



ISO 9001 Quality Management System

Essential best practice for small businesses

ISO 9001 Overview

ISO 9001 is an International Standard that is used worldwide by over **one million organizations**. It assists businesses of all sizes by providing best practice requirements for an effective Quality Management System (QMS).

A quality management system enables a business to run more efficiently and profitably. It provides a way to organize people, resources and processes to achieve organizational goals, regardless of the size of the business. However for small and start-up businesses, establishing a quality management system can present challenges depending on the experience, capability and style of the founders.

Evidence has shown that small businesses who adopt the requirements for ISO 9001 can build a system to facilitate development and growth, supporting the founder or owner in maximizing the value in their business concept and providing a framework to ensure all legal and statutory requirements are met.

This paper explores the fundamentals of ISO 9001 and how it can work for your business.

What is ISO 9001?

It is a common misconception that adhering to ISO 9001 is a box ticking exercise, that it's bureaucratic and restricts innovation. In this whitepaper we hope to dispel the myth and demonstrate the core value, starting here by examining some of the basics as defined in the standard.

It recognizes that:

The adoption of a quality management system should be a strategic decision. And the system's design and implementation will be influenced by:

- Business environment and associated risks or changes
- Varying needs
- Particular objectives
- Products or services offered
- Processes
- Size and organizational structure

it's scope or purpose is:

To specify requirements for a quality management system where an organization:

- Needs to demonstrate its ability to consistently provide a product / service that meets customer and applicable statutory and regulatory requirements, and
- Aims to enhance customer satisfaction through the effective application of the system, including processes for continually improving it and assuring conformity to customer and applicable statutory and regulatory requirements

In overview it requires that:

The organization shall:

- A. Determine the processes needed for the quality management system and its application throughout the organization;
- B. Determine the sequence and interaction of these processes;
- C. Determine criteria and methods needed to make sure both the operation and control of these processes are effective;
- D. Ensure the availability of resources and information necessary to support the operation and monitoring of these processes;
- E. Monitor, measure (where applicable), and analyse these processes; and
- F. Implement actions necessary to achieve planned results and continually improve these processes

In summary ISO 9001 is about:

- **Establishing a customer focus to ensure customer satisfaction**
- **Designing a system and processes to consistently meet their requirements**
- **Ensuring that you review and improve your approach.**

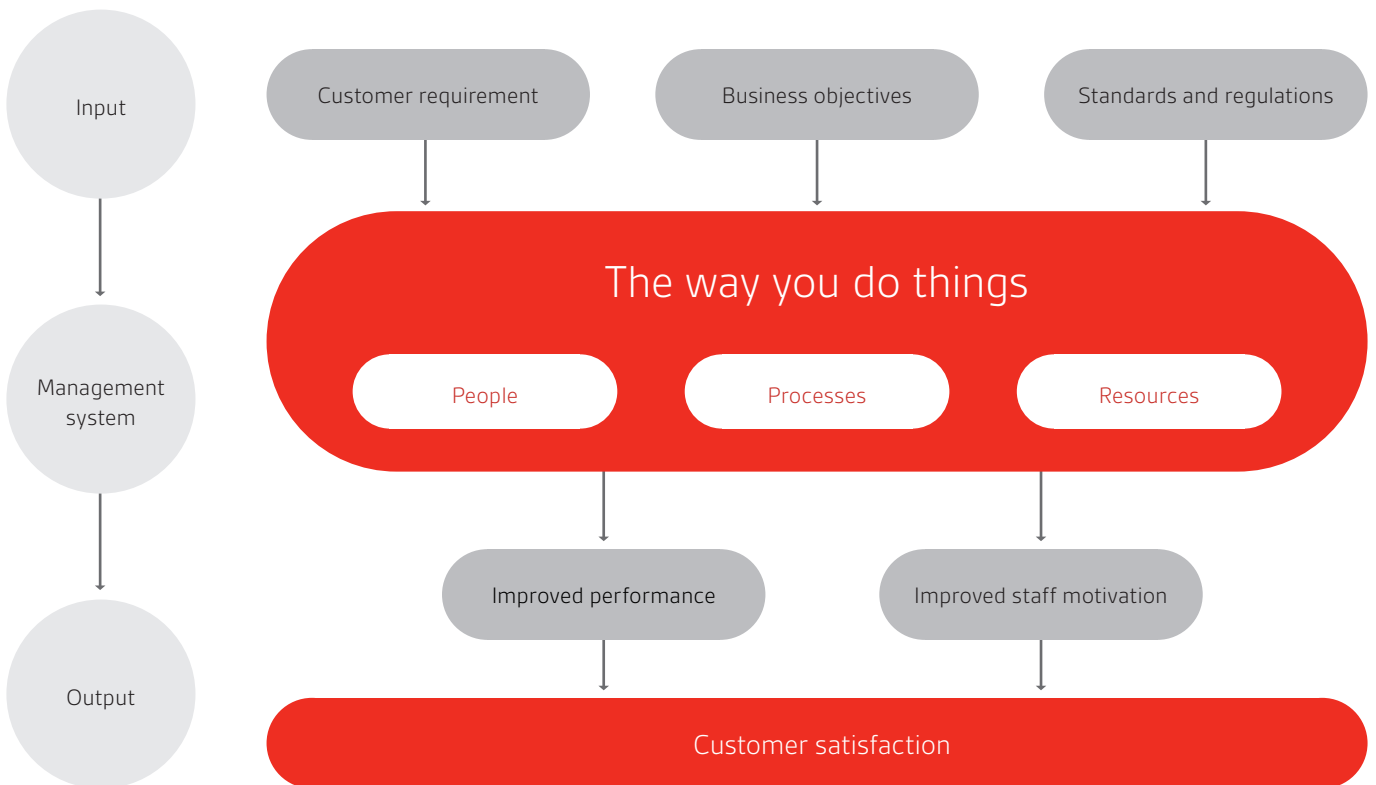
ISO 9001 is actually one of three quality management standards that can be used together to build a robust quality management system. The series also includes ISO 9000, which introduces the standard, and ISO 9004:2009, which outlines requirements for sustained success through quality management.

All three standards are based on eight quality management principles. These include strong leadership; the active involvement of staff at all levels; a focused, system approach to management; an appreciation of customer needs and requirements (now and in the future); and making changes based on a quantitative analysis of relevant data.

ISO 9001 systems need not be bureaucratic and paper heavy – those that are often result from an off-the-shelf solution which is not directly focused on your business. This approach will lead to a certificate but not an effective system (for tips on effective systems, [see page 6](#)).

The challenge when designing your system is to make sure it's built around your business, your needs and your customer requirements. The standard outlines a set of requirements that provide a framework for your system design, which should suit the style and culture of your organization.

What is a management system?



8 Quality management principles

Leadership

+

Management

+

Involvement of people

+

Process approach

+

Continual improvement

+

Decision making

+

Supplier relationships

+

Customer focus

How can ISO 9001 help your business to succeed

If you are considering ISO 9001 for your business you will not be alone. We have certified some 50,000 organizations to the standard worldwide, with approximately 85% going to companies with under 250 members of staff – the typical definition of a small to medium-sized enterprise (SME) in the UK.

Around half of the new businesses certifying to ISO 9001 have under 50 employees and some have less than five.

We can better understand the value of investing in ISO 9001 by looking at the challenges faced by small businesses and how they can be addressed through a structured quality management system.

Reasons why small businesses fail	Where ISO 9001 may be able to help
<p>Growing too fast: While growth is desirable, over expansion is a serious error. Set realistic goals and expand only as needs dictate.</p>	<p>With well-defined processes you will be able to identify where the pinch points will come from taking on new business and react accordingly.</p>
<p>Failing to track your finances: Look at businesses that fail and you'll find that many of them took on too much debt and failed to manage the cash flow.</p>	<p>Managing the cash is critical in small businesses. Being close to customers and delivering on their expectations should mean that payments are made on time and queries delaying payment reduced.</p>
<p>Lack of reserve capital: Be prepared for unexpected increases in the costs of things like utilities, materials, and labour. Make sure you keep enough reserve cash to carry you through tough times and seasonal slowdowns.</p>	<p>By measuring and monitoring your process performance and driving an improvement in efficiency you will be able to keep costs to a minimum and be aware when overruns in labour or material occur.</p>
<p>Poor execution: Poor customer service and overall employee incompetence will quickly sink your business. Make sure your employees place a premium on customer service. Develop systems and processes for how tasks should be accomplished, and create internal controls to monitor them.</p>	<p>The core requirement of ISO 9001 is meeting customer expectations and managing satisfaction. The regular audit of internal processes and measurement of satisfaction will ensure that your focus on customers is maintained.</p>
<p>An inadequate business plan: A well thought-out business plan forces you to think about the future and the challenges you'll face. It also forces you to consider your financial needs, your marketing and management plans, your competition, and your overall strategy.</p>	<p>Having a plan is critical but it's also important that the plan is communicated throughout the business and everyone knows their role and is trained to do the job. ISO 9001 pays particular attention to this.</p>
<p>Failing to change with the times: The ability to recognize opportunities and be flexible enough to adapt is crucial to surviving and thriving. Learn how to wear multiple hats, respond nimbly, and develop new areas of expertise.</p>	<p>The focus on customers and the requirement to continually improve will assist in keeping you focussed on changes in the market place. The system will also assist in ensuring that the agreed change is carried out in a structured manner.</p>
<p>Ineffective marketing: Customers can't do business with you if they don't know you're there. It doesn't cost a lot to advertise and promote your business through online marketing, social media, email, local search, and more.</p>	<p>Should you go for certification to ISO 9001 you will be able to promote your success enhancing your own marketing. Choosing us as your certification partner with our global recognition will enhance your reputation further.</p>
<p>Underestimating the competition: Customer loyalty doesn't just happen - you have to earn it. Watch your competition and stay one step ahead of them. If you don't take care of your customers, your competition will.</p>	<p>Measurement of customer satisfaction is a key part of ISO 9001 so you will be able to identify trends in retention and repeat purchase, two indicators of customer satisfaction.</p>

Source: <http://www.allbusiness.com/>

What our clients tell us:

The theory is supported by our client feedback. We continually monitor customer satisfaction by asking what benefits they see from their investment. This is what they tell us:

75%



of businesses improve their levels of customer satisfaction and loyalty

77%



of businesses improve their operational performance

74%



of businesses acquire new customers and retain existing clients

44%



of businesses achieve cost savings

Small security specialist Sight & Sound Security found that working with us towards certification in 2009 had an impact on the company's bottom line. They have told us that an improved corporate image has led to many more customer wins.

In addition to establishing an ISO 9001 quality management system, the business turned to us again for help achieving accreditation under the UK's Security Industry Authority Approved Contractor Scheme (SIA ACS).

Another customer, Shades of Comfort Limited was set up in 2005. Certifying to ISO 9001 was part of their first ever business plan, allowing them to target new, larger clients from government

councils through to blue-chip companies. The company supplies outdoor infrastructure such as awnings, umbrellas and heating facilities. It sources some products from Germany and Italy and modifies these according to customer needs – so product quality is of paramount importance.

"Our business growth has been largely due to recommendation," says sales and marketing director Tony Peters. In order to drive this, however, Peters knew it was crucial to be sure the company "had systems, processes and procedures fully documented" and "an ethos of continual improvement and customer satisfaction".

Closing the chasm – moving from small to large

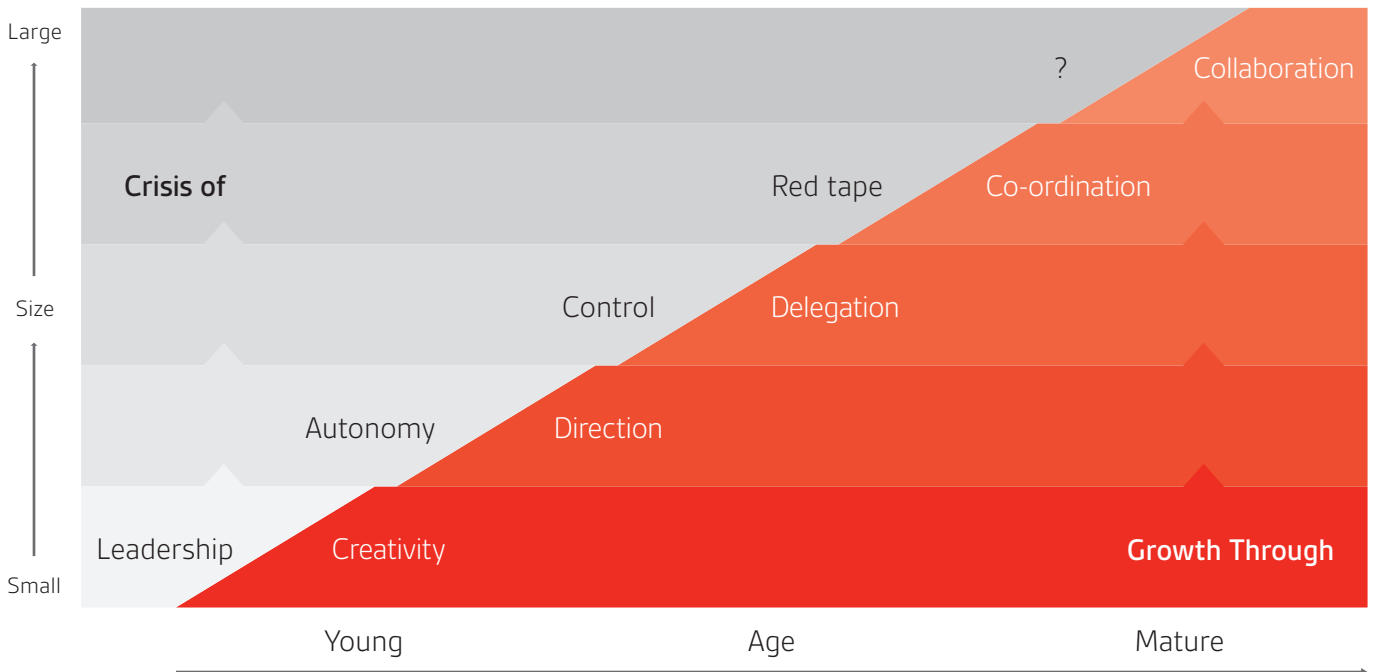
The way small businesses grow and succeed depends on the objectives, skills and experience of the founder. There has been a lot of academic research into small business development and models created to show the changes they experience.

One such model is that developed by Greiner – Model of Five Phases of Growth

When organizations grow, their structures and processes change. They need new ways of communication and leadership. The extent of these changes is determined by how the organization grows, for example by increasing the number of staff or by increasing revenues.

According to Greiner, a growing and maturing organization goes through five stages, and each is related to particular organizational characteristics and, in some cases, particular problems.

Phases of growth and problems



Source "the manager.org" Oliver Recklies, 2001

Each of these phases of growth is marked by particular experiences of the organization. In the beginning of each phase, all processes work smoothly. Then as the organization develops the processes and structures become inadequate, presenting a need for change. And these changes have to be implemented, controlled, and modified in order to achieve a new fit between organizational needs and its structures and processes.

All of this tells us that effective and responsive systems are critical to growth, allowing businesses to take full advantage of the opportunities they have identified. Our certification clients support this and have told us that without ISO 9001 they would not have been able to succeed and grow.

ISO 9001 is built on eight strong management principles. If these principles are adopted they will support you and provide internal processes to manage your organization through periods of change and growth.

ISO 9001 principle	Organizational benefit
Customer focus	Increased revenue and market share obtained through flexible and fast responses to market opportunities. Increased effectiveness in the use of resources to enhance customer satisfaction. Improved customer loyalty leading to repeat business.
Leadership	People will understand and be motivated by organizational goals and objectives. Activities are evaluated, aligned and implemented in a unified way.
Involvement of people	Motivated, committed and involved people within the organization. People eager to participate in and contribute to continual improvement.
Process approach	Lower costs and shorter cycle times through effective use of resources. Improved, consistent and predictable results. Focused and prioritized improvement opportunities.
System approach to management	Integration and alignment of the processes that will best achieve the desired results. Ability to focus effort on the key processes.
Continual improvement	Performance advantage through improved organizational capabilities. Flexibility to react quickly to opportunities.
Factual approach to decision making	Informed decisions. Increased ability to review, challenge and change opinions and decisions.
Mutually beneficial supplier relationships	Increased ability to create value for both parties. Flexibility and speed of joint responses to changing market or customer needs and expectations. Optimization of costs and resources.

Certification – your commitment to quality

There are many reasons that businesses choose to validate their quality management systems, some of which are shown below. Independent certification to ISO 9001 is gained through evidencing a Plan, Do, Check, Act (PDCA) approach to these management issues – don't forget, your system should be designed around the needs of your business in order to be most effective. Lots more information on making certification simple is available on our website: bsigroup.com

There are many benefits to independent certification. Our clients have confirmed that these include:

Recognition and brand reputation

Working with a UK Superbrand that has global reach – like BSI – will enhance your own brand reputation and awareness.

Continual improvement

Regular third party assessments will support your drive for continual improvement. The external assessors, although unable to consult, can often provide insights and opportunities for improvement that may not occur to internal resource.

Maintain focus

Once you have designed your system, one of the biggest challenges is to stay focused and enthusiastic. If you know that you will be regularly assessed, it's easier to maintain your focus.

Networking

We provide our clients with opportunities to network with each other and share new ideas for change and development.

Confidence

Depending on your business objectives, external certification can be a major source of confidence for banks, investors and suppliers.

Staff satisfaction and engagement

Management system requirements make sure that staff understand and are trained in their role in the organization, as well as being competence assessed. The process approach should also make sure they are working in an effective manner and that internal communication is effective. These factors lead to increased satisfaction and reduced staff turnover.

Tips for making ISO 9001 work

While ISO 9001 is a quality management standard, it is built on the theory that **quality is achieved through implementing and improving organizational activities and behaviour**. This means the system's principles and approach can be used throughout the business to provide a framework for managing all your standards, regulatory and customer contract requirements. As each new approach or requirement is adopted it can be easily integrated into your existing system to support business growth and development.





And if you feel that you still have a paper heavy system ask yourself these questions:

1. Is it required by the standard?
2. Is it required by the business?
3. Is it required by legislation?
4. Is it required by customers?
5. Is it required by employees?

If the answer to all of these is no, then don't do it.

You can follow these steps to achieve certification:

1. Understand what you currently do (training/procedures/processes)
2. Check the requirements of the standard
3. Identify where you are currently meeting the requirements
4. Action where you have gaps
5. Work as intended and capture evidence
6. Audit and review your approach
7. Certification by BSI.

Your next steps

If after reading this you would like to take the first steps towards establishing a quality management system and achieving certification, we have a range of services to make your journey effective.



BSI EasyPay

This is an ISO 9001 certification payment scheme for small businesses that provides competitive prices fixed for three years. One initial payment is required and the remainder is paid by monthly direct debit. This provides a more effective way of managing your cash flow, which is critical for small businesses.

bsigroup.com/easypay

ISO 9001 Toolkits

We have introduced a range of toolkits to help those of you starting your ISO 9001 journey at great prices.

They contain useful information packs, standards, publications, webinars, and e-learning courses, as well as discount vouchers for software, training and health-checks by BSI assessors.

There are five toolkits designed for every stage of the journey.

bsigroup.com/toolkits

Training

Our market leading ISO 9001 training programmes are designed to support you on the route to certification. You can choose from introduction and implementation courses to auditing and business improvement courses. All of them will provide a clear action plan for you and your business.

bsigroup.com/training

Software

We also provide software to help you implement or manage your system. Our Entropy™ Software provides a ready-made framework for ISO 9001.

Here you can manage your internal audits and their outcomes, create automatically version controlled procedural documentation, link to training, allocate responsibility, and manage and report on all corrective and preventative actions. The software provides a personal dashboard of your responsibilities relating to your management system, allowing your organization to track progress and monitor performance. You can also record management reviews and track follow-up actions.

bsi-entropy.com

Summary

The research and evidence suggests that small businesses following ISO 9001 requirements can establish an effective quality management system that will support its development. Understanding that your business will go through various stages of growth – each with its own problems – can be helpful in finding the right solution for each stage. A management system can help you through these stages as you design and make the necessary changes.

It's important that your quality management system is designed to suit your business, rather than implementing a generic solution simply designed to achieve certification.

We have a range of tools and training courses to help you through the design, implementation and management of an effective system.

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