Quality Management in a Development Project

Implementation of the ISO 9000 system
in the ALA/93/57 Project, Peru

Lima 2001

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Presentation

Our Project on 14 February 2001 was submitted to a quality assurance audit by SGS European Quality Certification Institute (Antwerp, Belgium), which resulted in the recommendation that we be given ISO 9000. This recommendation brought to a close a five-month process of training, documentation, and implementation in which all personnel adopted high quality standards in their daily activities with the small and medium-sized export firms enrolled in our Project.

The European Union – Prompex Export Agreement (ALA/93/57 Project) is a part of the cooperation provided by the European Union to the Government of Peru and its purpose is to boost the competitiveness of small and medium-sized Peruvian export firms and help them to increase their exports. Thus far (March 2001), training has been given to 200 small and medium-sized export firms and five exporters' associations, which saw a US$ 48 million rise in their exports over a period of three years. These companies are responsible for 10% of the country's total non-traditional exports. The Project organised the participation of beneficiaries in 30 international trade fairs and missions and commissioned the preparation of 20 market studies and business intelligence reports.

The Project created the Export Quality (implementation of ISO 9000 and HACCP) and E-Commerce (Business-to-Business type e-commerce solutions) Programmes.

In this publication, we present our own experience in implementing the ISO 9000 quality management system in our Project. We are firmly convinced that this experience can and should be replicated by other national and international technical cooperation projects. That is why we are also offering an English translation of the text in this publication.

Our experience has shown us that implementing a quality system like the ISO 9000 definitely improves the quality of the service an organisation provides and motivates its employees, thereby creating a relationship of trust between the organisation and its customers.

We wish to thank Ana Iju Fukushima and Mario Barrantes who helped us to implement the ISO 9000 system.

Lima, March 2001

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What is ISO 9000?

An ISO 9000-based quality system is not a turn-of-the-century fashion adopted by organisations to improve their institutional image.   Precisely the contrary; it is a *modus operandi* that is becoming increasingly widespread because it offers organisations a series of advantages for delivering an excellent product or service to their customers and sharing the international arena with their peers.

Possession of an ISO 9000 quality system certificate means that an organisation has assumed a serious commitment to deliver products or services that meet its customers' requirements by using working methods verified by specialised international quality certification institutions.

Organisations of any size that work in any sector, whether profit earning or non-profit, are eligible for certification. Examples of certified organisations range from small law firms to large food corporations. At present, roughly 500,000 companies and organisations have been certified throughout the world and 150 of these are in Peru. These organisations could be called a "club" that has attained an international quality standard.

A new version of the ISO 9000 standard issued at the end of 2000 focuses on the organisation's internal processes to attain customer satisfaction and continuous improvement and places greater emphasis on the responsibility of senior management –all of this with the aim of covering the decisive elements for ensuring the success of the organisation.

Inasmuch as the ALA/93/57 Project started on the training of its personnel in ISO 9000 long before the latest version of the standard was approved, certification was sought in accordance with the 1994 version of the ISO 9000 standards. Even so, we did incorporate many of the elements of the new 2000 version.

Why was ISO 9000 implemented in the Project?

Why does a development project take the trouble to implement an ISO 9000 system? Wasn't this system designed for enterprises and particularly for industrial firms? Furthermore, don't you already have a management system in the form of the Logical Framework and Annual and Global Operational Plans?

These are some of the questions we have been asked on implementing the ISO 9000 system in our Project. We would like to explain why the implementation of this system is desirable and how we accomplished it.

The most important reasons are:

To ensure activity sustainability

In other words, to guarantee the continuity and the quality of the results of the programmes currently offered by the ALA/93/57 Project, once it concludes.   The Project prepared the methodology for several Programmes that have been carried out in recent years; these are the Export Peru Programme (technical assistance and commercial promotion), the Quality Export Programme (implementation de ISO 9000, ISO 14000 and HACCP), the E-Commerce Programme (implementation of B2B

solutions), the Support Programme for Exporters' Associations, and the Technological Missions Programme (Peruvian entrepreneurs visit European firms and receive training on-site). These Programmes are being handed over to our local counterpart, Prompex (Comisión para la Promoción de las Exportaciones, the Peruvian Export Promotion Commission); the certification obtained guarantees the quality of the methodology we have used.

Prompex, for its part, is already preparing the certification within its own organisation of some Programmes that have been transferred to it. Prior certification secured by us should prove very helpful.

To improve and ensure our service quality

The immediate benefit is obviously the maximum satisfaction of the needs and expectations of the enterprises served by our Project. Inasmuch as our organisation was the standard bearer in promoting a quality movement in Peru, we considered it essential to implement a quality system ourselves --and not merely to recommend it to others.

To motivate and train our personnel

Participation by Project members in the analysis, implementation, and development of internal quality procedures allowed them to become involved in the Project's quality policy and objectives, thus helping to motivate personnel. The process also made it possible to identify opportunities for Project improvements.

The learning process deriving from implementation of the quality system not only motivated the personnel, but also contributed to their training, training that will continue to be useful to them after the ALA/93/57 Project concludes.

To reinforce European Union cooperation with Peru

ISO 9002 certification of the ALA/93/57 Project shows that the European Union and the Government of Peru, through Prompex, managed the funds turned over to them effectively and with efficiency. It also built up the trust between the organisations, institutions, and enterprises involved in the technical assistance and training programmes.

The publicity given to the certification helped, as well, to promote in the business community the quality of the ALA/93/57 Project technical assistance and training programmes and in doing so strengthened the institutional image of its promoters: the European Union and Prompex.

To serve as an example to other projects

Publication of our experience in implementing and certifying the quality system of the ALA/93/57 Project will give other international technical cooperation projects useful information about the possibility of ensuring or improving the quality of their services as of the initial planning stage by implementing an ISO 9000 quality system to assure true satisfaction of the needs of the beneficiaries.

What does our quality system consist of?

The ALA/93/57 Project quality system is made up of its set of procedures, organisation, and resources. These elements are controlled according to the requirements of the

ISO 9002 standard (1994 version). Some of the requirements were not applied because of the nature of the services provided by the ALA/93/57 Project.

Reasons for its implementation

The ALA/93/57 Project quality system was designed as a tool to make it easier to comply with the quality policy of the ALA/93/57 Project:

- To ensure that the services offered to small and medium-sized Peruvian exporters of non-traditional products are customised for their needs and expectations in each of the Project fields of activity: technical assistance, training, commercial promotion, and business information, and that those services comply with ALA/93/57 Project objectives.

- The beneficiary's satisfaction is the result of teamwork; therefore, all ALA/93/57 Project personnel are responsible for the quality of the services we provide.

The main quality objectives of the ALA/93/57 Project are:

- To increase the non-traditional exports of small and medium-sized Peruvian exporters.

- To improve the competitive position of small and medium-sized exporters of non-traditional products.

Scope of the system

The ALA/93/57 Project quality system covers support services for small and medium-sized exporters through technical assistance and training activities offered in its Quality Export, Export Peru, E-Commerce, and Support for Exporters' Associations programmes.

The coverage of the quality system certification carried out by SGS del Perú SAC based on the ISO 9002 standard does not extend to some activities that are regulated and controlled to ensure their effectiveness. These, for example, include Treasury activities with regard to Project income and expenditures, together with the Programmes that at the time of the certification audit had just been launched or were being restructured (E-Commerce and Export Peru).

How did we implement our quality system?

Resources invested

The following resources were invested in implementing the ALA/93/57 Project quality system:

- Recruitment of an advisor for a 5-month period to prepare the quality documentation

- Hiring of external training services (a total of 6 days) in analysing the ISO quality standards and preparing the quality procedures and Manual.

- Overtime work by Project personnel for the training and coordination, preparation and review of documentation activities (an average of 4 hours a week per person during the documentation and implementation stage and 1 hour a week per person following implementation)

Implementation stages

The quality system was implemented in the following stages:

Planning

Activity planning is the most important stage in implementing the quality system, in order to make the most of available resources and bring about successful implementation within the established time frame.

The main element of that planning was the diagnosis of ISO 9000 quality. This made it possible to determine just how far the Project had progressed toward ensuring the quality of its services. It also proved helpful in establishing a working outline that was set down in a Plan of Action (see Annex 1).

Training

The training of Project personnel was started long before the quality documentation was prepared. This most definitely facilitated the adjustment of existing procedures to the demands of the ISO standard.

Following implementation of the quality system, Project personnel received further internal training to increase their knowledge of ISO 9000 and the improvements that had been added in its 2000 version.

Document preparation

The following criteria were used in preparing the documents:

Keeping documentation to a minimum, in light of the fact that increased personnel training and specialisation reduce the need for documents. A quality system with little documentation avoids the risk of becoming bureaucratised and discouraging participants with the amount of red tape involved.

Taking into account working systems and methods already in place in the organisation and incorporating them into the new quality system. In the case of the ALA/93/57 Project, we had control procedures that are used in projects of the European Union, like the Logical Framework, Global Operational Plan, Annual Operational Plan, and forms for monitoring the services delivered. The quality system was implemented on the basis of this existing control system. Aspects where control could be improved were developed and requirements were covered to ensure that service quality complied with the ISO 9002 standard.

Internal audits

The internal audits were extremely important for verifying compliance with and the effectiveness of the prepared documentation and taking any necessary measures to remedy or improve quality system processes. These audits were made by Project personnel and covered the entire quality system.

Certification

Following our internal preparations in all quality-related aspects –which intensified considerably during the final weeks prior to certification— we were ready for an external audit to determine how successfully our efforts were meeting the needs of the small and medium-sized enterprises served by our Project.

The external auditors, after reviewing our procedures and records, found that the ALA/93/57 Project offered assured service quality.

Questions and answers

1. Documentation

Will we be flooded with paper?
The number and length of an organisation's quality system documents are in direct proportion to the size and complexity of its processes. However, the more highly trained its personnel, the less the need for documentation. Documentation should always be kept to a minimum. Some enterprises or organizations have manuals and procedures that are no longer than 40 pages.

Does the new documentation replace the old?
Usually, it does not. Existing written or unwritten procedures can be incorporated into quality documentation after, of course, verifying whether they comply fully or in part with ISO standard requirements.

2. Implementation

Is it worthwhile if a Project lasts for only 3 years?
Considering that it took us only 5 months to implement the quality system in our cooperation project and the benefits that can be obtained from the implementation, we definitely feel that it is worthwhile.

At what point in time can ISO 9000 be implemented in a Project?
The ideal situation is to have a previously prepared quality system in place when the activities of a cooperation Project are launched. If this is not possible, the system should be implemented when the Project activities start. The necessary adjustments can be made in the course of the implementation and even after it has been completed.

What steps should be taken to have a quality system?
The steps to be followed are:
1. Planning
2. Training
3. Document preparation
4. Internal audits

Can the old be combined with the new?
It is necessary to combine the old and the new. That is why the first activity in implementing a quality system is to make a quality diagnosis to determine the best way of incorporating already existing procedures into the new quality system.

Is the Logical Framework compatible with ISO 9000?
The Logical Framework is a tool that should be a part of the quality system because of its usefulness in helping to fulfil one of the ISO 9000 requirements called "Management Reviews," which evaluates compliance with Project objectives.

Should training and assistance be provided on a group or individual basis?
We can state, from our experience, that group *training* of personnel from several related organisations offers the advantage of reducing unit training costs, while not affecting its quality in any significant way.

Group assistance in *implementing* ISO 9000 quality systems, however, runs the risk that individual conditions could differ widely between one organisation and another. This would unduly complicate an analysis and preparation of documentation that must be customised for each organisation.

Did you have any problems?
Yes, several:

- We had to implement the 1994 version of ISO 9000 because the new 2000 version was approved only at the end of 2000.   We would have preferred to implement the updated standard, which is more demanding; above all, it places more emphasis on satisfying customer needs and expectations.

- On starting to implement the quality system, we discovered that time was short and that we had little experience in preparing the quality documents. This kept us in the beginning from moving ahead at an appropriate pace in implementing the quality system; therefore, we decided to recruit a facilitator to prepare the documents.

- It was not easy to interpret the requirements of the ISO 9002 standard within the context of the ALA/93/57 Project. In order to apply ISO 9002 to a service organisation, we had to turn to ISO 9004-2: 1995 Quality management and components of the quality system. Part 2: Guidelines for services enterprises. We had to make a continuing effort to interpret the standard in order to make it applicable to our very special environment.

- Some Project activities were carried out jointly with our counterpart, Prompex, which meant that the Project was unable to control all of the elements of a process.

3. Resources

How much does the implementation cost and how long does it take?
This depends on the size of the organisation and of the processes to be covered. In

Do the personnel have to be trained?

Yes, the personnel who are involved in the quality system must be duly trained in ISO 9000 requirements.

How much overtime is needed?

Organization members must put in overtime only during the actual implementation of the quality system. The extra work is due to the time needed for preparing the documents and adjusting them to the changes resulting from the new procedures. The overtime needed to prepare the documentation can be substantially reduced if an advisor is available to act as a facilitator for this purpose.

Do we really need an advisor?

An organisation's decision to implement a quality system without outside help enjoys an advantage, for the persons who are involved become rapidly committed to using the procedures they help develop. The implementation time, however, is generally much longer in this case because of the trial and error process that must be used.

Implementation with the assistance of an advisor takes far less time because the organisation is able to profit from the advisor's experience and prior preparation. This means that there will be less risk that the initial impetus and motivation will be lost in the organisation.

The best course of action is to recruit an advisor to act as a facilitator in implementing the quality system allowing for organisation members to be actively involved in the process.

4. Effects

Will project evaluation no longer be necessary?

Cooperation projects will have to continue being evaluated by donors or counterparts (in the case of the ALA/93/57 Project, these are the European Union and Prompex). The reports of the certification and supervisory audits made by the certifying institution will facilitate this process, however, because these documents will provide impartial information about the Project's quality management performance in terms of the services provided.

Does certification guarantee an organisation's success?

A quality assurance system constitutes an effective tool for internal control and for improvements –but does not guarantee the success of the organisation implementing it. That success depends upon other elements, as well, such as the quality of the administration, level of funding, innovativeness, negotiating power, market conditions, and so forth.

5. ISO 9000 Standard

Why use ISO 9000 in Cooperation Projects?

Because cooperation projects, like any other organisation, have a mission to perform, policies, and aims. An ISO 9000-based quality system will contribute to their accomplishment.

Can the Logical Framework replace ISO 9000?

The Logical Framework is a tool heavily used by international cooperation projects to evaluate project management particularly in terms of indicators and results. This tool does not replace an ISO 9000-based quality system, but can be highly useful in meeting one of the ISO 9000 requirements called "Management reviews," which evaluates the accomplishment of Project objectives.

What are the differences between the 1994 and 2000 versions?

The differences between the 1994 and 2000 versions of the ISO 9000 standards are both substantive and formal. The difference in form lies in the fact that the old version is organised into 20 elements, while the new is broken down into only 5.

The differences in substance in the new version are several:

- The most important element is satisfying customer expectations.

- More emphasis is placed on Management responsibility.

- Management is made responsible for quality planning.

- Resource management is required.

- The type and extent of the control applied to the supplier and to the product acquired will depend upon the effect of the acquired product on its subsequent sale or disposal or on the final product.

- Measurement of customer satisfaction

- Obligation of continuous improvement