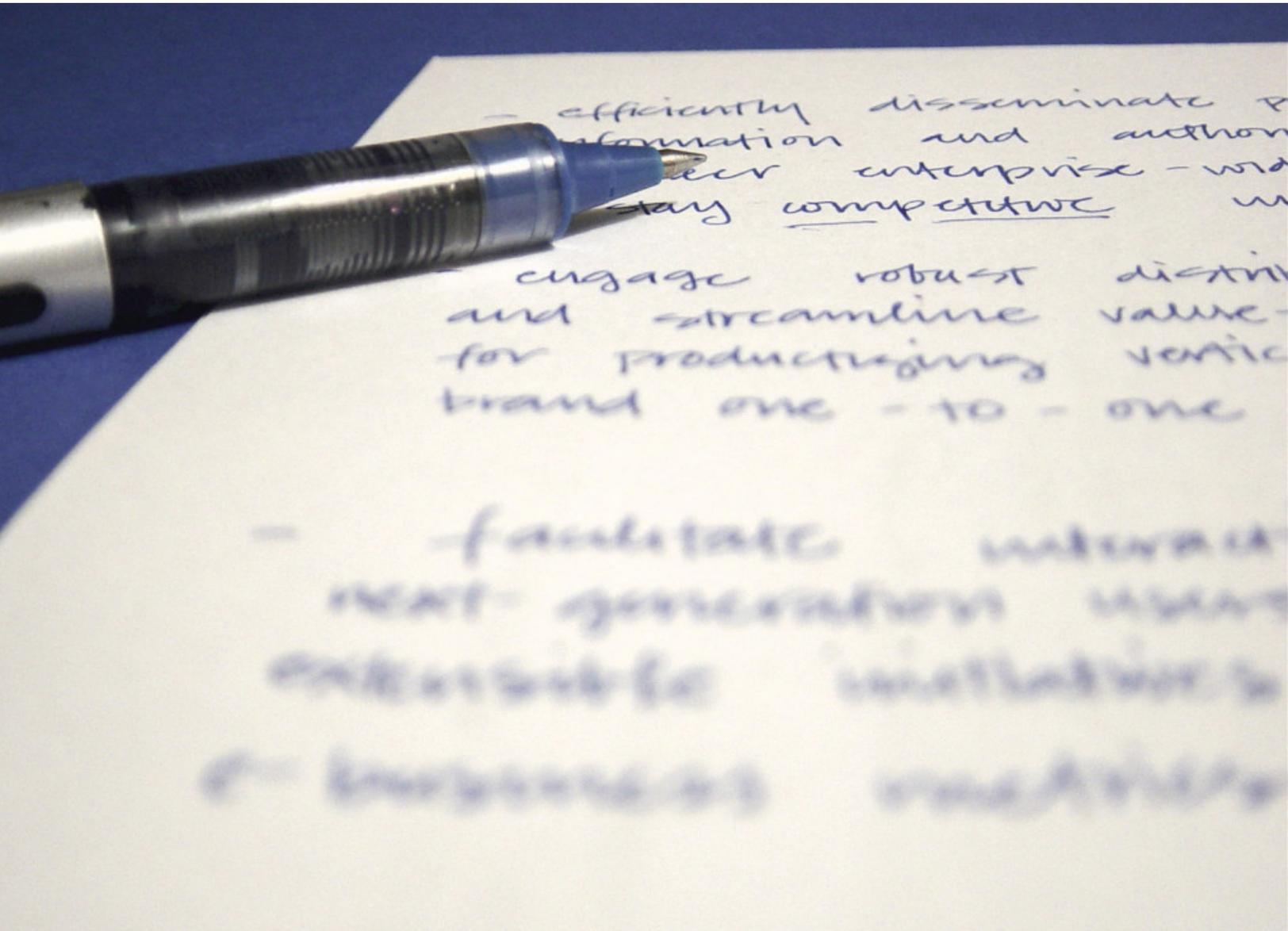# Using ISO 9001 or ISO 14001 to Gain a Competitive Advantage

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Introduction

To be competitive on both a national and a global basis, organizations must adopt a forward-thinking approach in developing their management strategies. One of the foundations of a successful strategy is the management system. A management system may be well-defined and documented, or consist merely of a shared understanding of how things are done – but either way, the management system defines how work is done, the desired outcomes, and the controls imposed to ensure those outcomes.

Management system standards such as ISO 9001 and ISO 14001 help an organization to better control its processes. The products and services that are the outcomes of these processes are only indirect concerns of the standards. "ISO 9001 doesn't guarantee that you're going to make a good product — only that you've got a management system in place that aims to make a good product," said Robert King, president of the ANSI-ASQ National Accreditation Board (ANAB).[1]

ISO 9001 provides guidance for quality management — what an organization does to fulfill requirements and ensure customer satisfaction, while continuously improving the effectiveness of its operations. ISO 14001 is for environmental management — what an organization does to minimize its effect on the environment. Conformance with these standards is voluntary: an organization can implement an ISO 9001- or ISO 14001-based management system solely for the internal benefits of increased effectiveness and operational efficiency.

In the years since ISO 9001 and ISO 14001 were published, many organizations have followed the models of these standards in designing their own management systems. However, many of those management systems are purely reactive — that is, they have been developed in response to customer requirements or legal regulations. We need to ask ourselves: Is this a competitive way to work? When we are in this reactive mode, are we really listening to our customers? Are we able to seek out innovative means of getting the job done?

International standards provide a way for companies to look at their processes in a new light and to take a more active approach to management. For example, if a company wishes to pursue ISO 14001, its environmental management system's pollution control policy will have to be revamped to focus on prevention rather than

command-and-control. As the company moves in that direction it will truly become more competitive, and will do so on a global basis.

In this article we will review ISO 9001, ISO 14001, and other well-known standards, and suggest how they can enable your organization to compete more effectively in today's global marketplace.

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ISO 9001: A Key to Global Markets

First published in 1987, then revised in 1994 and 2000, ISO 9001 is a standard related to quality management and quality assurance. "Quality management" refers to what an organization does to fulfill requirements and ensure customer satisfaction, while continuously improving the effectiveness of its operations.
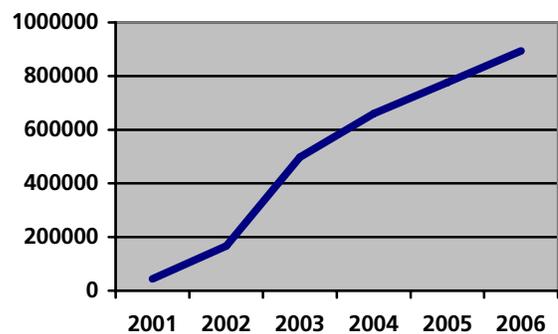
Because the ISO 9001 standard is neither industry- nor product-specific, it may be used by either manufacturing or service industries. More than 893,000 companies worldwide are currently registered to ISO 9001.[2]

While ISO 9001 does not specify precisely what kinds of quality processes must occur, or how, it does require that appropriate quality activities be defined, that processes be documented, and that proof be supplied that the company consistently adheres to both. ISO 9001 registration does not ensure a defect-free or quality product or service, but it does indicate that a basic quality system is in place, and that the registered organization is at least capable of providing its customers with quality products and services.

Global ISO 9001 Certificate Count

To become registered to ISO 9001, a company must hire an independent third party, commonly known as a *registrar* or *certification body*, to conduct an on-site audit of its operations and verify that it is in compliance with the requirements of the standard. It is recommended—though not required—that the registrar be accredited by an internationally-recognized *accreditation body*. The accreditation body will ensure that the registrar is fully competent to provide certification to the standard in certain business sectors.

The main strength of the ISO 9001 standard, and the reason it has been adopted worldwide, is that it assures customers who do business with registered firms that fundamental quality systems are in place within those organizations. For many international companies, ISO 9001 is seen as a key to doing business in global

markets and improving competitiveness, particularly since for many regulated products in the European Union, ISO 9001 registration is a requirement.

Standards and guidelines for conformity assessment activities and the organizations that perform them are developed by ISO's Committee on conformity assessment. These requirements represent international consensus on what constitutes good practice. The use of these requirements ensures the consistency and coherence of conformity assessment worldwide and serves to facilitate global trade.

The advantages of ISO 9001 registration, whether perceived or real, are nonetheless marked. In a survey conducted by the newsletter *Quality Systems Update*, approximately 85% of companies claimed they had experienced external benefits as a result of registration to ISO 9001, and 95% noted internal benefits.[3]

The most significant external benefits reported by ISO 9001 registered firms are:

- **Competitive advantage**
  Certification is often a requirement for doing business with certain suppliers or customers. If your organization is ISO 9001 certified, but your competitor is not, then you already have the upper hand.

- **Higher perceived quality**
  ISO 9001 certification is a highly visible sign of your company's credibility and commitment to quality – one which potential customers take notice of.

- **Reduced customer quality audits**
  An ISO 9001 certified quality system helps to establish common language and expectation levels between businesses. By putting companies "on the same page," efficiencies can be realized that may not otherwise be achieved through individual or proprietary quality systems.

- **Improved customer demand**
  ISO 9001 compliant firms recognize that they are dependent on their customers and suppliers to be successful, and vice versa; they will work harder to ensure that these interested parties are completely satisfied. Customers recognize this and often specifically seek out registered companies to do business with.

The internal benefits of registration include:

- **Better documentation**
  ISO 9001 requires you to fully document your management system, including your processes, procedures, and employee responsibilities. Many organizations find that this documentation crosses over in to all areas of the business.

- **Greater employee quality awareness**
  As part of the audit and certification process, your organization must evaluate how employees do their work and interact between functions. When they are involved in an audit, employees become vested in your quality program and will likely end up supporting it more fully.

- **Enhanced internal communication**
  One of the cornerstones of the ISO 9001 standard is employee involvement. When your employees are part of the quality management process, there is more opportunity for beneficial, two-way communication.

- **Increased operational efficiency and productivity**
  When your organization employs continual improvement techniques, it will experience a greater flexibility in being able to meet any operational challenges that may arise.

ISO 14001: For a Healthy Business

Whereas ISO 9001 deals with quality management, ISO 14001 is designed to provide a structure for the management of environmental compliance. The ISO 14000 series includes numerous individual generic standards, which may be broadly classified according to the following six categories: Environmental Management Systems (EMS), Auditing, Labeling, Performance Evaluations, Life Cycle Assessment, and Environmental Aspects of Product Standards.
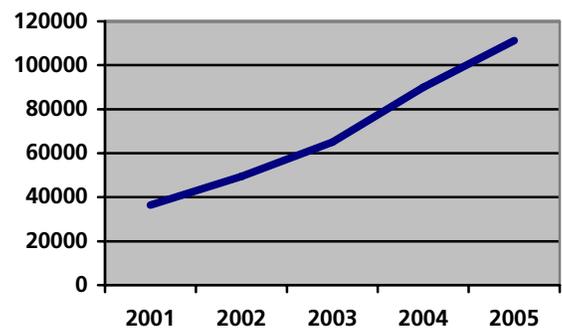
The most familiar standard in the 14000 series is ISO 14001, entitled "Environmental Management Systems, Specification with Guidance for Use." Organizations can only register to this one standard; all other standards in the series are guidelines to help companies set up, audit, and improve their environmental management systems.

Global ISO 14001 Certificate Count[4]

Like ISO 9001, ISO 14001 is neither industry- nor product-specific. The benefits of registration to this international standard include:

- Worldwide focus on environmental management.
- Promotion of a voluntary consensus standards approach.
- Harmonization of national rules, labels, and methods through minimization of trade barriers and complications and promotion of predictability and consistency.
- Demonstrated commitment to maintaining and moving beyond regulatory environmental-performance compliance.

ISO 14001 provides multinational organizations with a single environmental management system that may be implemented wherever they operate, thus eliminating the need for multiple registrations, inspections, certifications, and labels, and doing away with conflicting requirements. As with ISO 9001, even though this is a voluntary standard, suppliers may find it hard to conduct international trade without being registered to it.

By implementing ISO 14001, any company can become truly competitive by:

- **Decreasing costs through increased efficiencies**
  Lower energy and raw materials use, reductions in waste and pollution, and mitigated risks of accidents and emergency situations translate into greater profitability and productivity.

- **Creating and maintaining new market opportunities**
  In areas where environmental responsibility is a business requirement, ISO 14001 certification can open the door to new opportunities.

- **Demonstrating environmental leadership**
  Increasingly, customers will not do business with organizations that are not committed to protecting the environment. ISO 14001 certification firmly establishes your company's environmental credibility and commitment to quality, helping you to earn your customers' trust and confidence.

- **Improving corporate image and community goodwill**
  ISO 14001 certification demonstrates your company's commitment to environmental responsibility, fostering improved relationships with the community, shareholders, and governmental and environmental organizations.

- **Enhancing credibility through third-party registration**
  By having an independent registrar assess your EMS, you prove to interested parties that you have nothing to hide when it comes to environmental management.

- **Streamlining/simplifying its EMS**
  ISO 14001 helps you move your EMS beyond mere compliance with regulatory requirements, to actively developing processes and procedures to keep violations from occurring in the first place. When these are documented and implemented properly, managing your EMS becomes a more straightforward task.

Standards for Any Industry

The impact of ISO 9001 and ISO 14001 on organizational practices has resulted in the development of other standards and documents that adapt the generic management system to specific sectors. Many organizations are starting to find that certification to the standard specific to their industry is a prerequisite for doing business with certain suppliers.

Some of these industry-specific standards include:

AS9100 Series: This series of standards – most of which include ISO 9001 – contains requirements for organizations in the aerospace industry. The base standard, AS9100, contains requirements for quality management systems that can be applied to any organization in the aerospace industry. Other standards in this family include AS9003 (inspection and test quality system), AS9120 (QMS requirements for stockist distributors), and AS9110 (requirements for maintenance organizations).

ISO 13485: This standard specifies QMS requirements for manufacturers of medical devices. ISO 13485 is based on (but does not include) ISO 9001 and includes additional requirements that are specific to the medical device manufacturing industry.

ISO/TS 16949: This standard is a common automotive quality system requirements catalog based on the ISO 9001, AVSQ (Italian), EAQF (French), QS-9000 (American), and VDA 6.1 (German) standards. With ISO/TS 16949, suppliers and subcontractors in the automotive industry can use a single document to comply with these international quality management standards.

ISO 22000: This standard provides requirements for food safety management systems. It is a harmonized document including the requirements of many global food safety standards.

TL 9000: Based on and including ISO 9001, TL 9000 provides additional quality management requirements for firms in the telecommunications industry. The standard can be customized to the organization's particular application: hardware, software, or service.

Conclusion

The future of business is closely tied to the development and implementation of international standards such as ISO 9001 and ISO 14001. A mutual commitment to management systems is a prerequisite for many business relationships. Internally, companies must be aware that certain system efficiencies, as well as opportunities, may be realized through the adoption of voluntary quality and environmental system standards.

A number of companies in almost every industry have adopted a wait-and-see attitude, holding off on seeking registration until such time as industry conditions demand it. As a result, the first of these companies to register will be those whose customers insist on it. But while these organizations delay taking action, many others will gain a competitive advantage and get a jump on the future by registering before their customers require it.

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About the author

Spencer Hutchens is a member of Intertek's certification advisory board. He was a major contributor to the development of the ISO 9001 and AS9100 standards. He is a past president of the American Society for Quality (ASQ), and is a registered professional engineer.