, the new one is really different. It is much more oriented towards managers and management teams with the aim of helping them to improve the performance of the entire organization, including all its processes.”

**Benefits**

“OK, but we should start with the question: ‘What will be the benefits for my organization if it implements ISO 9004? That is what my CEO would ask me if I try to bring in such an idea.

With a four-colour pen, Alfredo drew a big blue circle on the left side of the sheet: “Imagine that this is your turnover from your last year. This yellow circle represents your costs – all kinds, also including tax etc. And, in the third circle, the



answer the first three questions with “Yes”?

Laura was clearly interested in this explanation and was now sitting on the edge of her seat to see the drawings better. “You mean, we should continuously monitor what is going on around us with a kind of radar? It sounds like what my father did – he was captain of an ocean-going ship.”

“Exactly – and you could also compare your desired destination and your current position, to define changes necessary to your course. This analogy is also valid for the new ISO 9004.”

“Let’s go back to the structure of the new ISO 9004. After the chapter dealing with how to manage for achieving sustained success, the next one is related

to the organization’s environment, giving examples of the interested parties and their needs and expectations. What follows is the process of formulating, planning and deploying the strategy – and that is the real job of managers.

“In the chapter on resource management all kind of resources are covered with strong emphasis on people in the organization and partners.”

Laura raised her hand, asking: “What do you exactly mean under “partners”?”

**Four important management questions:**

- How to divide the “cake” in pieces between all these interested parties?
- Is it possible to make the cake bigger by reducing the cost?
- Is it possible to make the cake bigger by increasing revenue?
- Could guidance from ISO 9004 help us to answer the first 3 questions with “Yes”?



Figure 5 - Charting a course for the organization.



Surplus (profit not allocated yet)

“You could treat some of your interested parties as your partners, based on mutual interests. These could include some of your suppliers, customers and knowledge ‘suppliers’ like universities, as well as governmental and non-governmental organizations.

“If you decide to create the maximum possible mutual benefits for your organization and one or more of your partners, than you need to share certain strategic plans, investments, revenues and losses with your partners.

“There is a rather short chapter on process management in ISO 9004 – this issue is already covered in ISO 9001. In the chapter on monitoring, measurement, analysis and review, special attention

Figure 4 - How to divide the cake between the interested parties?

## SPECIAL REPORT

is given to monitoring of the organization's environment – what's going on, how is the market evolving, what are the trends? In addition, issues such as benchmarking are covered. The closing chapter is, as you can imagine – on improvement, innovation and learning."

Laura, a designer by profession and still deeply involved in the development process, reacted with some doubts: "OK, but improvement and innovation of the products and processes to deliver these products are already covered in ISO 9001."

### Sustained success

"Yes, you're right, but in ISO 9004, improvement and innovation of the organization as a whole are also covered – what needs to be done to build the capacity for achieving sustained success."

Reg, with his discussions with European customers fresh in his mind, become a little irritated: "All my customers are interested in is compliance with ISO 9001 requirements. Why should I use this new ISO 9004? Does it mean another audit that's going to cost us a lot of extra money?"

Alfredo remained calm – it was not the first time that he has run into such opposition. "If you aim to satisfy all interested parties – often referred to as 'stakeholders' – relevant to your organization and not only your customers, the new ISO 9004 could really help you and your teams to identify key issues to work. These days it is

not enough to look only at your customers and shareholders to stay in business.

"For an example, let's take Laura's case. If young, talented, newly graduated designers do not like her company and it becomes known as not a very good company to work for, then this could pose serious problems for her. It's the same with your suppliers. Unless you treat them well, the good ones will look for other customers."

Laura came back with a typical CEO question: "Alfredo, can you tell me in just one sentence what is the purpose of this new ISO 9004?"

"That's not an easy one, but let's try..."

Just at the moment, the aircraft

### Improvement and innovation of the organization as a whole are covered

entered a zone of turbulence and the voice of the captain came over the speakers: "This is your captain speaking. We are just flying into an area of strong turbulence, so for your comfort and safety, please fasten your seatbelts. Cabin crew, please return to your seats."

Fastening his seatbelt, Alfredo pursued his argument: "That is exactly the example I was looking for! It's just like this turbulence. The objective of an extended quality management system based on ISO 9004 is to help organizations survive in constantly changing

circumstances by achieving sustained good results.

"Or, to put it in very simple language: 'Stay alive. Stay solvent. Stay respected by stakeholders and society at large – for the long time!'"

Reg came back with a practical question: "If we have upgraded our quality management system in line with ISO 9004, could we then stop using ISO 9001?"

"No, you will still need the quality management system elements based on the ISO 9001 requirements, like document management, purchasing process and purchasing information, communication with your customers, corrective and preventive actions and such."

Laura's next question revealed herself to be rather well informed: "What is the role of the quality management principles in ISO 9004?"

"These eight quality management principles are the foundation for the whole standard. Yes, I know they are very generic, but if an organization is really adhering to these principles, operating in line with them day-in day-out, there will be a huge difference in culture, in respect shown by people, suppliers and customers – even by competitors. And there will be a difference in performance and on the bottom line!"

Laura was getting more and more interested: "What questions should I ask my manage-



Figure 6 – What does the mirror reflect? Differences of perception.





ment team before starting this ISO 9004 journey?

Alfredo starts to laugh: “Do you really expect a serious answer from me? Do you know what Dr. Deming once said in a answer to a similar question by a participant in one of his training sessions – a participant who was a top manager of a rather large organization? ‘Do you expect me to teach you what your job is?’”

“OK, but forgetting the jokes, let’s get back to your question. What could be the key conditions for success of such journey? I would say: their commitment; why do they want to go on this journey; would they be willing to ask their best people to put their shoulders into this movement, what kind of benefits do they expect for the organization; and, not forgetting the last question – what personal benefits do they expect for themselves?”

## Self-assessment

Reg was becoming a little more convinced, but there were still a lot of questions to be asked: “In ISO 9004, a self-assessment is mentioned. Could this be also done by my external consultants? They have more experience and I’m sure they could do it faster. My team has so many things to do... if I can free their hands for getting on with the business, so much the better.”

This time, Laura suddenly jumped in the discussion: “I don’t think that you should do it that way! For me, it would be like reading an article writ-

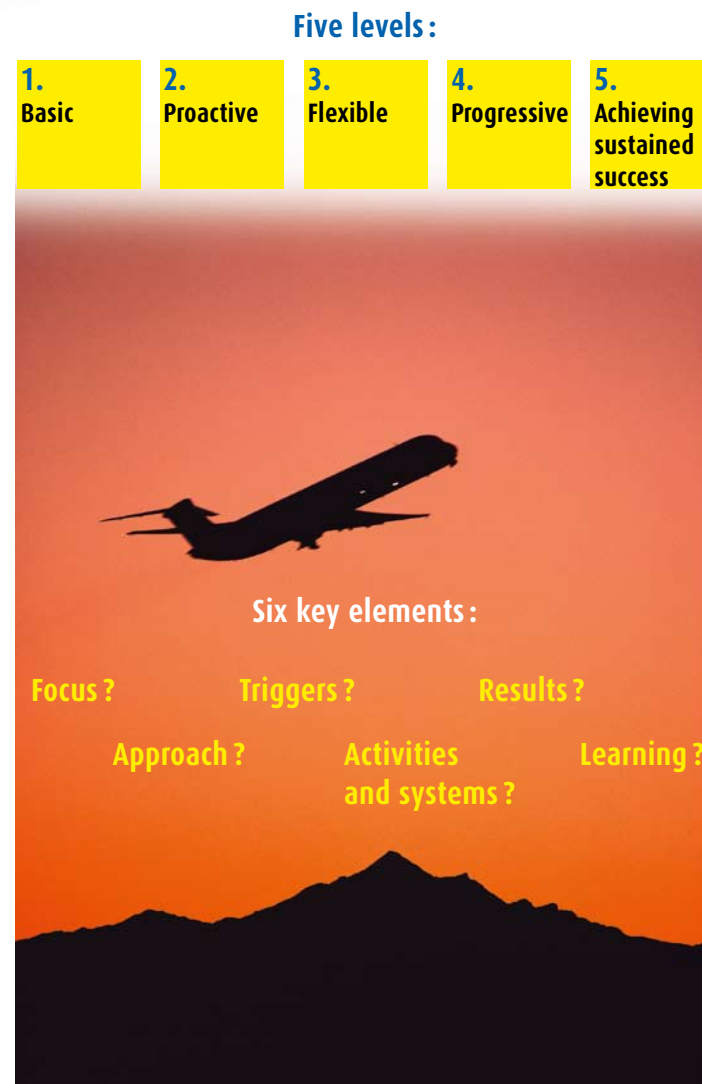


Figure 7 - Five maturity levels and six key elements of self-assessment.

ten by somebody else describing a beautiful painting instead looking at the painting by yourself – it will always be a kind of second-hand impression. A joint action between some independent professionals and your own team – that would be OK.

Alfredo came up with some extra arguments: “Let’s put it this way: self-assessment is also a strong, shared learning experience. People in your management team will share their own individual perceptions about your organization – and these could be very different.

“It’s like looking at your reflection in the mirror. Imagine a rabbit looking in the mirror. What does he see: a lion, a mouse, or just a rabbit? That’s the question! To take an example: what perceptions of the strategy deployment process do the different members of your management team have? Or, what are their perceptions of the learning process in your organization?”

Reg was becoming more and more convinced: “OK, but how does this self-assessment tool work?”

“There are two parts. Firstly, there is an assessment against the key elements where you compare the typical situations you can find in an organization – we call these ‘scenarios’ – with the situation in your own organization. It is a very compact assessment – just one page! It works like a staircase: you climb up five levels of the organization’s maturity related to the key elements for achieving sustained success. I have an example here.

**Monitoring means looking at something over a period of time**

“The second self-assessment tool is a detailed one, related to each chapter of ISO 9004 and again with the same five levels of maturity. To get the most value of such self-assessment, you should consider doing the assessment with multifunctional teams, to get different perceptions into the discussion.”

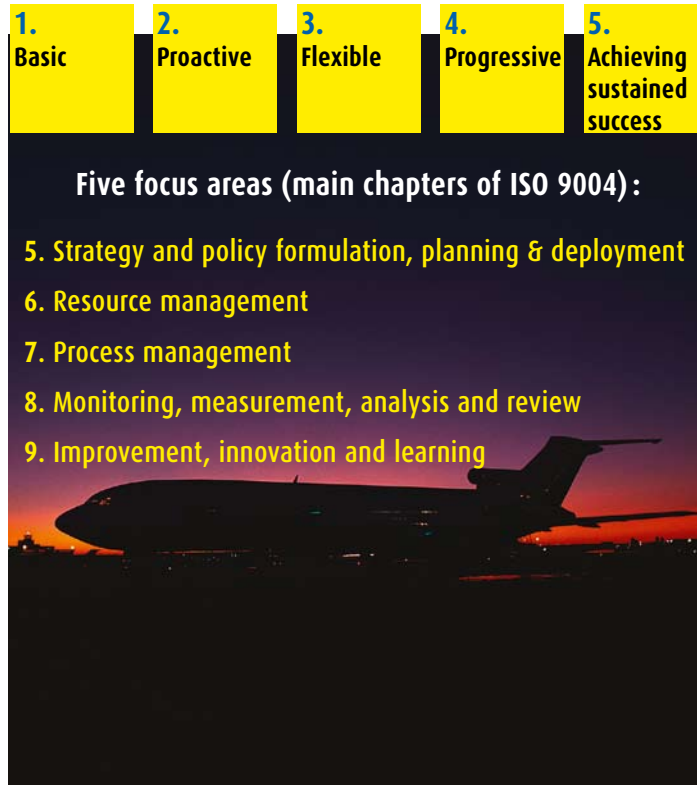
Laura was clearly thinking about using these tools in her company: “What should we do after we have performed such a self-assessment?”

“At the end of the self-assessment your management team will have a clear, shared picture of how mature your organization is against the key elements for achieving sustained success.

“The next step is to revisit your vision and objectives and relate them to the outcome of your self-assessment. Your team should decide if the stated vision



**Five levels:**



**Figure 8 - Five maturity levels and areas of detailed self-assessment**

and objectives are still feasible and identify the improvement and innovation activities to get you there.”

Reg, remembering his visit to the subcontractor in Italy, was next to come up with a question: “Could I share my ISO 9004 implementation activities with my suppliers?”

“The simple answer is ‘yes’. Let’s look at this issue from the perspective of a chain – a chain in which you and some of your most important suppliers, customers or other partners are linked. Combining efforts along such a massive improvement journey could be seen as an investment with a potential for an extremely high return on investment.”

**Monitoring**

Reg came up with another question: “You’ve mentioned ‘monitoring’ – ? Isn’t measuring enough.”

“No, there is a difference. Measuring means getting data about something – for example, the performance of one of your processes – at a certain moment in time. Monitoring means looking at something over a longer period of time, with the possibility of uncovering the trends. Issues like behaviour of your customers could be extremely important for your sustained success.”

Laura was already seeing some commercial issues on the horizon: “Could an ISO 9004-based QMS also get certified?”

“No. ISO 9004 is not a certification standard. You cannot be in conformity with ISO

9004, as you can with ISO 9001 because ISO 9004 does not include clear-cut requirements like ISO 9001 does.”

“Could I communicate about our implementation of ISO 9004 in our promotional materials?”

“You or somebody from your organization could write an article about your journey towards achieving sustained success – as a collection of learning points for other organizations. That would give you a promotional impact.”

Maybe some other organizations will ask if they could visit your own organization to learn from your journey, to do a benchmarking of your processes. And, this could give you also very positive publicity.”

Their flight was nearly ending. The pilot announced that the landing procedure was about to begin.

The aircraft was approaching the gate. Laura, Reg and Alfredo started to get their hand luggage together – as usual, a bit too early, the aircraft was still moving slowly.

While shaking the hands to wish her travel companions goodbye, Laura came with her last question: “What are the five key issues to keep in my mind when considering the use of ISO 9004?”

Alfredo: “I would make it even less – four. Here they are:

- **Organizational behaviour:** focus on meeting the needs and expectations of all interested parties, managers acting as leaders, all people fully involved.
- **Organizational framework:** the process and system approach are applied.
- **Organizational tools:** continual improvement and fact-based decision making.
- **Organization’s relationships with suppliers and partners:** based on mutual benefits.

That’s all – no magic, no mystery.”



“Have a good journey – to your next destination and to your sustained success! Arrivederci and goodbye!”