

# Putting stakeholders first in satisfying quality, safety and other requirements

**M**any readers will have encountered ISO 9000 registered organizations that failed to keep their promises. It is often the case that organizations have approached the standard with the wrong objective in mind. The intent of ISO 9000 is not to create uniform management systems. It is a set of criteria that, when applied correctly, will enable organizations to produce products and supply services that meet customer requirements, in a manner that satisfies all stakeholders.

It is often this latter concept that has escaped management's attention with the result that the needs of customers, employees, investors and suppliers are continually being traded off against each other.

A commonly held but erroneous view is that ISO 9000 advocates that organizations should document what they do and do what they document. Clearly it is important for organizations to keep their promises. This is what the ISO 9000 family of standards is all about, but regrettably it has been taken to ridiculous lengths in the belief that doing what you document will somehow improve product quality. If what you do is not effective to

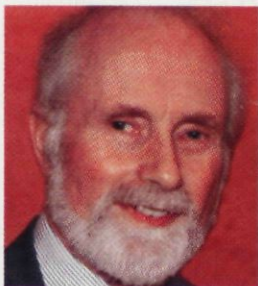
Too much reliance has been placed on ISO 9000 certification and not enough on building a reputation for delivering on promises. Organizations need to view themselves

as a system of interconnected processes, to recognize that they have only one system and then design that system so that it enables the organization to accomplish its mission. Afterwards, they can assess whether it meets requirements of ISO 9001 or any other standard imposed by the market, taking care to only correct omissions that are essential for the business.

## The importance of stakeholders

Organizations are created to achieve a goal, mission or objective, but they will only do so if they satisfy the needs and expectations of their stakeholders. Stakeholders have freedom to provide something to or withdraw something from an enterprise:

- Investors can withdraw their stake if an organization fails to perform
- Society can withdraw its support for an organization and invoke legal action if it fails to manage its impact on society



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- Employees can withdraw their labor if their health and safety is compromised
- Suppliers can withdraw their patronage if their invoices are not paid.

Each of these stakeholders has needs, and they are not mutually exclusive.

If the organization cannot satisfy the other stakeholders by supplying a particular customer, it should negotiate with the customer and reach an agreement whereby the specification is modified to allow all stakeholders to be satisfied. If such an agreement cannot be reached, the organization has to decline to supply under those conditions.

## Taking a process approach

Taking the view that a process (in the context of organizational management) is a set of interrelated activities, behaviors and resources that achieves a result, and that a managed process is one that achieves an objective, we can represent the relationship between the organization, its mission, the results it produces and its stakeholders by a business cycle as illustrated in Figure 1.

In the diagram we find that:

- Stakeholders place demands upon the organization that are fundamental to the determination of its mission

- The organization's mission reflects what

the organization is trying to do, where it is going and what principles will drive it towards satisfying stakeholder needs and expectations

- The organization accomplishes its mission through a set of interconnected processes that collectively produce the outputs necessary to deliver the desired results

- The organization delivers the results, thus delighting the stakeholders

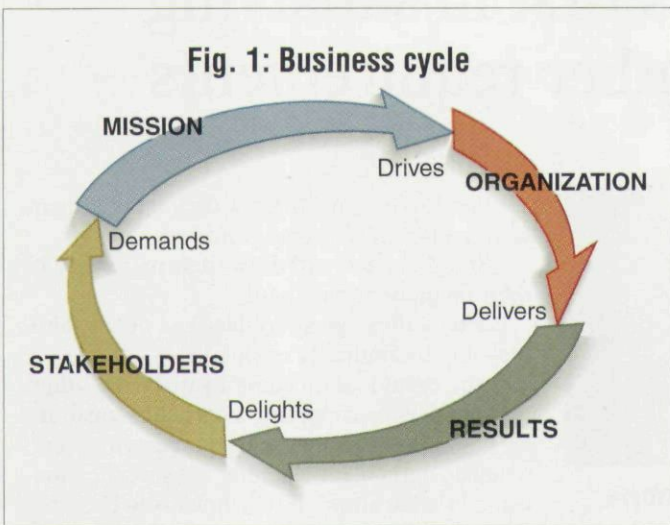
- The stakeholders consider whether their needs continue to be satisfied and through one means or another, redefine the demands they place upon the organization

## Culture is the elixir

Commitment starts at the top, so when top management declares what the organization is trying to do (its mission) and how it is going to achieve it (its processes), they also need to decide on the principles they will use to get it there (its values). Values are the beliefs that guide behavior and thus shape the culture. If management sets good examples

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Fig. 1: Business cycle



a process, one selects an action or decision and asks, "How does this align with our value of taking a factual approach or continual improvement or whatever the value happens to be?" If there is conflict, the action or decision is obviously inconsistent with the organization's values and should be changed.

**Summary**

Having started by being somewhat critical of organizations that have implemented ISO 9000, it has been shown that by putting stakeholders first, product quality, occupational health and safety, care of the environment or whatever the constraint imposed upon the organization can be managed effectively by taking a process approach to management.

Business processes having objectives derived from stakeholder needs will deliver the desired results if resourced with competent people, periodically reviewed and subjected to continual improvement in performance, efficiency and effectiveness. **PE**

and creates consistency, the values will become habitual and be passed on to their successors.

Selecting people on the basis of their competence, including the values they hold, will build a stable culture. Allowing selection on any other basis is a recipe for disharmony. But expressing values is one thing – demonstrating them is another. There is, however, a simple test. When validating

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