The Small Business Owner's Simplified Guide to ISO 9001 and Business Improvement

By Mike Pearson, Consultant
Introduction

With ever increasing demands on small and micro businesses on quality, price and service, the most effective way to enhance the confidence of customers is through a structured certificated Quality Management System (QMS). For a small business, this is not as daunting as it might appear, as it should always be based on how your business systems currently operate.

The updated version of ISO 9001 is due for issue in September this year. It has been revised by an international community of quality management experts, which included strong global leadership and representation. Consideration was given to the small and micro business sector, recognizing its employment and financial importance. This is reflected in the updated standard and this white paper is aimed at you as an entrepreneurial small or micro business owner, to guide and encourage you to take up the standard in your business in order to gain the considerable potential for operational business improvement opportunities that it can provide.

This paper sets out to inform and advise you as a small or micro business owner of the requirements and benefits of adopting the Quality Management Standard, ISO 9001:2015.

Challenging prevailing assumptions

The generally held consensus is that small businesses consider the implementation of the standard to be a daunting and expensive prospect, with high on-going costs. There is an assumption that it will require a whole new set of systems and procedures, and that the system requires complex, documented, detailed procedures, forms and records. It is often seen by small businesses as regulatory-driven through the document structure and terminology. This reaction is borne out of the burden of regulation on small and micro businesses. In reality, these assumptions are unfounded.

Another major concern is that the wording of the standard appears to require a dedicated person to be responsible for the QMS. This is not possible with a small multi-function workforce, where each employee has to be responsible for a number of functions in order to effectively operate the business. Overall it is regarded as a standard aimed at large companies or organizations. Nothing could be further from the truth. The standard is written for and is applicable to any business of any size.

These perceptions regrettably result in the standard only being seen as a business requirement when necessary to meet a contractual demand, and where no such requirement is needed it is dismissed as ‘not for us’. This document goes into more detail to debunk these assumptions.

This paper sets out to demonstrate to small and micro business owners that the standard is inclusive of all sizes of business and provides the opportunity for significant business improvements. This is possible – adoption is not complex and is based on your current operating systems.

Depending on your current systems, implementing a QMS can be:

- Low cost
- Low maintenance, with little documentation needed

The standard is written for any business of any size
Why ISO 9001?

The standard is the foundation for:

• A real opportunity for increasing business, and thereby profitability, by being able to pursue contracts with those customers for whom certification is a contractual requirement. The possible increase in turnover compensates for any on-going cost of maintaining certification

• Providing you with the opportunity to gain a clearer understanding of your business through the information and data that the system gives you. Understandably, you feel that you already intimately know your business, however, many businesses of your size that have adopted the standard and used it as intended have benefitted as a result. The information provides the means for improving the business, customer focus, enhanced risk management, increasing efficiency, productivity, cost savings, and reducing and overcoming product or service problems

• Developing a system which provides the building blocks a small or micro business needs to progress in that it enhances the recognition of your team members through involving them in considerations, development and implementation. This in turn significantly improves communication and understanding together with a faster response in resolving any issues that arise

All of this is achieved through your confidence that the system provides reliable, recorded information and data to base potential improvements on. Although known as a Quality Management Standard, it is far better for you to see it as a business development opportunity.

Although known as a QMS standard, it is better seen as a business development opportunity

What are the external benefits to a small and micro business of ISO 9001?

• ISO 9001 is the recognized quality management system standard worldwide. It confirms that you have put in the effort to enhance your systems to meet the standard, in order to continue supplying a product or service that consistently meets your customers’ requirements

• Through the process of continuing to review and improve systems, the standard can positively help your business to ensure a high level of customer satisfaction and increase the effectiveness of your operations. This will in turn provide opportunities for orders, increased profitability and stability in the business

• BSI’s customer research (BSI voice of the customer survey 2012 to 2015) has shown that 50.6% of businesses attract new customers, as a result of implementing and gaining certification. Further, 62.2% report improvements in products or services, 60.8% report an increase in trust in their business

The benefits of conformance can include improving levels of customer satisfaction.
The Small Business Owner’s Simplified Guide to ISO 9001 and Business Improvement

What are the internal benefits of ISO 9001 to a small and micro business?

• Your staff will have a common, logical system with consistent and repeatable processes for consistently getting things right
• You and your staff, having all been involved in the initial development and review, will appreciate the benefits of the QMS being the clearly defined and agreed processes, which will effectively support everybody day-to-day and in any situation that could arise
• Through the enhanced system you will all have a clearer understanding of what each person needs to do and how, which means you do not have to waste time memory testing, and searching for information
• Certification enables you to tender potential new customers and increase business. This is possible as the certificate gives them confidence in your business
• The team are able to speedily respond if things go wrong and agree a course of corrective action to prevent risk of a more serious outcome
• As problems are recorded as a result of the system, the team has the ability to collectively consider actions to correct and prevent recurrence. Should another problem arise there is a processes in place that the team can use to identify and resolve the problem more speedily
• Through the improvement in business control and reporting you will have a clearer view of how the business is doing and any aspects that should be looked at in more detail
• To quote BSI’s research again, 61.8% of businesses have seen a reduction in the likelihood of mistakes

All the above contributes ultimately to an improved customer experience.

What are the main changes in the 2015 revision of ISO 9001 that benefit small and micro businesses?

• A number of the changes are intended to be more inclusive and understanding of the small and micro business sector. This is as a result of the recognition by those involved in the re-drafting of the importance of your business sector. An implementation guidance document, ISO 9002, is currently being written and will include examples of how requirements apply to smaller businesses, recognizing that terms such as ‘organization’ and ‘top management’ are intended to be fully inclusive
• A relaxation in the requirement for detailed documented procedures. This is a major element of the revision through the recognition that systems, processes and records you need to formalize only the need to be in the simplest format necessary for the size and complexity of your business
• The requirement for you to be actively involved in the QMS has been significantly revised. As the owner you already have to be involved in all aspects of your business as a matter of course, so this clause is readily met by default. You only need to reference this in the processes through the undertaking of audits and reviews and recognize that as the top decision maker you are accountable for the effectiveness of the QMS and building quality into your overall business strategy
• The elements of risk (threats and challenges to the business) and opportunity, with regard to quality management, which were previously implicit are now more explicit and need to be integral to the QMS. It likely to be something you cover already, even subconsciously within your business operation in determining the risks and identifying improvement opportunities. By adopting risk-based thinking in a more structured way, you will make preventative action part of your routine approach

How is the standard structured and interpreted for small or micro businesses?

There are ten main clauses that you need to cover to achieve conformance or certification. All of the clauses have related subclauses. On reading the standard it might appear lengthy and complex to interpret. However it is most important for you to realise that it is only necessary to understand the underlying principle and objective of each clause. This then allows you to plan and develop a simple and straightforward QMS that has to be built around the way
you currently operate, but is formalized with processes developed where any gaps are identified, to meet the standard. All of this is readily achievable by using the simplest route necessary according to the size and complexity of your business.

The following outlines each clause and provides a small or micro business-specific interpretation:

• It is recommended that you read through the standard carefully and concentrate on understanding the underlying intention of each clause. Don't get distracted by the wording and terminology, as it is the general purpose that is important

1 Scope

This defines the purpose and aims of the standard

• The overall purpose of this standard is to have a formalized system that provides confidence to your customers that you are committed to providing a consistent quality of service. This is achieved through reviewing your current operational systems to ensure they cover all your process stages and check or test points to confirm their ability to consistently provide a product or service that fully meets customer requirements

• When your formalized system is in place it should be regularly reviewed with the aim of identifying any opportunity for improvement in your operations, thereby enhancing customer satisfaction

• Action:
  - You only need to have a simply worded policy statement of your business’s approach to quality and customers, plus a reference to meeting any statutory or regulatory requirements as applicable
  - In order to demonstrate compliance with the above scope you should develop a simple, straightforward, structured set of records. These records should then be used as part of your internal audits and these will be of value in external audits

2 Normative References

• ISO 9000:2015, Quality Management System — Fundamentals and vocabulary

• Action:
  - ISO 9000:2015 is a mandatory reference document. It contains all of the technical definitions of terms used in ISO 9001 and you need to make sure that words used are only interpreted in the way ISO 9000 directs you to

3 Terms and definitions

• This clause as above references ISO 9001:2015

• Action:
  - No terms or definitions are included in ISO 9001:2015. To fully understand the technical meaning of terms, it is important that you refer to ISO 9000:2015. These definitions can also be found on the ISO website (see below for link)

4 Context of the Organization

• This clause requires you to determine any external and internal issues that have an effect on the operations of your business. This can include positive and negative factors or conditions for consideration

• You should consider the following:
  - Factors arising from legal, technological, competitive, market, cultural, social and economic environments, whether local or wider
  - The needs and expectations of interested parties. These could be customers, but also statutory and regulatory bodies
  - The processes needed to operate the QMS

• Action:
  - Understand the potential effect these might have, including any risks. Risk in the context of the standard means any threats or challenges to the business, as opposed to Health and Safety issues. Then make sure that in developing your QMS you take these into account in your systems. It should also include maintaining a routine awareness of any potential risk which might impact on the business
  - Experience shows that this is generally readily achieved, as close contact with customers and suppliers, led primarily by you, is the accepted process in a small or micro business, in order to meet requirements and remain competitive. All that will be required is for you to formalize the procedures used for this, including stating both your own and delegated responsibilities, as applicable
  - As you develop your QMS you should also consider what is not applicable, ensuring that these factors don’t impact on your ability to deliver your product or service, or customer satisfaction

5 Leadership

• This refers to you as the owner. With your leadership commitment to the QMS, leadership merely needs to be clearly seen in the development, audits and reviews of your systems

• A major element of your close involvement will be to ensure the effectiveness of the QMS in meeting your business objectives

• Action:
  - With a small workforce, you will already involve your staff and no doubt will lead and involve them in developing your QMS policy and systems, thus ensuring each accepts and understands why and what needs to be done to consistently operate and maintain it
6 Planning

• The intention of this clause is to develop a number of requirements taken from its subclauses. These include:
  - When you are planning the QMS any risks or opportunities identified in the business should be considered and a process for monitoring developed, aimed at enhancing desirable effects, preventing undesirable effects, and achieving improvement
  - Always check at each phase of systems development that your QMS is following your intended course
  - Include in your planning how you avoid or limit any adverse issues that can have the potential to be damaging to the operation of the business
  - Through your audits and reviews, you should also ensure that consideration is given to the means of achieving improvement, together with the process needed to implement and monitor any resultant changes

• Action:
  - Here again the most logical approach for a small or micro business is working as a team led by you, to confirm how things currently operate and noting this, to consider any gaps or inter-functional issues identified, and to then agree on a formal operational system. It would be useful to consider the adoption of simple flowcharts (see Figures 1 and 2) as these will visually show the progression stages of processes and highlight any gaps or hiccups in the systems

7 Support

• Put simply, this means making sure you have considered what is needed to effectively operate the business and make plans to ensure that you have the right number in the team with necessary skills and experience, together with determining any necessary resources to undertake and complete the work to specification. These overall operational demands should be monitored to ensure that the effectiveness is being maintained

• Action:
  - Your business, with its small team, can readily plan for what is needed in this respect, and you are able to determine where responsibilities lie
  - Equipment needed and the environment in which the work needs to be carried out also forms part of your team planning process
  - You and the team as part of that planning, take account of all necessary skills and competence needed to undertake the contracts, with you taking action accordingly to ensure contracts are met and customer satisfaction maintained
  - It will be necessary in formalizing your process to maintain simple documented information. This will provide many benefits especially for internal auditing and reviews and most certainly with external auditors. The documents can be either a mix of paper or computer records of the main points and stages, together with a summary record on decisions reached

8 Operation

• This clause is very similar to Clause 7 but is relative to how you in your business should plan for the operational aspects of the business in order to provide the products and services, and for communicating with customers. This includes the design and development aspects of operations, as well as delivery of products or services. It is achieved by determining the control and check procedures necessary to ensure conformity, and by recording the results to confirm this

• Action:
  - You and the team should review the processes and consider check or test points necessary to confirm that when a stage in the process is completed, the check or test is carried out and the result recorded to ensure that it is correct to be processed through to the next stage. Here again a simple flow chart is useful (see Figures 1 and 2)
  - You should detail the procedures used when a non-conformance arises and such events should be recorded. The record should include the nature of non-conformance. Where rework is not possible, how the non-conformance is identified to ensure it cannot get back into system, and where rework is possible how this is achieved. This should be followed by a review of the non-conformance, in order to plan and implement preventive action to eliminate a recurrence
  - Where you have any product or service design requirements throughout this process, there is an agreed process in place that includes reviews of design and development stages to ensure that the final design fully meets with business or contractual requirements. Simple but clear documented information should be planned and retained to confirm that design and development requirements have been met
Getting ready to conform in a small or micro business

To conform to ISO 9001:2015 you will need to take responsibility for the QMS within the business. However, as the system develops and is operational, some day-to-day responsibility can be delegated to an employee. The overall responsibility remains with you.

It is strongly recommended that from the onset all employees are made aware of the aims and objectives in order for them to be actively involved with system development in working towards conformance as this will speed the process along through the collective experience based input, as well as all being fully aware of the resultant system.

The system can be either written or computerized, including use of cloud services.

Assuming that your business is operating successfully, it is of paramount importance that your existing operating system is used as the foundation for the formalization of the system and its processes, and where any gaps are identified these should be addressed, as far as possible, using current practice. If you engage the services of a consultant then make sure they appreciate this and do not allow them to suggest that in order to achieve conformance you need to put in place a different system, as this would be alien to you and will inevitably result in operational difficulties as a result of you and your team trying to work to this different system.

When setting out to formalize the system it is important that you do not rush the process or cut corners as this will only lead to an incomplete QMS containing errors, which when identified through use or audit will require you to go back to square one.

Work closely with your team to ensure an accurate understanding of each process.

Although the standard has relaxed but not entirely eliminated the need for documented procedures and records, it will be of benefit to map out a simple end-to-end flow chart (see Figures 1 and 2) for your business operation with branches off – fishbone style – for each phase of the process, showing the progression, inputs and outputs with check or test points and any records as applicable. These will assist in internal auditing of the system and provide supportive evidence of the system to external auditors.

Whilst not a requirement, you might consider it beneficial to employ the services of a consultant to assist in developing your QMS. It might also be useful to focus on those consultants that offer computer or web-based management systems that can reduce a lot of the work required, but care is needed to ensure that their approach does not conflict with your current operational culture. Alternatively, undertake a training course to become aware of what implementing a QMS involves and how to go about it when applied to your business.

If your business does not have contractually sourced customers, but operates through providing a product or service direct to the public, it is still of benefit to develop a QMS, adopting the principles of the standard as good business practice, and using it as a management and improvement tool without the need for an accredited external body certification.
Work closely with your team to ensure an accurate understanding of each process
ISO 9001:2015 uses the process approach as a model, including the Plan - Do - Check - Act (PDCA) cycle, and this should be taken into account when putting your system into place and developing improvements. This should initially be led by you and when appropriate the process can be taken forward by team members.

Methodology

ISO 9001:2015 uses the process approach as a model, including the Plan - Do - Check - Act (PDCA) cycle, and this should be taken into account when putting your system into place and developing improvements. This should initially be led by you and when appropriate the process can be taken forward by team members.

**Plan**

Establish the aim and objective of each component of the system and confirm how each team member(s), as applicable, has the operational responsibility for this stage together with confirming the resources and support needed to deliver results to meet with customer requirements and the business policy.

**Do**

Work to the agreed formalized procedure and/or process.

**Check**

Once the formalized process is in place, monitor and evaluate the processes to ensure that they are operating as agreed and meeting the objectives of the business policy.

It is beneficial to formally note this action with outcomes and where any gaps or possible improvements are identified, then:

**Act**

Consider what is needed to fill those gaps and what actions can be taken to improve process performance.

Figure 2 — A detailed look at stages C and F from above

This sample flow chart shows the simple approach to looking in more detail at those processes used in stage C and F (see Figure 1). These look carefully at all inputs, operations and outputs, including any tests or checks applicable, and whether any records are required.
If you are choosing the certification route:

It is very important to undertake some research on certification bodies and ideally employ the services of a certification body that is suitable. It is necessary to establish that they are accredited and that their accreditation has traceability to an internationally acknowledged reputable body. This is essential to avoid the risk of certification that is not recognized by or unacceptable to customers, especially those in the government agencies or public sectors. You could even confirm acceptance of your selection with customers before proceeding.

When the formalizing of the operational system is nearing completion, for example ‘final draft’ format, your selected certification body will visit to undertake their initial audit review of the system. During the closing meeting following the audit they will report on their findings directly to you highlighting any areas requiring attention in order for them to undertake the certification process. At this point you and your team need to take every opportunity to discuss any concerns or issues and seek advice.

Achieving on-going benefits in the business.

Whether you wish to achieve certification or merely self-certified conformance to the standard, the best and most practical approach to further develop your system is achieved through continuing the use of the PDCA cycle (described earlier and detailed in the standard), as this sets the discipline of ensuring that each stage is valid.

What can be achieved?

Here are some examples of the benefits achieved by small and micro businesses that have taken up the standard and used the resultant QMS effectively:

- A small business that is involved in a variety of component machining for customers, with ten team members, had not kept any records of rejects prior to adopting ISO 9001. However, when the team accurately recorded and reviewed the results, they not only identified the causes of the errors, but in order to prevent recurrence agreed to increase the number of check points during processing. One result of this review was the realization that current material wastage could be reduced by specifying the pre-production cutting dimensions of materials, thereby reducing material consumption. A significant cost saving was realized together with improving production flow.

- A micro business in outside catering with five team members, on auditing to ISO 9001 that included reviewing customer feedback on the standard of food and service, became more closely aware of the amount of food wastage at customer venues, which up to this point had not been monitored. Realizing this they undertook to collect the uneaten food themselves for a period and use the results to average out the volume and type of the food. The outcome of this enabled them to more accurately provide sufficient quantities allied to the number of people with a small surplus amount. Follow up contact was made with customers and with no concerns raised regarding quantity, this revised practice was embedded into the production and delivery processes. The reduction in volume was then reviewed in terms of cost saving and this was split 80/20, resulting in customers getting a slight price reduction. The cost saving and lower price enabled them to be more competitive in the market and gain new business.

- A small fabrication business with a team of eight realized that holding team system review meetings and carefully analysing the increased information arising from applying their ISO 9001 QMS, were able to significantly improve production throughput and reduce material waste by planning a production schedule based on material sizes, so that more than one panel for use in fabrication could be cut from one slightly larger base panel. The process procedures were updated and implemented. Although accepting that maybe there was inadequate previous planning, it is significant that it was in applying the QMS as intended that identified this opportunity.

So, in conclusion, you should not view the standard as daunting or irrelevant to your business, because it is straightforward to build into the business. It is based on how the business successfully operates, with any identified gaps during planning for implementation dealt with to enhance the final QMS. There are many benefits to be gained through full application of the system by you and your employees. One of the most significant is the opportunity to win more contracts, as customers will know that through your certification your business operates to a recognized and certificated quality standard.
Author

Mike Pearson

Following a successful career in industry at senior management level, Mike set up his own Business and Personnel Development Consultancy specializing in the small and micro business sector, while also undertaking major project planning and quality management contracts with large national companies. Mike was also a member of an embryonic senior management team that established a new division of a major international company.

An active member of the Federation of Small Businesses as their standards spokesperson acting on behalf of the 200,000 members, Mike works closely with BSI on a number of standards including ISO 9000 series. He is also a member of UKAS Policy Advisory Council and the MoD Defence Industry Quality Forum.

Mike’s priority is to gain better recognition of the importance of the small and micro business sector to engender improved inclusion through an appreciation of their very different operational procedures in comparison to larger organizations’ structures.

Reviewers

Phil Collier

Phil Collier is a Business Consultant offering support to SMEs and companies in the marine industry. Having moved from Liverpool to Barrow-in-Furness in 2000, he became Fleet HR Director for one of the UK’s leading shipping companies, James Fisher & Sons PLC. Leaving the security of the corporate world in 2009, Phil then set up his own company, TurnstoneHR, building this to a team of eleven staff and consultants before selling the business to his two senior HR Consultants in July 2014. He now runs Phil Collier Associates.

Phil is Chairman of the Furness Branch of the Federation of Small Businesses and presently heads the Steering Group for the Barrow BID Proposal. He is also Vice Chairman of Barrow & District Credit Union and a Director of Sonic Zoo Industries, a Community Interest Company encompassing music and the arts within education, the third sector and the community as a whole.

Trevor Dodd

Trevor Dodd joined BSI in 1986 and has been involved with management systems assessment since that time covering quality, the environment, occupational health and safety, and integrated management systems. Trevor obtained a post graduate diploma in occupational health and safety management in 2004 and was appointed as the product technical manager for BSI’s OHSAS 18001 certification scheme in 2008, he is a chartered member of the institution of occupational safety and health (IOSH) and the chartered quality institute (CQI).

Dave Harrison

Dave has been involved in quality all his working life. He started off in production and service before moving into business support. Since 1997 he has worked with a wide variety of businesses using Investors in People, Lexcel, Specialist Quality Mark, ISO 9001 Quality Management, 14001 Environmental Management, 27001 Information Security Management, BS 18001 Health & Safety Management, Customer Service Excellence and Carbon Reduction.

Since 2006 Dave has been a senior manager in Centre for Assessment Ltd (CFA). CFA offer assessment and certification in the above standards. They are accredited by the United Kingdom Accreditation Service (UKAS), licensed by The Law Society. Legal Aid agency (as the delivery arm of The SQM Delivery Partnership) and The Cabinet Office. CFA are the leading assessment body in the legal sector with over 800 Lexcel clients, approximately 2000 SQM certificates, 200 CSE certificates and 600 ISO certificates.

Richard Heath

Richard started his career as a trainee at a large family owned aluminium high pressure diecasting foundry, primarily producing parts for the automotive sector. Over the next 24 years he worked within the Quality Department, eventually taking up the management of the ISO 9001 and ISO/TS 16949 systems. As pressures changed on the business, he undertook the same role for the ISO 14001 system.

In 2006 he became the Group Business Systems Manager, responsible for the trinity of Quality, Health & Safety and Environmental management systems, including maintaining certifications. In 2012 he left the foundry, joining industry's trade association, the Cast Metals Federation, where his primary role is that of Health, Safety and Environment Manager and the administration of the sector’s safety initiative, SHIFT, working closely with regulators, other key stakeholders and members numbering in excess of 150 foundries.

Marcus Long

Marcus was appointed Chief Executive of the Independent International Organisation for Certification (IIOC) in 2011. Prior to joining IIOC Marcus was Head of External Affairs at BSI for six years, building relationships with key international and national organizations. Before BSI, Marcus was Head of Customer Service for Network Rail, owner and operator of the UK rail infrastructure. Marcus has also worked in the telecoms, retail and automotive sectors for BT, Marks & Spencer, Next and Land Rover in customer service and procurement roles. Marcus has an MBA from the University of Stirling and a BSc in Economics.
About BSI Group

BSI (British Standards Institution) is the business standards company that equips businesses with the necessary solutions to turn standards of best practice into habits of excellence. Formed in 1901, BSI was the world’s first National Standards Body and a founding member of the International Organization for Standardization (ISO). Over a century later, it continues to facilitate business improvement across the globe by helping its clients drive performance, manage risk and grow sustainably through the adoption of international management systems standards, many of which BSI originated. Renowned for its marks of excellence including the consumer recognized BSI Kitemark™, BSI’s influence spans multiple sectors including aerospace, construction, energy, engineering, finance, healthcare, IT and retail. With over 70,000 clients in 150 countries, BSI is an organization whose standards inspire excellence across the globe.

Disclaimer

This white paper is issued for information only. It does not constitute an official or agreed position of BSI Standards Ltd. The views expressed are entirely those of the authors. All rights reserved. Except as permitted under the Copyright, Designs and Patents Act 1988, no part of this publication may be reproduced without prior permission in writing from the publisher. Whilst every care has been taken in developing and compiling this publication, BSI accepts no liability for any loss or damage caused, arising directly or indirectly in connection with reliance on its contents except to the extent that such liability may not be excluded in law. Whilst every effort has been made to trace all copyright holders, anyone claiming copyright should get in touch with the BSI at any of the addresses below.

This paper was published by BSI Standards Ltd