ANNEXURE – VI

QUALITY MANAGEMENT PRINCIPLES

Introduction

This document introduces the eight quality management principles on which the quality management system standards of the revised ISO 9000:2000 series are based. These principles can be used by senior management as a framework to guide their organisations towards improved performance. The principles are derived from the collective experience and knowledge of the international experts who participate in ISO Technical Committee ISO/TC 176, Quality management and quality assurance, which is responsible for developing and maintaining the ISO 9000 standards.


• In addition, it provides examples of the benefits derived from their use and of actions that managers typically take in applying the principles to improve their organisations' performance.

Principle 1: Customer focus

Organisations depend on their customers and therefore should understand current and future customer needs, should meet customer requirements and strive to exceed customer expectations.

Key benefits:

• Increased revenue and market share obtained through flexible and fast responses to market opportunities.
• Increased effectiveness in the use of the organisation's resources to enhance customer satisfaction.
• Improved customer loyalty leading to repeat business.

Applying the principle of customer focus typically leads to:

- Researching and understanding customer needs and expectations.
- Ensuring that the objectives of the organisation are linked to customer needs and expectations.
- Communicating customer needs and expectations throughout the organisation.
- Measuring customer satisfaction and acting on the results.
- Systematically managing customer relationships.
- Ensuring a balanced approach between satisfying customers and other interested parties (such as owners, employees, suppliers, financiers, local communities and society as a whole).

Principle 2: Leadership

Leaders establish unity of purpose and direction of the organisation. They should create and maintain the internal environment in which people can become fully involved in achieving the organisation's objectives.

Key benefits:

- People will understand and be motivated towards the organisation's goals and objectives.
- Activities are evaluated, aligned and implemented in a unified way.
- Miscommunication between levels of an organisation will be minimised.

Applying the principle of leadership typically leads to:

- Considering the needs of all interested parties including customers, owners, employees, suppliers, financiers, local communities, and society as a whole.
- Establishing a clear vision of the organisation's future.
- Setting challenging goals and targets.
- Creating and sustaining shared values, fairness and ethical role models at all levels of the organisation.
- Establishing trust and eliminating fear.
- Providing people with the required resources, training and freedom to act with responsibility and accountability.
- Inspiring, encouraging and recognising people's contributions.
Principle 3: Involvement of people

People at all levels are the essence of an organisation and their full involvement enables their abilities to be used for the organisation's benefit.

Key benefits:

- Motivated, committed and involved people within the organisation.
- Innovation and creativity in furthering the organisation's objectives.
- People being accountable for their own performance.
- People eager to participate in and contribute to continual improvement.

Applying the principle of involvement of people typically leads to:

- People understanding the importance of their contribution and role in the organisation.
- People identifying constraints to their performance.
- People accepting ownership of problems and their responsibility for solving them.
- People evaluating their performance against their personal goals and objectives.
- People actively seeking opportunities to enhance their competence, knowledge and experience.
- People freely sharing knowledge and experience.
- People openly discussing problems and issues.

Principle 4: Process approach

A desired result is achieved more efficiently when activities and related resources are managed as a process.

Key benefits:

- Lower costs and shorter cycle times through effective use of resources.
- Improved, consistent and predictable results.
- Focused and prioritised improvement opportunities.
Applying the principle of process approach typically leads to:

- Systematically defining the activities necessary to obtain a desired result.
- Establishing clear responsibility and accountability for managing key activities.
- Analysing and measuring of the capability of key activities.
- Identifying the interfaces of key activities within and between the functions of the organisation.
- Focusing on the factors such as resources, methods, and materials that will improve key activities of the organisation.
- Evaluating risks, consequences and impacts of activities on customers, suppliers and other interested parties.

Principle 5: System approach to management

Identifying, understanding and managing interrelated processes as a system contributes to the organisation’s effectiveness and efficiency in achieving its objectives.

Key benefits:

- Integration and alignment of the processes that will best achieve the desired results.
- Ability to focus effort on the key processes.
- Providing confidence to interested parties as to the consistency, effectiveness and efficiency of the organisation.

Applying the principle of system approach to management typically leads to:

- Structuring a system to achieve the organisation's objectives in the most effective and efficient way.
- Understanding the interdependencies between the processes of the system.
- Structured approaches that harmonise and integrate processes.
- Providing a better understanding of the roles and responsibilities necessary for achieving common objectives and thereby reducing cross-functional barriers.
- Understanding organisational capabilities and establishing resource constraints prior to action.
- Targeting and defining how specific activities within a system should operate.
- Continually improving the system through measurement and evaluation.
Principle 6: Continual improvement

Continual improvement of the organisation's overall performance should be a permanent objective of the organisation.

Key benefits:

- Performance advantage through improved organisational capabilities.
- Alignment of improvement activities at all levels to an organisation's strategic intent.
- Flexibility to react quickly to opportunities.

Applying the principle of continual improvement typically leads to:

- Employing a consistent organisation-wide approach to continual improvement of the organisation's performance.
- Providing people with training in the methods and tools of continual improvement.
- Making continual improvement of products, processes and systems an objective for every individual in the organisation.
- Establishing goals to guide, and measures to track, continual improvement.
- Recognising and acknowledging improvements.

Principle 7: Factual approach to decision making

Effective decisions are based on the analysis of data and information.

Key benefits:

- Informed decisions.
- An increased ability to demonstrate the effectiveness of past decisions through reference to factual records.
- Increased ability to review, challenge and change opinions and decisions.

Applying the principle of factual approach to decision making typically leads to:

- Ensuring that data and information are sufficiently accurate and reliable.
- Making data accessible to those who need it.
- Analysing data and information using valid methods.
• Making decisions and taking action based on factual analysis, balanced with experience and intuition.

Principle 8: Mutually beneficial supplier relationships

An organisation and its suppliers are interdependent and a mutually beneficial relationship enhances the ability of both to create value

Key benefits:

• Increased ability to create value for both parties.
• Flexibility and speed of joint responses to changing market or customer needs and expectations.
• Optimisation of costs and resources.

Applying the principles of mutually beneficial supplier relationships typically leads to:

• Establishing relationships that balance short-term gains with long-term considerations.
• Pooling of expertise and resources with partners.
• Identifying and selecting key suppliers.
• Clear and open communication.
• Sharing information and future plans.
• Establishing joint development and improvement activities.
• Inspiring, encouraging and recognising improvements and achievements by suppliers.