

Vista

The Newsletter of the Quality Audit Division of the American Society for Quality
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■ QUALITY
■ AUDIT
■ DIVISION

QAD Mission

To support auditors and other stakeholders by defining and promoting auditing as a management tool to achieve continuous improvement, effective communication, and increased customer satisfaction.

QAD Vision

To be recognized worldwide as the preeminent body of expertise on quality auditing.

The primary objective of ASQ's Quality Audit Division is to promote broader application and use of quality auditing principles for effective general business purposes. This objective is advanced through:

- A. Defining and publishing standards of quality auditing applicable to all businesses and industries;
- B. Establishing a program for Quality Auditor certification;
- C. Preparing and publishing training and educational material on quality auditing;
- D. Preparing, reviewing, and presenting technical papers, seminars, and tutorial sessions relating to quality auditing;
- E. Furnishing qualified speakers in the field of quality auditing for ASQ events and for other reputable organizations;
- F. Maintaining an authoritative bibliography of articles, papers, and standards on quality auditing principles, techniques, applications, and methodologies;
- G. Representing ASQ on national and international committees regarding quality auditing standards.

Vista is published three times a year, as a chief information resource for members and friends of ASQ's Quality Audit Division.

Information about the ASQ Quality Audit Division may also be found at <http://www.asq.org/audit>.

Reminder: All ASQ Quality Audit Division (QAD) endorsed communication and/or use of QAD's logo must be approved by the QAD chair.

Chair's Message

by Mark Kempf

Hello fellow members of the Quality Audit Division! Thanks for taking the time to read this, the latest edition of our newsletter, *Vista*. Quite a busy year it's been for the QAD. We enjoyed a successful conference in St. Louis, and we were able to provide a large division presence at the World Conference, held in Seattle this past May. If you didn't have the opportunity to attend the World Conference, please try and get to the next event, being planned for May 2006, in Milwaukee.

We have two big news items to share, information that I'm so pleased to share with our members. First, we are changing the timing of our annual Quality Audit Division Conference. The past 14 years, we've been conducting our conference in the February/March time frame. We've found that those months conflict with other division events, and the annual ISO conference. During the strategic planning session we held last fall, the officers agreed to move the timing of our annual event to the autumn. Our next conference will be in October 2006, and we'll meet at the Hilton Hotel in Reno, NV. The Reno Hilton is one of our strategic partners, and as such, we've been able to negotiate very attractive room rates for our attendees and very good deals on meal and break prices.

The second item of great interest is our agreement with RABQSA. Truth be told, the QAD and the then RAB had a bit of an adversarial relationship. RAB did not recognize the CQA credential in their educational requirements for RAB certification status. Our immediate past chair, Donald Mutziger, and our RAB/QAD liaison, Wendy Finnerty, working with Cindy Miller of RAB, finalized an agreement that allowed CQAs in good standing to attend only 16 of the 40 hours required for training related to attaining RAB certification. That was a great time and money saver for our members. We've now taken the next step.

The RABQSA now recognizes that the CQA examination and related criteria meet the knowledge-based competency requirements of RABQSA's accredited QMS auditor certification. This is a tremendous benefit for our CQAs. A short, online examination is required, and you can access the information by visiting this Web address: <http://rabqsa.com/news.shtml>.

We've posted Frequently Asked Questions on our Web site, explaining the particulars of this valuable program. I hope that all CQAs consider taking advantage of this valuable benefit. I would personally like to thank John Mascaro, QAD vice chair administration; and Michael Carmody and Shanya Salamaca, both of RABQSA, for lending their considerable expertise to this initiative. More information can be found on the QAD's Web site (<http://www.asq.org/audit>, click on **Quality Auditor (CQA)** under **Browse along the left column**). Also, take advantage of our discussion board, at the same address; click on Discussion Boards under the Tools heading.

Again, my fellow auditors and friends, thanks for catching up on QAD news and happenings, and please offer your thanks to Ruby Ivens for taking the time to edit our great newsletter.

Stay Well,

Mark Kempf
Chair, Quality Audit Division

Editor's Note

This edition of *Vista* welcomes a new executive board. Mark Kempf, chair, and Ruby Ivens, treasurer, were part of the previous executive board. John Mascaro is the vice chair of administration, George Callander is vice chair of technical, and Nancy Boudreau is secretary, and all are new to the board. The board will meet in October in Milwaukee to develop a new strategic plan for the division. You will be able to read about the work of this session online in November.



Ruby Ivens

Please review the organization chart at the end of *Vista* for contact information for board members and vacancies on the executive council. Do you have the experience and time to fill any of these vacancies? Contact any board member to volunteer. It promises to be a rewarding experience. Also, note any changes in contact information in your personal address directory.

If you missed the last QAD Conference in St. Louis this issue brings you the opportunity to read the opening keynote address by Allan Sayle. He has been described as thought provoking, highly popular, often controversial, but "ahead of the game." At a time when jobs are leaving the country or you may have experienced a "downsizing" or buyout of your company, this address brings a new perspective to quality auditing and perhaps your future.

As you know the next QAD Conference will be held in October 2006. *Vista* will bring you additional presentations from the St. Louis conference. We hope this encourages you to attend the 2006 QAD Conference so that you get the full benefit of the latest thinking and methods for providing auditing services.

Do you have a story to tell or an article to write? *Vista* is an opportunity for writers to share their ideas and information. Inquire to the *Vista* editor, e-mail address listed below. Or, just submit your article to the same e-mail address for consideration.

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ASQ Quality Audit Division
14th Annual Quality Audit Conference,
St. Louis, MO, USA
Keynote address, March 10, 2005

Auditing — At the Dawn of Opportunity

Delivered by Allan J. Sayle, President,
Allan Sayle Associates

About Allan J. Sayle

With more than 30 years' experience and being internationally known as a leading authority in auditing and business improvement, having an impressive global list of clients and a formidable track record of spotting business trends and needs, Allan Sayle is uniquely placed to deliver this keynote address.

His talks are always thought provoking, highly popular, often controversial, but "ahead of the game." Since our first Auditing Conference in 1992, he is the only person who will have delivered major addresses to us on four occasions—a mark of the authority with which he speaks.

He is finishing a trilogy of new texts on value management and improvement techniques, which will be released in 2005.



"Quality auditing" is at the most significant crossroads in its history

Either it will become a premier business tool whose deployment is demanded by top management or it will languish as a low profile matter, almost shunned by executives and process owners alike. Those within its ranks must choose which way to go. Making the right choice will place them at the dawn of opportunity that I believe is being created by an incipient, unprecedented confluence of global forces and trends. It will enable the *dedicated* professional assessor to sparkle and prosper.

The business of nations

Calvin Coolidge averred America's business is business: globalization means every nation's business is business. (In fact, it always has been so.) There are, in fact, two distinct global battles ensuing for every nation: one, for international trade and customers; and the other for international finance.

They are inextricably linked, affected by the viability of a nation's economy. The U.S. trade deficit now exceeds a rate of \$700 billion/year proving America is not winning the first battle. The fall in the value of the U.S. dollar since 2000 and current speculation about a possible collapse in its exchange rate shows America is losing the second.

That current account deficit is unsustainable as is the government's future obligations for social welfare programs, estimated by *USA Today* as \$53 trillion. Who will pay those bills? Rather, how will the money be earned to pay them? Only by making its domestic enterprises into globally competitive entities can America rectify its fractured economy. For the professional assessor: threat, no; opportunity, yes—to contribute to the nation's prospects. But, how?

Globalization

Globalization is centuries old. It caused America to prosper and reach the status of the world's largest and richest economy. A challenging phenomenon, it confers the benefits of successful trade on those who possess or create a comparative advantage over others. (That is an economic principle attributed to Englishman David Ricardo.) The professional assessor must help its client or employer identify, pursue, and maximize that advantage. Improving trade and helping business develop world-class products offering value for money, VFM is the key to winning those two global battles. It is also the key to job creation.

Americans, like others, often view globalization as the destruction of domestic jobs by emerging nations' low costs of labor. The associated outsourcing and offshoring, O&O, are often perceived as a threat. And, yet, neither is new and neither one is irreversible, as is popularly supposed. That fact presents an opportunity for assessors. The costs of ownership difference between competing suppliers and the cash flow implications of location and of time to market determine a buyer's sourcing decision. By showing leadership in aggressively identifying avoidable costs, a quantified business case might be made to repatriate work temporarily (or potentially) lost to overseas competitors. Business needs that information: We could supply it.

Trends in managing business

For responding to globalization, enterprises can take advantage of a significant trend occurring in "quality" and individual auditors can play a key role if they will make the transition and become "assessors." So, too, can the movement as a whole, provided it is willing to change its business model, of which more, later.

The bifurcation in "quality"

The distinction between quality management and business management is blurring: Eventually it will disappear. As

a result, a significant bifurcation has appeared in quality activities. Quality now has two branches summarized in the following table. We can see from it the principle activities that are getting management attention and support: Compliance auditing is not a feature.

Branch	Deals with	Audit trend
Process management	How processes must manage their work.	Process auditing. Self-auditing (Six Sigma, etc.).
Management processes	What management processes the organization needs.	Management auditing. Value assessing.

Modern business now recognizes process management as the province of process owners. Indeed, product quality tools are migrating to them enabling them to control better their own work. (Something for which quality professionals have campaigned for years.) In tandem, a major trend in auditing is revealed: Process owners are becoming "Six Sigma" people, searching for cost reductions and productivity improvements. Crucially, they are enjoying considerable success because they understand their processes. Management support has come naturally in train. Contrast the typical compliance auditor who can only perform bureaucratic checks and parrot ISO 9000 clauses who receives little attention. So, process owners are the new age internal (and external) auditors—self-auditors—I have advocated since the 1980s. They are better-trained descendants of the old quality circle schemes, faddishly popular in the late 1970s and early 1980s. And how gratifying it is, after some 30 years of effort to see one's own approach—the process approach, a.k.a., the "task element" approach—now adopted as the standard way of organizing and "auditing" quality programs.

At a higher level comes "management processes." When their quality is poor, business results and the product rapidly reveal the fact. Greater amounts of value are destroyed, not created. It is in concentrating on business management processes that the professional assessor will prosper: It is a central part of modern business improvement programs.

Business improvement programs, BIPs

In dealing with competition, management priorities are: creating and keeping customers; preventing or eliminating avoidable costs; improving productivity; and, managing the balance sheet which, currently, requires reducing leverage, in preparation for rising interest rates. All of those are features in an effective BIP. Each one requires the careful selection, organization, and improvement of the management processes. Otherwise, avoidable costs will

inordinately rise. Assessors can greatly assist with each—if they are business savvy.

Avoiding loss is the prerequisite to making a profit. Loss avoidance and survival come first; a profit is a possible bonus. We can see sporadic cost-cutting campaigns, concentrating on “pencils and paper clips” economies, are vanishing, replaced by durable BIPs. They are now being viewed as a key strategy upon which cash flow and survival depend.

And it is not just about direct cost savings. Loss occurs in other ways when the organization fails to meet society’s expectations. In their recent response, Sarbanes-Oxley and the activities of New York’s attorney general have created demands for increased transparency, affecting all organizations, which will become a feature of BIPs. Management processes and process management will need to be assessed, to avoid the risk of prosecution and penalty. Management will need assistance from competent assessors in dealing with these new realities.

New tools and techniques

Significantly, top management is driving the BIPs, pursuing proven tools for whittling down and preventing avoidable costs. Auditors need to learn and apply them in order to become assessors. To effectively assess management processes, other tools must be acquired and skillfully applied. Here are but two:

- Value assessing. Not to be confused with compliance auditing popularly dressed up as “value-added auditing,” it delivers a superior service, a real contribution to business results, not bureaucracy.
- Value Indexing™, a new tool, is emerging, which should finally assist organizations to truly track the extent to which suppliers (and internal activities) improve their value for money, VFM, performance.

It is in that learning and application that the individual chooses the road to professional advancement and success.

The needs of particular economic sectors

Apart from the general challenge of globalization confronting business, there are many economic sectors in which opportunity knocks for professional assessment activity.

Education

Global competitiveness, national prosperity and security, *in fine*, depend on the quality of the education system—at all levels. Numerous, well-informed commentators in America’s serious journals and media continue to express concern that America is slipping behind others. The entire education system needs a BIP of enormous proportions—now. It offers a huge opportunity for us to use value assessment skills, revealing how that vital sector could improve.

Energy

The days of cheap oil and energy are gone. As global demand grows, the law of supply and demand will prevail. Adroit deployment of forward energy contracts (hedging) confers no effective permanent policy, only a temporary respite on input costs whose long-term trend is upward. Organizations lacking energy management or planning will be competitively crippled. Though other nations might enjoy lower labor costs, a more energy-efficient nation can reduce its process costs by way of response. Confronting this reality and issues of global warming is unavoidable for any organization.

Specialized energy assessors can contribute by assisting firms with an urgently needed revamp of their energy policies and practices, and by constantly value assessing energy usage. They will possess particular skills and knowledge including: energy metrics, conservation, carbon trading programs, and how to cost and introduce new, alternative energy sources. And, they will be involved in the design of new buildings and workplaces.

Capital plant and construction

Apart from the construction of new, energy-efficient buildings, consider the following:

- Addressing America’s (if not the world’s) energy issues will revitalize power engineering and construction. A huge raft of capital projects will be floated as new capacity is built and aged, inefficient plants are replaced. Installations ranging from wind farms to waste recovery plants, distributed generation installations, solar panels and hydrogen fuel cells will be built.
- America’s nuclear industry will experience a renaissance as new, safer (pebble-bed) types of reactor are constructed.
- America must reengineer and renew its creaking power grid. The massive August 2003 blackout demonstrated how vulnerable is the economy to power loss, however induced. Power supply is the organization’s jugular vein; uninterruptible power supplies are needed.
- A glaring shortage of petrochemical refining and processing capacity needs rectification. And, increasing use of natural gas will require a larger associated infrastructure.
- Recently, the rust has been coming off America’s rust belt and basic goods exports are rising. As global economic expansion continues its explosive demand for basic materials, one might also expect new mills, foundries, and smelters to be built, replacing aging, less efficient ones and increasing the nation’s capacity.

In aggregate the capital investment for those improvements will amount to hundreds of billions of dollars requiring sound assessments to prevent cost overruns, late completion, and waste. Each sector will need dedicated

assessors unwilling to compromise over matters of project management, quality, safety, and the environment.

Environmental protection

This is another fertile ground for specialist auditors. Quality programs are steadily increasing their attention on recycling and control of byproducts. That trend will continue. To be of use, though, assessors must become cognizant of material and process technologies and associated issues. Otherwise they cannot be constructively involved or make a contribution beyond trivial bureaucratic checks.

Demographics and services

Retiring baby boomers will demand new and better services from business and all levels of government. In being the 1960s generation of protest, unlikely to tolerate substandard, inefficient, or bad service, they are accustomed to making their voice heard, taking action if necessary: a stentorian “voice of the customer” can be expected.

Only foolish organizations would presuppose a captive market of boomers. Tapping into their considerable spending power necessitates immediately pursuing substantial BIPs; complacent organizations will be crippled by global competition. Boomers will significantly affect organizations and professional assessors ought to be energized by the consequent need for their services. Here, now, are a few examples.

Healthcare

The *quality*, not the quantity, of healthcare available in America and the VFM it provides as experienced by the patient, will be the prime concern. By surfing the Web, boomers will find what they want, where it is, and whether it offers a VFM proposition. Internationally, healthcare is a fast growing sector that will become enormous.

Many nations already offer excellent, world-class services at a fraction of current American prices. Their teaching hospitals, medical research facilities, schools, and certification schemes lack for nothing: India is an example. Legions of Indian-trained doctors work in America. Back home, their peers also offer excellent services costing, for cataract operations, \$50-\$300, and, for a “Jaipur Foot,” \$30. In America, they can cost \$2,000 and \$1,500, respectively.

In 2003, 150,000 international “medical tourists” flocked to India: 1 million to Thailand, many for major procedures, demonstrating those nations’ comparative advantage. America’s boomers will surely follow, recounting to others their satisfaction, turning a trickle into a flood of patients seeking offshore treatment. Insurers and healthcare schemes eventually comprehending what is available internationally will probably amend their policies and willingly reimburse overseas healthcare providers, as it

would make sound business sense. Even the frequency and cost of lawsuits may also plummet when offshore health providers do the job.

To respond and prosper, America’s healthcare industry must improve its VFM proposition, and bring its egregious excesses and inefficiencies under control. Professional assessors, it is time to step up and show how.

Financial services

All types require urgent improvement. Apart from issues of transparency, protection, probity, and prudence demand attention. Preventing identity theft, estimated by some as at 7 million USA cases per year and rising, and fraud are serious challenges. The nation’s (and boomers’) financial assets and savings warrant better processes and safeguards than exist at present. Quality in the financial service sectors needs constant review, development, and assessment. And these, too, are not necessarily the preserve of American domestic companies: already, emerging nations are prospering by delivering cost-effective, quality products. Step forward the financially savvy assessor: You are needed.

Information technology

IT is central for running organizations. IT industry and departments must improve the quality of their products, services, and management processes to thwart the (foul) objectives of hackers, viruses, spy ware, phishing, scammers, pornographers, and identity thieves. Specially trained assessors are needed in greater numbers to help in keeping IT design and operation ahead of miscreants. If American IT companies cannot or will not do this, foreign entities can, and will, take the lead.

Cutting-edge technology

Money is pouring into research and development of arcane technologies. The outcome of stem cell research, of work on the human genome, of bioengineering, of nanotechnology and space, can only be guessed. But, when arriving as commercial applications each will involve new processes compelling the development of innovative quality programs for supplying the associated products and services into the marketplace. Assessors will play a key role in assuring safety, efficacy, and cost-effective management processes.

Dawn of change

Management wants people they can trust to find facts, people who can offer solutions and deliver improving results. The quality of assessors’ service will determine the level of demand and respect earned. In order for assessments to get a seat at the high table of business tools, “auditing” must change its business model. Doing so will involve tackling some thorny issues, and dealing

with a number of problems which, given good will and effort, can be resolved.

Here are but a few matters:

1. Various incidents collectively suggest “auditing” at present is ineffective and needs improvement. Recent debacles in the pharmaceutical sector (outlined in the accompanying table) involving the world’s largest drugs companies coming relatively soon after the Ford Explorer rollover tragedies and all too frequent product recalls in the automotive and other sectors strongly refute arguments that this matter, of audit efficacy, is confined to an isolated incident or a single, untypical “rogue” firm. The conduct of major corporations is highly influential in determining standards for auditing. The evidence suggests there might be a generic problem with audit practices, with the service *we* provide. Maybe the precepts of professional performance are not put into practice.

Company	Product
Merck & Co.	Vioxx
Pfizer Inc.	Celebrex
Eli Lilly & Co.	Strattera
AstraZeneca plc	Iressa; Crestor
Chiron	Flu vaccine
Boston Scientific	Stents
Schering Plough	Asthma inhalers (1999-2000)
Source: <i>BusinessWeek</i>	

2. In the pharmaceutical incidents, several times the questions were raised: Is the FDA as diligent as it should be; and did the companies ignore known risks? They will eventually be answered. So one wonders, how good are the FDA auditors? Of course, if they need to improve in any way, the media, legislators, and political lobbyists will discuss that matter!
3. But, it raises a more disturbing issue for those in non-statutory auditing. In all probability the companies’ and FDA’s auditors were appropriately qualified in the pharmaceutical field, knowledgeable about GMP, and experienced in the associated processes. If so, what chance could an occasional audit by a registrar, naturally less familiar with the intricacies of drug R&D, manufacture, quality control, and distribution, have of making a substantial contribution to public safety and drug efficacy? If government auditors are ineffective despite their legal mandate, available power and resources, one might then ask, can registrars be truly effective?

If those drugs’ firms were ISO 9000 registered or similar, did they or will they lose their certificates? Just as the UK authorities (not the FDA) closed down Chiron’s Liverpool vaccine plant, it is my belief that such certificates ought to be immediately suspended or withdrawn when death or serious injury does or might occur. *Res ipsa loquitur*, as the legal profession would say: The thing speaks for itself. How else could the registration component of the auditing profession retain credibility? If it loses credibility, all “auditors” suffer in consequence by association.

What should be done to help improve the registration process? As will be mentioned, later, one can strongly argue it deserves some changes to its governing regulations. (Perhaps the newly formed RABQSA International will be of assistance. Considering the consequences of globalization on quality, that merger is a welcome development, one hopes is able to get to grips with these issues.) The registration industry must consider carefully its position, policies, and schemes. The drugs’ debacles present a magnificent opportunity for it to show how it deals with such situations, acts in the public interest, and is to be relied on.

We cannot simply blame management for whatever shortcomings in “audit programs” there may have been. Auditors must be mature and professional enough to accept some amount of *mea culpa*. Internal auditors, registrars, and statutory auditors alike must do that. It is time they worked together more effectively for the interests of all stakeholders, none of which benefit from poor quality programs, products, and services. So, let us revise our business model and then explain to our managers why the resulting service will be superior in reducing avoidable costs and risk.

Revising the business model

It is not in an organization’s interest to skimp on its assessment program. But, management needs to be convinced of its cost-benefits. The track record suggests auditors have been less than effective in that. Indeed, every day expensive advertisements in newspapers, prestigious magazines, and on television show business willingly pays to announce quality awards conferred by J.D. Power & Associates, thereby considering they have greater cache than ISO 9000 styled certificates or the Malcolm Baldrige Award — America’s “flagship” quality award. The latter two seldom if ever feature in TV ads.

To move forward necessitates a root and branch overhaul of the governing bodies, committee membership, standards, and so forth. It is in the interests of all who wish to earn a living as assessors to campaign for one. My experience suggests a revised business model should embrace the following, as a minimum:

- Expectations of and requirements for being a professional assessor will broaden and deepen so the requisite qualifications and training schemes must be revised accordingly. A profession cannot risk allowing other than the most diligent/qualified people to be qualified as assessors, notably in such sensitive industries where health and safety are involved.
- Discredited and ineffective methods, training courses, qualification schemes, and so forth, must be discarded. (The old docs and sticker stuff has had its day.) This will require a willingness to resist the demands for diluting or compromising upgraded requirements those unwilling to change, the incompetent, and the underperforming will make to protect themselves in preference to supporting our profession. If necessary, they must be politely shown the door!
- Offering solutions must become a main feature of the assessment service. Management wants this, as its pursuit of initiatives such as six sigma shows. Concerns about “conflict of interest,” COI, need discarding. As we have observed from the millennium’s scandals in the financial auditing world, the real concern, for COI, is that an assessor might collude in covering up malfeasance, malpractice, or malfunction because of pressure exerted by the real paymaster. Trying to help through offering advice on business improvement is a totally different matter: It can only help the various stakeholders involved. And, events prove, advice and assistance is what management—our customers—wants.

Having carefully considered the matter, it is my view that internal auditors’ phony COI concerns are a major reason why ISO 9000 programs have been less effective than they should, why management has become frustrated with them, and why registration numbers are falling.

- In discarding COI concerns, registrars must be permitted to offer help and advice. Contrary to common belief, I would like to see a stronger registration industry. It is something for which I have pressed since the late 1980s. Indeed, my belief in the need for a professional registration service can be found in all of my management audit books dating back to my first manuscript, written in 1978. Also to see them prospering through being more involved in business performance matters the regulations need changing to allow them to do so and the registrars themselves need to learn about and undertake value assessments. Being a high profile part of “auditing,” the quality of their service has a major influence on management’s opinion of our profession. In my view it is time we removed those restraints imposed on registrars. But, safeguards concerning how they will then discharge their duties will be needed. (Current space and time constraints prevent from further elaborating.)

- It is misleading to argue that assessors are not responsible for quality. This belief must be corrected. While it is true, in the direct sense of not being the process owners, assessors are placed in a position of trust to advise whether or not the organizations’ policies, practices, and procedures will be efficacious. A key duty is to advise of risk: For this, the assessor must comprehend the consequences of failure.

Only the most foolhardy manager ignores a written assessment report that raises verifiable facts of inefficiency and of risk. In the absence of that advice, is it unreasonable to suppose management will decide to proceed knowing not the associated risks?

- When studying nuclear engineering, at the University of Strathclyde, as the course concerning radiation began, my professor projected explicit photographs showing the effects of radiation on human beings. When working in the nuclear power industry I never forgot those sickening images. Later, when joining the offshore oil industry, a frightening movie recording an actual “blow-out” of an oil platform, forcibly demonstrated the vulnerability of the platform workers.

The consequences of poor quality and sloppy auditing were made apparent by those experiences: They probably made me a better auditor and are responsible for my maxim, *“Never lose sight of the product.”*

So, I contend assessors should be required to see similar, graphic material pertinent to their industry’s products, and that it should be a mandatory part of their training. They need to fully comprehend the consequences of failure. Assessment is not a game. It is not a cash cow. It is serious business.

Why are you here?

The bifurcation of quality and other events show management has taken the initiative to get the service it wants: with or without the audit profession being its providers. We must not be left behind, becoming an irrelevance. There may not be another dawn like the one now before us. In 1995, at your Baltimore Conference, and in 1999, in Houston, I advised of the need to offer a value-added service: Value assessing will be that service unless it is destroyed by the usual admixture of sleazy consultants and trainers stealing the expression and labeling their same old wine bottles with it.

As you attend this conference, some personal introspection is advisable: Ask yourself, why are you here, what are your goals and personal professional standards? What are the standards you believe are appropriate for our profession and how can you be of assistance in raising them? What is needed to benefit your employer? Is this conference helping? Do not be afraid to provide constructive feedback

about the presentations you attend, especially if you think they are not conducive to professional improvement. You may not personally get involved in standards committees and similar, but each of you is vital to the success of this profession: Your contribution is important.

Make this conference the dawn of your new professional life. Unprecedented opportunities are at hand; we only need to respond appropriately.

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Allan Sayle can be contacted through <http://www.sayle.com>.

Listen Up; Stop Bitching and Complaining and Get With the Program! What's wrong with you folks?!

by Roderick S. W. Goult

January 2005 saw the launch of the new accredited RABQSA competency-based personnel certification requirements. These included auditor modules that create new certification processes for quality and environmental auditors, among others. With the launch of this program, RABQSA also published its transition timeline for the phase out of the existing training and certification processes. More recently the transition arrangements have been published that will enable currently certified auditors to transfer their certifications into the accredited scheme.

When I presented a paper on the new program at the Quality Audit Division Conference in March this year, an audience of about 50 delegates listened carefully, asked a bunch of very intelligent questions, and appeared to be reasonably receptive to the new processes RABQSA had introduced.

Since then I have been at meetings where RABQSA senior staff have made presentations about the changes to groups of 'professional' auditors, and have been met with substantial push-back and resistance. In individual discussions with attendees I have been utterly amazed to hear the level of opposition to a program that is designed to do one thing and one thing only—improve the overall standard of audit performance.

What is Wrong With These People?

Current auditor training and certification processes have remained largely unchanged for 20 years, as has the general standard of management system audit. This is one of

the reasons why third-party certification comes under such criticism. Our customers don't see the value they expect from their audits, neither internally nor externally. They stay with a certified system because their customers demand it, not because they see any benefit. Large areas of the major procurement base of industry all over the world are expressing discontent with current activities, and some have junked them.

Look at the facts: The automotive industry decided that standard third-party certification wasn't meeting its needs, so it has broken out of the system and established its own auditor approval process and certification body approval process for QS-9000, its associated standards, and TS 16949.

The aerospace industry has done the same thing, only it has chosen (for the moment) to stay within the existing structures, but not with the existing processes.

The telecommunications industry has done the same thing with special requirements for TL-9000 auditors.

Are any of these standards so radically different from ISO 9001:2000 that they really require special auditors?

Of course not.

The guidance documents and accreditation rules that govern the certification bodies *require* that the competency of an auditor is matched to the requirements of the client. Unfortunately that is where the third-party industry has historically fallen flat on its face. It is also where the accreditors have generally failed to apply the necessary pressure to certification bodies to bring them in line.

The actions taken by the industries identified above have been taken in an attempt to address the issue of the competency of the auditor as much as the behavior of the certification bodies.

All of us in the audit profession have been affected by these industry impositions—generally adversely. Each scheme has required additional training to be undertaken, and in most cases some very specific industrial experience. This has cost us money and has also meant that many auditors cannot act as third-party auditors for these businesses, even though we may consult with them to implement the systems in the first place.

What has driven these industries to create the schemes they have?

Obviously the answer is that these industries were not seeing the benefits they had expected from imposing third-party certification on their supplier base.

What had they expected?

The same as any purchaser expects from using any form of supplier approval process:

- lower costs,

- better levels of conformity in delivered products and services, and most of all
- more consistent performance by their suppliers.

Clearly these simple needs were not met. The reason was determined to be a combination of certification body behavior and auditor performance.

The accreditors have to deal with certification body behavior—it is out of our hands unless we decide to tell poorly performing accreditors that we won't work for them anymore.

The RABQSA initiative addresses the auditor part of the equation.

Why is it that auditors appear to be so opposed to changes that are trying to enhance the professionalism and recognition of the audit profession?

Right now, a five-day training class, a few audits knocked off at your employer's suppliers, and a few years' work experience get you a card, and that card provides you the opportunity to get a job with a certification body as a freelance auditor. Most of them pay \$500 a day and up.

Where else can you earn \$2,500 or more a week with just five days of training?

Where else can you get a professional certification without any assessment of your abilities by an independent review process?

If you are a competent auditor, why are you protesting the new schemes?

The most common complaint I hear is cost. Who is going to pay for me to do this? Let's realistically look at what it costs.

This cost review ignores the cost of training and examination of knowledge, which is a variable factor.

Right now, auditor certification runs \$240 a year depending on which scheme you belong to. You recertify every three years by submitting a CPD log and a record of having done some audits.

The annual cost is that \$240.

The new program runs auditor certification at the same annual fee, \$240.

In addition, you have to have a witnessed audit, which will cost \$400 plus expenses for the examiner, and \$25 for the PAAS Master test.

Every attempt is being made to have sufficient examiners to try to ensure that travel will not be a significant expense.

Recertification requires a re-examination of certain competencies defined by the scheme developers. Right now that means a re-examination of skill-based competencies, i.e., the witnessed audit. In time it could change and require additional training, as when ISO 9001:2000 was introduced.

So the additional cost to the individual is \$400 plus \$25 in examination fees, plus expenses for the skill exam.

Additional costs: \$106.25 per year plus those pesky expenses. Maybe \$200?

Well guys, if that's too much for you to shell out to demonstrate your competency, then please go find another profession!

I have no sympathy at all with the bleating and moaning I am hearing. "Grandfather us in!" people cry. And that will achieve what? Exactly what we are trying to get away from? Grandfathering currently certified auditors into the new scheme will just perpetuate the current situation.

Yes, part of what we hope to achieve is filtering out the poor performers. If that's you, then you are on notice.

The keynote address given by Allan Sayle at the Quality Audit Division Conference was all about the need for auditors to be able to demonstrate high levels of competency and skill. Sayle critiqued the inability of too many auditors to make sense to top management and pointed out that the profession had to mature or die.

RABQSA are taking a step toward that maturity. It isn't the total answer nor does anyone believe it is, but it is one big step in the right direction. We all owe RABQSA a big thank you for taking this step, not endless criticism and moaning because there is a small cost attached.

Philip Crosby taught us that "Quality is Free." What he meant by that was that achieving any given performance specification carries a bottom-line cost—it is the mistakes we make along the way that are the cost of quality. The same is true of personnel certifications. A better certification has a higher basic cost than a lesser certification.

The payback is an overall enhancement of the profession; who knows, maybe that will result in organizations being willing to pay a little more for their audits.

Roderick S. W. Goult is an IRCA Certificated Lead Auditor for ISO 9001:2000, as well as president and technical director of The Victoria Group, Inc., a management consulting company based in Methuen, MA.

Visit the QAD Web site for:

- Past issues of *Vista*
- Course and conference information
- Networking opportunities
- And more...

<http://www.asq.org/audit>

Call for Papers

American Society for Quality
Quality Audit Division 15th Annual Audit Conference

October 19 & 20, 2006 • Reno, Nevada



Reno Hilton

“The Future is Now”

The Quality Audit Division is seeking talented speakers to participate in this upcoming conference in 2006.

Topics of Interest:

- New, Innovating Audit/Process Approaches
- Value-Added Involvement
- Organization and Corporate Expectations
- Corporate/Social Responsibility
- Where Does Auditing Fit in the Overall Organizational Scheme

Please send the title and a brief synopsis/abstract to:

George Callender, Conference Chair

Westinghouse Savannah River Company, LLC

126 Dewberry Lane

Aiken, SC 29803 USA

803-208-2951 or 803-649-6320

george.callender@srs.gov or callendg@bellsouth.net

ASQ Quality Audit Division Business Meeting Minutes

May 15, 2005

Welcome and Chair Report—Mark Kempf

The meeting was called to order at 1:30 p.m. This is the last business meeting for this board. The new board will be Mark Kempf, chair; John Mascaro, vice chair of administration; George Callender, vice chair of technical; Ruby Ivens, treasurer; Nancy Boudreau, secretary.

The QAD is planning to have a strategic planning meeting in the fall. It was suggested by Pablo Baez (ASQ HQ liaison) that ASQ in Milwaukee be considered for this meeting. This means that resources at headquarters can be utilized. A number of positions on the council need to be filled.

Secretary's Report—Ruby Ivens

Motion to accept the minutes as corrected by Don Mutziger and seconded by Bernie Carpenter. Approved.

Clarification of comment in newsletter report: "Since the QAD Conference has been moved to October 2006, I am recommending to the board that the next mailed copy is scheduled for release in July 2005, and should be mailed in August to take advantage of the advertising value of the mailed newsletter." Revised to read: "Since the QAD Conference has been moved to October 2006, I am recommending to the board that the mailed copy of the *Vista* be released in July. This will provide advertisement for the 2006 QAD Conference in the mailed copy in 2006 *Vista*."

Newsletter Editor—Ruby Ivens

The last hard copy newsletter was mailed in January 2005. The next newsletter will be electronic only and will be available at the end of the week. It includes the business meeting minutes and attendance for the March 12, 2005, meeting. These are the records you need for recertification points. It was suggested that a receipt be available to hand out at the meeting instead of individuals having to copy and cut out the information from *Vista*.

Treasurer's Report—Mark Kempf for Ric Conover

The final bill has been paid the hotel for the QAD Conference held in Atlanta, GA, March 2005. The total revenue was approximately \$147,000, with approximately \$126,000 paid to the hotel.

Although there are still some expenses to be paid, there should be about \$8,000 to \$10,000 excess revenue.

The division owns computers, projectors, and related electronic equipment that are rented to other divisions. This brings in about \$8,000 to \$10,000 rental fees to the division.

During the past year the division has paid off approximately \$90,000 to ASQ headquarters, although the division still owes approximately \$10,000 to headquarters. However, the division has a sound financial standing.

Conference Committee—John Mascaro and Quitman White

A presentation for 2008 QAD Conference was made. Due to attrition on rooms at the QAD Conference hotels for the past two conferences, additional expenses were incurred. To eliminate the attrition costs, the conferences will be held in 2007 at the Sheraton in Atlanta, GA, and in St. Louis, MO, at the Adam's Mark in 2009. The Hilton in Orlando, FL; Radisson Riverfront, Augusta, GA; the Marriott, Park Plaza; and Sheraton in New Orleans, LA; were presented.

Motion by Nancy Boudreau to select the Radisson in Augusta, GA, for the 2008 QAD Conference. Don Mutziger seconded the motion. The discussion indicated that pertinent information was not available to make a decision. Motion withdrawn.

Certification Committee

The division chair has selected Jeff Plodzin to replace Nancy Boudreau as Certification Committee chair. Council members in attendance; Mark Kempf, chair; Ruby Ivens, secretary; Quitman White, Arrangements Committee chair; John Mascaro, Conference Committee chair; and Don Mutziger, immediate past chair and Nominating Committee chair. Approved.

Bylaws Committee

The position as committee chair is vacant. However, there are pending bylaws actions that may determine this and other council positions.

Meeting Adjourned. Motion to adjourn made by Linda Sickles and seconded by Nancy Boudreau. Approved. Meeting adjourned at 4:08 p.m.

Volunteers Needed

The QAD is seeking individuals who want to become more involved the Quality Audit Division. There are several openings on council committees. The division is also recruiting members to work on an occasional basis.

What is involved in serving on a committee? There are a variety of positions requiring different levels of knowledge and commitment of time. For example, the Newsletter Committee is an ongoing demand for finding, writing, and editing newsletter materials requiring a few hours of work per month. But no travel is required. The Financial

Audit Committee has a commitment of one day per year, but requires travel and a basic understanding of financial information.

What does it take to be on one of the committees?

Involvement at the section level is useful but not necessary. Employer support is important if travel is required. Most important is available time and a personal commitment to complete the work of the committee. If you are available and willing to work on a committee or want more information, please e-mail Mark Kempf, QAD chair, at [mkempf@earthlink.net](mailto:m Kempf@earthlink.net), or Ruby Ivens, newsletter editor, at rivens@dreamscp.com.

QUALITY COLLECTION

QAD has improved and expanded its product line of clothing and accessories. Many of the items come in matching colors to ensure you are color coordinated.

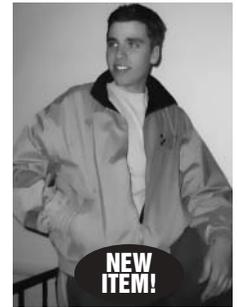
Look for these items at QAD venues.

The new Do Everything Briefcase has room for your laptop, books, and more! Pockets for pens, business cards, and computer disks. Comes with a handheld carry feature and adjustable shoulder strap. Bottom expands to add extra room.



#QAD05
Do Everything Briefcase

This is a new jacket! Great fitting and very stylish. The sleeves are lined with nylon to make it easy to pull on and off. The 65/35-poly shell is lightweight and water repellent. The contrasting colors on the collar and body, and drawstring collar with cord locks give this jacket its distinctive look. Mesh body lining allows for air circulation.



#QAD04 (M, L, XL, XXL, 3X)
Embroidered Sports Jacket

Back by popular demand—Denim Shirts! This UltraClub® Collection denim shirt is 100% cotton with long sleeves, button-down collar, wood-look buttons, back yoke, and two-button adjustable cuffs. Perfect for everyday wear!



#QAD03 (M, L, XL, XXL, 3X)
UltraClub Embroidered Denim Shirt

New to the QAD line is the “padfolio”! It zips closed to secure loose objects. It features a large inside expandable compartment, side pocket, eight card pockets, CD sleeve holder and pen loop, and an 8 ½ x 11 in. writing pad. Outside is a padded cover with an accented bound edge. The imprint of QAD logo is in the very hot “branded” look!



#QAD07
Expandable Padded Portfolio

New caps! This very popular low profile style cap is a perfect addition to the new line. Matches the jacket perfectly! Made of heavy brushed twill with a fabric strap and a brass buckle. This hat fits and looks great, and features the QAD logo in black.



#QAD02
QAD Logo Cap

The Tri-colored Polo is back! This gray shirt with navy and burgundy trim is a must-have for everyone! Features easy wash-and-wear care! Well-cut shirt with rib sleeves that won't bind. The QAD logo completes the look, whether you're in jeans or dress pants. The perfect shirt for your golf outing!

#QAD01 (M, L, XL, XXL)
Tri-colored Polo Shirt

The Classic Portfolio features traditional styling, crafted from durable vinyl with metal accent corners. This item is nylon-stitched and comes complete with micro-perfed ruled pad, pocket for holding loose papers or business cards, and has a CD slot and pen loop. The QAD logo is debossed in gold.



#QAD06
Classic Burgundy Portfolio



QAD QUALITY COLLECTION ORDER FORM

P.O. Box 3005
 Milwaukee, Wisconsin 53201-3005
 800-248-1946 or 414-272-8575

Fax your order to 414-272-1734

SOLD TO: *Please print or type*

Name _____

Address _____ Apt./ste. _____
 (UPS will not deliver to a P.O. Box)

City _____

State/Province _____

Zip+4/Postal Code _____

County _____

Telephone _____
 (During normal business hours)

Fax Number _____

SHIP TO: *Please print or type*

Name _____

Address _____ Apt./ste. _____
 (UPS will not deliver to a P.O. Box)

City _____

State/Province _____

Zip+4/Postal Code _____

County _____

Telephone _____
 (During normal business hours)

Fax Number _____

Payment enclosed: Check Money Order _____ Amt. Paid

Please charge: Visa MasterCard American Express

Charge Card No. _____ Exp. Date _____

Cardholder Name (please print) _____

Signature _____

Billing Address _____

City _____ State/Province _____

Zip+4/Postal Code _____ Country _____

Telephone () _____ Fax () _____

Item #	Description	Price	Size	Quantity	Total Price
QAD01	QAD Tri-colored Polo Shirt M, L, XL	\$30.00			
QAD01	QAD Tri-colored Polo Shirt XXL	\$34.00			
QAD03	QAD UltraClub Denim Shirt M, L, XL	\$21.00			
QAD03	QAD UltraClub Denim Shirt XXL	\$28.00			
QAD03	QAD UltraClub Denim Shirt 3-X	\$32.00			
QAD04	QAD Embroidered Sports Jacket M, L, XL	\$48.00			
QAD04	QAD Embroidered Sports Jacket XXL	\$50.00			
QAD04	QAD Embroidered Sports Jacket 3-X	\$53.00			
QAD05	QAD Do Everything Briefcase	\$30.00			
QAD06	QAD Classic Burgundy Portfolio	\$14.00			
QAD07	QAD Expandable Pad-folio	\$22.00			
QAD02	QAD Sporty Brushed Twill Cap	\$12.00			

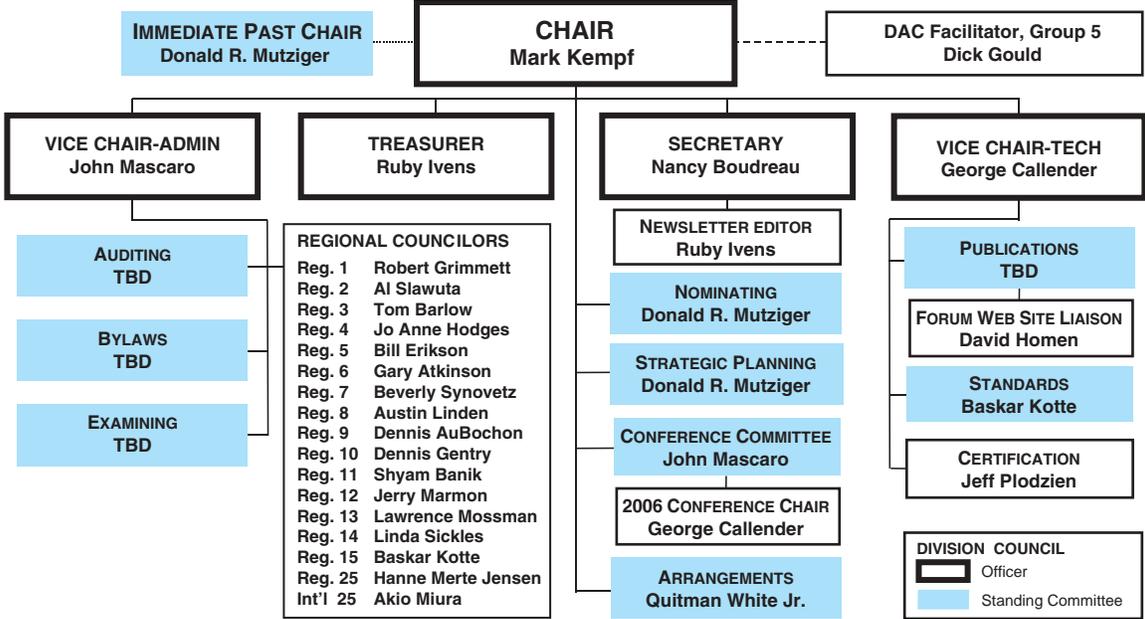
Shipping & Processing		
Order Amount	U.S. Charges	Canadian Charges
Up to \$34.99	\$4.25	\$9.25
\$35.00-\$99.99	\$6.50	\$11.50
More than \$100.00	\$12.50*	\$17.50*

*If actual shipping charges exceed \$12.50 (\$17.50 Canadian), we will invoice customer for additional expense.

- All orders must be paid in U.S. currency.
- All foreign orders must be prepaid.
- All prices and availability subject to change without notice.
- A customer service representative will provide current pricing information.

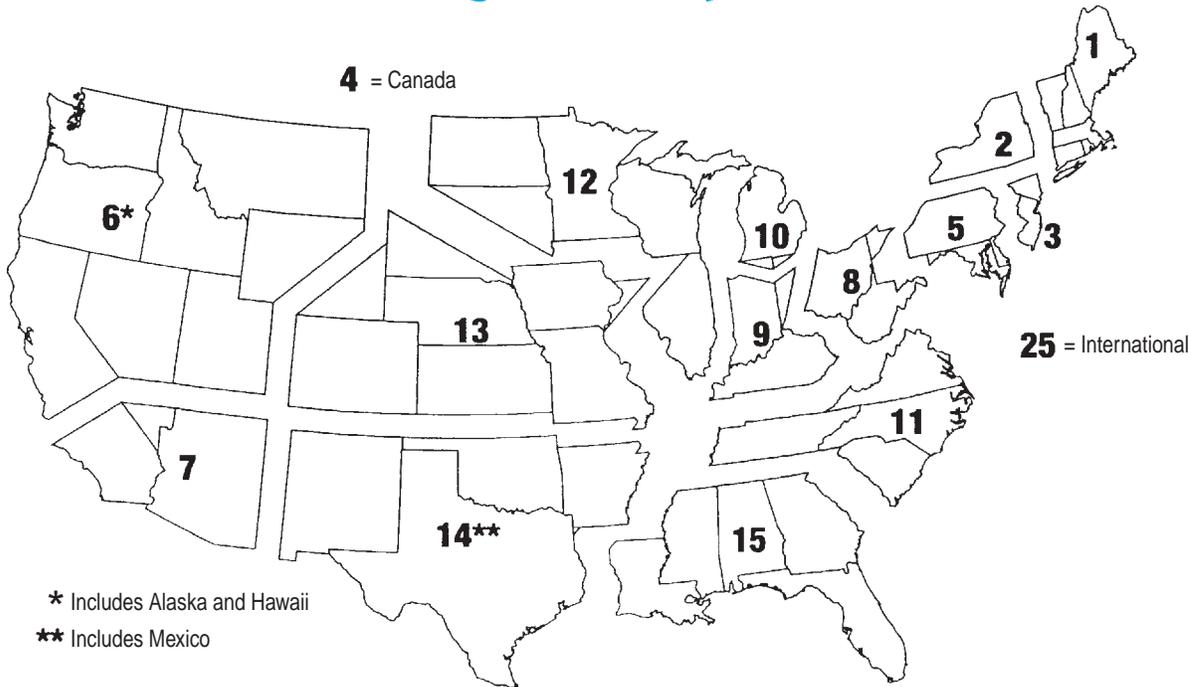
SUBTOTAL	
U.S. or Canadian shipping & processing charges	
Customers outside U.S. & Canada add 25% of adjusted total	
Canada customer add 7% of adjusted total for goods & services tax	
TOTAL	
RECEIPT NUMBER	

ASQ QUALITY AUDIT DIVISION 2005-06 Organization Chart



See last page for contact information.

Regional Map



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Please e-mail address changes to cs@asq.org .
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**For submissions or questions contact
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