

ISO 9000 - Abacus Experience in Pakistan¹

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ISO 9000² and TQM are probably the most talked about topics in Pakistani corporate world today, very few businessmen, though actually realize what it really means to their businesses. The idea, as usual, is to follow the “trend” and try to implement these systems or philosophies in organizations with little or no planning and without consideration to the challenges that lie ahead. The result is obvious. Most managers trying to implement ISO standards or working towards establishing TQM culture in their organizations find themselves with too few weapons to fight with. A major hurdle is our industrial culture itself, which is not congenial to such structured ways of managing businesses and lacks trained and educated workforce and professional managers. Outside help is sometimes summoned in the form of consultants and trainers but not every one has the luxury to do so and not every consultant is equipped to perform the job. Without a system of accreditation of quality consultants, and having no formal method of evaluating their work, businesses find themselves at the mercy of “brief case” consultants! It’s normally discovered at a later stage when organizations have already spent a major chunk of the allocated resources and find themselves still struggling to bring a touch of quality to their products or services.

But inspite of all this the battle is not yet lost. The quality revolution or our version of the industrial revolution can still be brought about. And we, as quality professionals, think that it can be done with a complete and thorough review of the methods we are using to implement the fancy looking management concepts and international standards in Pakistan. We have to understand the strengths and weaknesses of our own industrial systems and analyze where and how systems like ISO 9000 and philosophies as TQM and Quality Circles can help us to transform our industries from low value adding businesses competing on lower cost to high value-added industries competing on quality, speed to deliver and sensitiveness to client needs. In this paper we present our experience with companies that are implementing ISO 9000 or working towards TQM.

Although our experience is diverse and we have had the chance to review many industries, from multinationals to local export houses, the emphasis in this paper is’ on the local industry which is struggling to compete with newly industrialized countries (NIC’S). Although this paper is based on first hand experience with organizations we had the chance to visit, nevertheless, we observed the same pattern time and again in other organizations and thus it’s a fair assumption that our observations and suggestions in this paper can be generalized for Pakistani owned and managed industries.

First of all let us segregate the businesses in Pakistan according to the class of people who are running it. This we feel reflects upon the style of management they are following and the kind of industrial sub-culture they have. This in turn has a bearing on the issues they face in implementing standards such as ISO 9000. In our opinion the division is:

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² In this article BS EN ISO 9000 is referred to as ISO 9000 or ISO standards.

1. *Traditional industrialists usually managing large groups of companies:* The size of the individual companies and the group itself forces the management, usually belonging to one large family, to delegate some decision making. The core decision making, though, still lies with the owner's family members. Although there are some exceptions, the observation can be applied generally to a particular segment of our industries. This observation however does not imply that the mentioned businesses are about to collapse or are not operating profitably. Large number of examples can disprove this assumption. But the scene is changing very fast. Some factors that are causing this change are; increasing competition for previously ignored markets, globalization of economies, GATT and the increasing demands of customers in terms of quality and standardization. In addition the newly industrialized countries and businesses from other fast growing economies are adopting an aggressive approach in capturing markets that were traditionally absorbing products from underdeveloped countries like Pakistan. All of this asks for bringing major changes in the management styles of our veteran industrialists and their past performance does not guarantee their success in the future. Their experience has suddenly become irrelevant to the demands of the modern principles which govern the business performances.

2. *Relatively new businessmen managing medium size enterprises:* They are relatively more professional in their approach as compared to the class of businessmen mentioned previously. They too, however, are facing some of the challenges that are causing their counterparts to rethink their business strategies. In addition the limitations they face in terms of resources prevent them from making the necessary investments in terms of training of their existing staff and hiring of educated managers who understand their business and are aware of the demands of the global market.

3. *Young and educated businessmen who have recently started their businesses:* They are the most pitiable of the classes of entrepreneurs in our country. They are educated, have a progressive approach towards business and are relatively well aware of the advancements in their sector of business at the international scene. They are willing to take risks but are often halted by lack of resources. This group of entrepreneurs, a large number of which possess professional qualifications from abroad, are facing the dilemma of their will to manage their business with strategies and systems which often does not take into account the key factors effecting our industry. They are striving for 'cultural change' while the winning strategy may be 'cultural performance', as suggested by *Sunder Raman Gopalan*³ In general this class follows the fallacy that the concepts taught at the best business schools in the world and the case stories in magazines like Business Week, Fortune, Forbes and The Economist, are all they need to transform their businesses to world class enterprises. This is not often the case. There are many surprises waiting for them. They suddenly find that the links between empowerment/motivation and productivity are governed by very unconventional principles at the shop floor level in the Pakistani industry. Another surprise is the very strategy on which their fellow businessmen are competing. This strategy is based on competition on lower costs and they do this by saving in terms of over/under invoicing, saving taxes through unfair means, defaulting on loans, paying less for lower quality raw material and through low wages for unskilled labor. The solution to this problem asks for change in strategies of our professional businessmen, whose success is probably our best bet for transformation of our industry. The new strategy should be based as much on the work ethics and industrial psychology of the work force in Pakistan as it should be on modern management concepts. This delicate balance is the key to the quality revolution which all quality professionals in this country are dreaming about. Consultant should lead our industry in the right direction. We should realize that systems like ISO 9000 need to be interpreted according to our industrial culture and any such system will have to face the obstacles that are responsible for stagnation in industrial growth.

Let us now address some of the specific issues that are responsible for a slow growth in ISO certified companies in Pakistan. These issues are more or less common in every type of industry and are

³ *Gopalan, S. R. 1994. From Cultural Change To Cultural Performance: A Down-To-Earth Approach To TQM: Quality World (Technical Supplement), September 1994, (115 - 122)*

haunting every type of businessman mentioned previously in this paper. The fact that only six companies are certified to ISO 9000 standards reflects the general failure of our businesses to implement ISO 9000 standards in Pakistan. The major industrial sector within locally owned manufacturing houses that are interested in ISO 9000 standards are: (the stars show the general level of interest in that particular industrial sector)

Table 1

Industrial Sector	Level of Interest
Textile Knitwear	****
Textile Spinning	**
Textile Weaving	**
Leather Goods manufacturers	****
Sports Goods manufacturers	***
Surgical Equipment manufacturers	****
Processed foods	***
Engineering Goods manufacturers	**
Electrical Equipment manufacturing	**

A sample of reasons for local industrialists to register for ISO 9000 standards are:

- Pressure from existing buyers
- To achieve greater market accessibility
- To improve the company's image
- To fulfill some contractual requirement of potential buyers
- To compete with foreign companies that are already registered to ISO 9000
- To capture better bargains in foreign markets
- Introduce management systems in their organizations
- Improve quality and cut down on wastage and rework costs
- To use ISO 9000 as a building block for implementing TQM

The specific problems in fulfilling different requirements of ISO 9000 standards (in context of different clauses of the standards) are:

Lack of proper Training and Education

This by far is the most commonly found' problem in the local industries we have had the chance to review. The educational level of workers, in some cases the supervisors as well, is a major obstacle in implementing some of the systems that are to be developed to fulfill ISO 9000 requirements. Take the example of the system of selecting suppliers for raw materials or services. The purchasers (who are often responsible for procurement of raw material) are simply not interested in the criteria, which ISO 9000 standards emphasize, to evaluate their suppliers. They are often screening their suppliers on the cost issues only. The idea of reviewing quality systems of their suppliers or actually visiting their manufacturing sites is very difficult to convey to the persons responsible for purchasing or to the Quality Manager, if there is one. Another example is the traceability of the product through the manufacturing process. The operators are generally not receptive to the idea of registering it on a form or on a tag attached to the product that a certain operation has been performed (giving reference to the operator) and that it has been checked and is according to the given specifications. The system for control of documentation circulated in an organization is also extremely difficult to implement in an organization whose employees are not used to recording internal information flow. Briefly stating, the overall educational level of workforce and their awareness of the quality concepts makes it difficult to bring the cultural change that is so important in implementing a standard like ISO 9000. To make people follow documented procedures and refer to them in case of problems is extremely difficult in our organizations. Mainly because most of the learning is experiential and traditionally there are very

few formally developed systems in place.

The discussion above does not suggest that ISO 9000 standards can not be implemented in our organizations. The long term solution is investing in employees and training them to be an effective part of quality systems. The first step may be to develop QA systems that are user friendly and fulfill at least minimum requirements of the standards. This will eliminate any unnecessary burden on the workforce's intellect. These procedures, satisfying minimum requirements of ISO 9000 standards, once implemented, can be built further to match the increasing level of understanding of quality systems, among its users. The long term strategy, though, must be to invest in education and training of employees. This will ultimately payoff in the form of an organization that is flexible and operating to a world class QA system.

High Turnover

Another factor causing considerable inertia in the wide spread implementation of ISO 9000 standards is the rate at which people leave organizations. Although the disease is widespread in every industrial sector, some (e.g. Textiles, Leather Goods etc.) suffer more than others. The high turnover rate, on top of creating organizational problems, restrains the management from making necessary investments in training and development of their staff. As a result we see most organizations being managed on "ad-hoc" basis with little or no planning for the staff development needs of the future.

Our top management and quality consultants have to come up with strategies to reverse the situation of high turnovers. This issue has much wider implications than most of us think. Our low productivity levels and the quality of our products are directly linked to the number of years a person has worked for an organization. Similarly the process of quality systems development is much faster and efficient if all persons involved during the development stage are working with the organization once these systems are implemented.

The right strategy in our opinion is investment in developing human resource management policies from the very beginning. In this respect the human resource consultants can play a major role and their expertise can be used for developing effective HR policies. This will help in defining proper growth oriented career paths for employees and will leave them with few reasons to move to other organizations.

Centralized Decision Making

Another problem in our local organizations is of 'decision-making' which revolves around a few top persons. The decision channels prevent any delegation of work and the management is usually not receptive to the idea of defining management responsibilities, if there are any. This of course is one essential requirement of ISO 9000 standards. The fact that they have to nominate a Quality Manager whose authority, in some cases, can exceed their own, is a matter of concern for our entrepreneurs. Another problem is the non-availability of professional managers, who can assume decision making roles, at salaries which these entrepreneurs are willing to pay. The overall result is that a large number of organizations are dependent on their CEO's for routine decisions like where to buy raw material from, whether to scrap a poor quality product and whether to hire a new supervisor.

In some cases the power of decision making is delegated but the managers lack the freedom they need to make an objective decision. They are often directed by the CEO's to act according to their wishes. This situation is directly effecting the implementation of ISO 9000 in local companies as the standards ask for definition of responsibilities and authorities for employees directly involved in maintaining QA system.

This can be tackled by educating the CEO's about the philosophies of ISO standards. The power delegation can be portrayed as taking some responsibilities away from top management. The benefits of the new arrangements can be emphasized as it will leave them enough time (from day to day managing of operations) to look into areas such as business development, new projects development and client relations. The top management must be able to realize if their time is worth spending on

deciding whether to hire a new machine operator or on purchase of a new machinery that will save manpower costs and can yield new orders. Once it is established that ISO standards are actually helping top management by taking some responsibilities away from them, the system becomes more acceptable to our industry owners.

General standard of standardization in the industry

Even if all is well within an organization one must admit it is operating in an Pakistani industrial system where very few standards are upheld. The organization is constantly interacting with the environment which is often not congenial to structured ways of doing business. Organizations find themselves dealing with customers asking them to start manufacturing an order without sending a written confirmation or without giving complete details of their requirements. Sometimes its the suppliers who are not willing to have you visit their manufacturing units to help in evaluation of their capabilities. Another problem may be of your suppliers capability to come up with products that are consistent in their quality. One garment manufacturer we visited complained about the fact that they always have a hard time finding buttons for their garment. If they are able to find the right kind of buttons that the customer has asked for, it is difficult for them to get the same in future if the customer sends them repeat orders. Therefore they are constantly in search of button suppliers making it difficult for them to stick to a pre-selected supplier. Adding to this dilemma is the fact that most suppliers ask for physical samples to deliver the product, which causes unnecessary delays in production. This is due to the fact that most industries do not have a standard of identifying products by part number or standard product code. Some of the issues discussed above do not directly relate to ISO 9000, nevertheless, still cause problems in implementing formal QA systems. Organizations trying to implement ISO 9000 think that they lack the required support from their suppliers and customers.

Since the problem is serious the solution is not an easy one. The right strategy may be of following Japanese in involving their vendors in the process of QA system and building stronger relationships with them. This will result in a system of suppliers that not only support organization's efforts to implement ISO standards but are also sensitive to the changing requirements.

Physical Layouts of Manufacturing Units

Another problem faced by our industrialist is the lay-out of their factories. The work flow is not professionally designed causing a haphazard movement of in-process goods. Also the space allocation for storage of raw material is normally not adequate. This often causes stacks of boxes lying in undesignated areas and not following the handling and storage requirements of ISO 9000 standards. As a consequence we have a high frequency of intermediate product and raw material damage. Another consequence is that often the items can not be traced back to the operator who did the final operation (in case of in-process goods) or to the vendor who supplied the product (in case of raw materials).

The solution to this problem lies in proper space allocation at manufacturing sites with proper space for manufacturing lines and stores. This does not always require thorough redesign of manufacturing units. In our opinion 80% of the problems resulting from improper layout can be solved with minor changes in existing layouts. Small steps like changing places of different work areas and proper design of storage racks can help organizations save their goods from damage and fulfill the handling and storing requirement of the ISO standards.

Scarcity of Calibration Agencies

The calibration of measuring and testing equipment is also a major obstacle on the road to ISO certification. The facility is only available in major cities and these too are not equipped to handle the variety of equipment that is currently being used in the industry. This issue can be resolved by establishing a network of calibration laboratories throughout Pakistan. Private sector can also explore their prospects in this profitable business and can support efforts by organizations like National Physical Laboratories and PCSIR.

Non availability of Quality Auditors

Some organizations complain about non-availability of quality auditors, once they have implemented the ISO standards. This causes financial burdens on organizations which most of the companies are not ready to incur. This situation can be tackled with the training of local employees in Quality Auditing and inviting outside auditors only at the stage of final audits.

Non-Availability of ISO 9000 Standards and other supporting Documentation

The local standard institute often does not carry the updated version of ISO 900 standards and other supporting documents. Thus making it difficult for small industries to acquire the documents required to get started on route to ISO certification.

Role of Consultants in Implementing ISO 9000

Consultants, in our view, can play a major role in helping our industry to resolve some of the issues during ISO 9000 implementation process. Our analysis of different organizations, in the process of ISO registration, yielded interesting results. It was generally observed that companies who hired outside consultants were able to complete the process in much lesser time and resources thus reducing the overall cost as compared to what other companies spent while completing the process in-house. A number of organizations started the implementation process and found themselves hitting a brick wall. This was due to the fact that the persons responsible for the process were also performing their day to day tasks and were not available to devote enough time and attention to lead the assignment. Another option that was followed was of hiring an ISO Project Manager and considerable time and money was spent on his/her training which resulted in cost increase. The overall cost of implementation in this case was even higher than the consultants.

The analysis suggests that organizations have to plan the ISO project very carefully. They should be able to identify specific areas where they might need consultancy and allocate their internal resources accordingly. In some local export houses the idea of in-house implementation does not work at all because they do not have professional managers to guide the process. These organizations are better off contacting experienced quality consultants and using their expertise for faster implementation of the standards.

Another area that requires consultation is cultural/behavioral change. ISO standards asks for a new way of doing business that is more structured and follows a predetermined (standard) procedure. Such a management culture is not a norm in our industry and most organizations find themselves struggling with people's behaviors. This opposition is present in almost every organization we visited. The resistance can be countered with using some motivation principles and extensive training. The "problem makers" should be made part of the process of systems development until the point where they start owning the system and use it at their jobs. The Organization Development and Change Management Consultants are usually the right people to contact for cultural turnover.

Conclusion

Some of the challenges faced by our local industry in terms of implementing ISO standards are briefly mentioned in this paper. An issue clearly emerging from our discussion is that ISO 9000 standards ask for more than just developing a set of manuals. It addresses wider issues such as training/education of workforce, improvement in support facilities for industry and the basic flaws in our industrial culture. We firmly believe that widespread implementation of ISO standards will ultimately lead to increasing our competitiveness and will help us bring those long overdue changes, in the way we do business. This must be our goal as consultants or practitioners of this country.