

Setting Quality Objectives – 5.4.1

Introduction

Clause 5.4.1 of ISO 9001 requires the organisation to 'establish quality objectives at relevant functions and levels'. The question is, what are quality objectives, how many should there be and how do I go about setting and measuring them?

Perhaps the word quality is a little misleading here as we may be better thinking more of business objectives. Ask any senior manager in almost any organisation about objectives or key performance indicators (KPI's) and they will normally think of financial objectives first. That is fine but the clause also mentions that they must include 'those needed to meet requirements for the product'. In other words, at least some of the objectives should be aimed at improving the product or service the organisation provides to its customers.

The process of setting and measuring objectives can be broken down into the following steps:

- 1 Identify areas where objectives will be set
- 2 Measure existing performance
- 3 Identify the reasons for the 'under-performance'
- 4 Develop S.M.A.R.T. objectives and a strategy to achieve them
- 5 Measure performance against objectives
- 6 Modify objectives and strategy as required

1 Identifying Areas for Objectives

When considering where objectives should be set, it is worth looking at what you want to improve. There seems little point in setting an objective to improve something which does not need improving e.g. if a delivery company is achieving 99.9% on-time deliveries, there are probably other areas of greater priority.

Areas requiring improvement will often be known to the organisation or can be identified from the likes of customer complaints, nonconformities raised, audit findings, scrap levels, process performance measurements, etc. It is advisable to select only a limited number of areas for setting objectives so that they remain manageable.

2 Measure Existing Performance

Having identified an area where an objective will be set, you now need to measure the existing performance of the activity e.g. how much scrap is being produced/day or week? How many complaints about damaged goods are being received/month? How many deliveries arrive late/week? How many projects overrun and by how much? What is the average amount of time taken to produce a quotation? How many delegates were unhappy with which training courses?

It is important to be honest with yourselves when doing this or you will obtain distorted figures. Note also that we try to put results into context by using not just a number such as 5 complaints, but 5 complaints/week or /month.

3 Identify Reasons

If we are going to improve performance we need to identify possible reasons for the results currently being achieved. Some of these may be obvious and we should not be afraid to take the easy option as a first step. Don't make the task more difficult than it needs to be.

Other times, it may take more effort to identify the underlying reason for the problem. In this case it may be worth forming a small working group of people involved in the task to conduct a more structured problem solving activity using tools such as brainstorming and fishbone diagrams.

4 Develop Objectives

We should now be in a position to develop objectives and a strategy for their implementation which are designed to drive an improvement.

Objectives should be SMART:

Specific
Measurable
Achievable
Realistic
Timely

If you simply said that you wanted to reduce customer complaints this year, you may go from 50 to 49, you have achieved your objective but done very little to improve your performance.

So you put in a value – you want to reduce customer complaints by 50% - just record half of those you receive. Again, you achieve your objective but don't improve performance or satisfaction.

i.e. a warehouse has identified that it wants to reduce stock damage from the existing level of 10% of all orders sustaining damage due to poor handling by operators.

They have measured the existing performance and identified the primary reason for the problem. To set a target of 0% damage is unlikely to be achievable and to do so may be seen by the operators as unrealistic, therefore they are unlikely to be motivated to achieve the target.

Take reasonable sized steps towards the desired target e.g. try reducing it to 6% by providing refresher training for the operatives and improving the handling equipment (or whatever solution was identified during the problem solving phase).

If there are documented procedures for the activity under review, any changes in the defined processes should be updated in the procedures.

5 Measure Performance

Following a suitable period of time, you can now monitor the ongoing performance against the objectives set to determine if the actions have been successful. Internal audits are a good mechanism for helping to monitor these objectives.

6 Modify Objectives

Now that there is a sound system in place for controlling the process and its objectives, they can be reviewed and consideration given to amending them as required.

Summary

A process such as the one described above can bring real benefits to an organisation by saving money and enhancing customer satisfaction. It also helps to ensure that the organisation meets some of the less well known clauses of ISO 9001 such as 5.4 Planning, 8.2.3 Monitoring & Measuring Processes, 8.4 Analysis of Data and 8.5 Improvement.

A word of warning though, don't let meeting objectives supersede running the business, they are a tool, not a goal in themselves.