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CONSULTANTS IN TOTAL QUALITY

CONTRACT NUMBER 92/062P
DATED 26 MARCH 1992

PROJECT NUMBER TF/HUN/09/901
TRAINING SEMINAR ON UTILISATION OF ISO 9000 STANDARDS

PROJECT REPORT

**UK/UNIDO INDUSTRIAL DEVELOPMENT SUPPORT PROGRAMME FOR
HUNGARY**

**CONTRACT NUMBER 92/062P
DATED 26 MARCH 1992**

**PROJECT NUMBER TF/HUN/09/901
TRAINING SEMINAR ON UTILISATION OF ISO 9000 STANDARDS**

PROJECT REPORT

**Report to:
United Nations Industrial Development Organisation
PO Box 300
A-1400 Vienna
Austria**

**Copied to:
Ministry of Industry and Trade - Budapest
Prodinform - Budapest**

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2.0 EXECUTIVE SUMMARY

The Training Seminar was held in Hungary between 30 March and 3 April 1992 and was run by Consultants Alan Medley and David Steel on behalf of David Hutchins International Ltd for the United Nations Industrial Development Organisation.

Around 40 Delegates attended, around 75% from manufacturing industries and the vast majority from middle management.

Detailed organisation of the Seminar was carried out by the Prodinform Technical Consulting Company of Budapest. Since the audience was largely non-English speaking, a Hungarian translation was made after each sentence had been delivered by the Consultant in English.

The seminar was designed to create a relaxed learning environment for the Delegates. A number of syndicate team exercises were planned to ensure that Delegates had the opportunity to practically apply techniques which had been explained.

The Seminar gave an introduction to Quality, QA, Quality Management Systems and ISO 9000 and went on to examine the detailed requirements of ISO 9001. The role of International Accreditation bodies and Assessor/Lead Assessor registration were explained. An overview was given of the task of documenting a Quality Management System.

Some time was spent in explaining the British Government's approach to Quality and an overview was given of the subject of Total Quality. The concept and techniques for assessment and audit were examined.

Delegates were encouraged to consider what lessons they had learned during the Seminar and the list given in this report confirms that a great deal was learned during the Seminar by all the Delegates and the Seminar objectives were fully met.

A number of other activities took place during the Consultants' stay in Budapest including a meeting with the Director General of the Ministry of Industry and Trade, a press conference at MIT and a subsequent interview at the University of Economics and a meeting with the Dean of the Faculty of Postgraduate Studies to discuss the UK's experience in education for Quality.

A number of matters which were raised during the Seminar have important implications for Quality in Hungary. These matters include ISO 9000 translation, Government involvement and a number of specific cultural issues.

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The report makes some recommendations for the Government with regard to a strategy for the development of Quality in Hungary.

3.0 INTRODUCTION

This is the final report of a Training Seminar on utilisation of ISO 9000 run in Hungary between 30 March and 3 April 1992 by Consultants from David Hutchins International Ltd for the United Nations Industrial Development Organisation.

4.0 BACKGROUND

DHA was invited by the United Nations Industrial Development Organisation (UNIDO) in a fax of 20 January 1992 (Appendix A), to make a proposal for a Training Seminar to be held in Hungary. The DHA proposal (Appendix B), dated 29 January, was faxed to UNIDO and was formally accepted in a contract dated 26 March 1992.

The Seminar was run, as planned, in Hungary, between 30 March to 3 April 1992. The DHA Consultants allocated to this work were Mr Alan Medley and Mr David Steel. Biographical sketches of both are given as Appendix C for completeness.

Around 40 Delegates attended although some of them shared their place with colleagues because they were unable to spare a complete week. Around 75% of the delegates were from manufacturing industries. The vast majority were from middle management.

5.0 ORGANISATION

The detailed organisation of the Seminar was carried out by the Prodinform Technical Consulting Company of Budapest. Copies of the Overhead Projector (OHP) slides to be used were sent to Budapest some weeks in advance of the event. Translations were made by Prodinform and a set of acetates was made in the Hungarian language. During the Seminar, the English and Hungarian acetates were displayed simultaneously.

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The case study and supporting documents were translated by Prodinform prior to the event. Delegates were given personal copies of all the presentation materials.

During the event, a Hungarian translation was made after each sentence had been delivered by the Consultant in English. This method had been used before by both Consultants and proved to be fully effective on this occasion.

The first day of the Seminar was held at the Ministry of Industry and Trade building in Budapest. The remainder of the Seminar was held at the University of Economics in Budapest. No problems were encountered at either venues and they are fully recommended for use in future events of this type.

6.0 ACKNOWLEDGEMENTS

Grateful thanks are due to the following people who made the Seminar possible and made the Consultants' stay in Hungary an extremely enjoyable and valuable experience.

Mrs Zsuzsa Haiman and Mr Bela Paceli from Prodinform who put in a level of effort way above the minimum required to ensure that the Seminar was well organised and that the Consultants were well looked after at all times.

Dr Antal Szabo, Dr Ilona Vass and Mr Albert Kalman from the Ministry of Industry and Trade for their assistance and very useful discussions.

The three translators, without whom the seminar could not have taken place, and especially to Mr Tamas Kiss who did much of the translation and who's understanding of the Quality subject greatly simplified the Consultants' task.

UNIDO for making the event possible, especially Mr Janos Pogany and Dr Susan Zoldag (of the UNIDO Hungarian National Committee) for their support on the first day.

Thanks to everyone else who contributed to the success of the Seminar and to all of the Delegates who joined in and made it a worthwhile event.

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7.0 SEMINAR PROCEEDINGS

7.1 Structure and Style

The seminar was designed to create a relaxed learning environment for the Delegates. A detailed programme was developed and this is reproduced in Appendix D.

The estimate of timing was difficult, partly because the need to have Consultants' inputs translated sentence by sentence would slow things down and partly because interactions between Consultants and Delegates might be less due to the language problems and this would have the effect of seeding things up.

In the event, the planned programme was met at virtually every stage of the seminar. The emphasis was slightly adjusted through the week to ensure that the Delegates' specific requirements were met.

A number of syndicate team exercises were planned to ensure that Delegates had the opportunity to practically apply techniques which had been explained. The list of syndicate exercises used is reproduced in Appendix E. Delegates found these exercises a useful way to share their experiences and focus on previous discussions.

The seminar was run mainly by the first Consultant, Alan Medley. The second Consultant, David Steel, joined the seminar in the afternoon of the first day and played the leading role until the next lunchbreak.

7.2 Quality, QA and Quality Management Systems

After the official opening session, hosted by UNIDO and the Ministry of Industry and Trade, the first formal session was used to explore the need for Quality, definitions of Quality and the need for Quality Management Systems in commercial and industrial enterprises.

The benefits of treating ISO 9000 certification as a step on the road to Total Quality, rather than as an end in itself, were explained. Using Quality Management Systems to produce a firm foundation from which to launch a company-wide quality improvement revolution is increasingly seen worldwide as an extremely successful strategy.

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Delegates were warned against the temptation to accept any one technique, and this includes ISO 9000, as a panacea which will cure all ills. This is clearly not the case and every company has to consider and adopt a number of techniques including Quality Management Systems, Quality Control Circles, Statistical Process Control and Senior Management Re-education in varying amounts to make Quality happen.

The benefits and failings of Quality Management Systems were explained and the difficulties of successful implementation, which are for the most part the difficulties of changing human behaviour, were explored. Quality management Systems clearly bring no real benefits unless they are seen by Senior Management as an integral part of the way the Company manages its business.

7.3 ISO 9000 Introduction

The history and evolution of Quality Management Systems was discussed and it was shown that such systems had evolved from methods used by NASA during the Apollo Moon Programme of the 1960s to ensure that their suppliers were organised to manage for Quality. The ISO 9000 documents have now been accepted by nearly 100 countries around the world and, in many cases have also been translated and renumbered to become Nation Quality Standards. This is of course the situation in Hungary and the issue of the need for accurate translation was aired. This matter is discussed in detail in paragraph 9.1 of this report.

The structure and purpose of the ISO 9000 series was explained and the newly issued industry specific ISO 9004 guidance documents for software and service were shown.

Some explanation was given of the role of the UK's National Accreditation Council for Certification Bodies (NACCB) in accrediting a number of 3rd party organisations to carry out independent assessment, certification and registration of companies' Quality Management Systems. The UK qualification requirements for Registered Assessors and Lead Assessors were also discussed.

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The basic ISO 9000 requirements were shown to be very simple and were summarised in 7 main requirements:

- Need to know responsibilities
- Need to know duties
- Need to know what to do
- Need to know how to do it
- Need to be able to do it
- Need to know it is done
- Need to record that it is done

This reinforces the view that ISO 9000 is actually just a collection of sensible management rules which ought to be achievable in any well run enterprise.

The first syndicate exercise was held in which Delegates were asked to consider the Worldwide Toys case study. They were instructed to examine the facts given to determine what kind of things were wrong with this company in general terms. A later exercise was used to link individual problems with the ISO 9000 requirements to prove that they are indeed common-sense requirements.

7.4 Detailed Requirements of ISO 9001

The requirements of ISO 9001 were discussed in detail. Syndicate groups were formed so that Delegates had a real opportunity to read and understand each requirement. The meaning of each paragraph was explored each time the plenary session was reconvened and the Consultant used case experiences to highlight potential problem areas within each requirement. This activity took the seminar through to the end of the second day.

Advice was given as to alternative methods of system development and implementation. It was recommended that, whenever possible, all personnel should be trained to understand the requirements of ISO 9000. It is the Quality Representative's job to ensure that everyone understands what is needed. There are many examples of failed implementations in companies where the Quality function kept the understanding of the requirements to themselves and tried to impose unwanted procedures on the rest of the Company.

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The development and implementation process must be treated as a project which must be managed with regard to specific activities, timescales and resources. It was recommended that a Task Force of managers and supervisors who really understand the Company should be formed to plan and develop the Quality Management System. It is often wise to employ experienced outside consultants to guide the Company's efforts and keep the Task Force on track.

7.5 Documenting a Quality Management System

The need for, and benefits of, various document types was explained and a pyramid documentation structure was recommended. The roles of the Quality Manual, Quality Plans, Quality Procedures and Work Instructions were explored. A syndicate exercise was used to help Delegates to focus on what specific documents would be required for the Worldwide Toys company in the case study and, by extension, what documents would be required in their own companies.

Examples of Quality Manuals and Quality Policy Statements were shown and discussed. A strategy for the production of effective documents was recommended. Advice was given on effective writing techniques and on the benefits of flowcharting methods.

7.6 British Government Approach

David Steel joined the seminar and explained the British Government's approach to Quality. He explained a number of key initiatives which had been set up through the 1980s.

The Quality Initiative seeks to increase awareness of Quality in UK companies, especially amongst Senior Managers, in order to increase the competitiveness of UK industry in European and World markets. This strategy has proved extremely effective in improving the quality and saleability of British goods over the past decade.

A number of different aspects of the strategy were explained including how the UK Department of Trade and Industry (DTI) had liaised with the Institute of Quality Assurance (IQA) to form the National Accreditation Council for Certification Bodies (NACCB) to manage the appointment of independent assessment companies on behalf of the Government. The NACCB is now the worldwide model for such organisations and has recently been copied by the USA.

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Some money was made available to assist smaller companies to help them buy in consultancy expertise so they could obtain ISO 9000 (BS 5750 in the UK) certification to make them more competitive and, as a by product, to arouse interest amongst other UK companies.

A major role of the DTI initiative has been to create and distribute publicity documents and video materials. This has been extremely successful and very few enterprises in the UK are now unaware of the existence or content of these materials.

Another DTI objective was to educate Senior Management, especially Boards of Directors of the need and benefits of managing for Quality. This programme has been well received and is still continuing undiminished.

A key point of the session was that the amount of money expended by the Government was minimal. The objective was not to tell industry and commerce what to do but rather to raise their level of awareness of what techniques were available. Once they started to implement these ideas, in all aspects of Total Quality - including Quality Management Systems, the competitiveness of UK businesses improved greatly.

7.7 Total Quality

David Steel's second session provided an overview of Total Quality (TQ). It was shown that TQ is about ensuring that all employees are working to make their company the best in the business. This does not mean management just exhorting employees to do better but rather demands the introduction of new tools and techniques to enable people to improve the business.

The techniques required have been fully exploited in Japan and are well understood in the West. In fact, most of the expertise was passed on to the Japanese by Western experts, notably Doctors Juran and Deming. It is provable that Japanese success is not a function of Japanese culture. The techniques have been successfully implemented in many Western companies.

The leadership of Total Quality is a Senior Management task and a degree of reorganisation and education is required to ensure that things change. Management must have a clear vision of where it wishes to go and a strategy which will help it to achieve its vision. Employees must be empowered to act in line with Senior Management vision.

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The idea of Internal Customers was developed. Through any company there is a chain of interconnected sub-processes. Each employee has a number of Internal Suppliers and a number of Internal Customers. Unless the Suppliers understand exactly what their Internal Customers require, they cannot deliver it. The development and improvement of these internal Customer-Supplier relationships is a powerful TQ technique.

The concept of Quality Related Costs was explained. Typically 20% to 30% of a company's turnover is wasted in carrying out unproductive work. This is work which would not be required in an ideal world and includes all checking and rework activities and a great deal more besides. Studies show that, for most companies, it is possible to recover half of these costs over 4 to 5 years if a programme of relentless Quality Improvement is introduced. Quality Improvement becomes extremely cost effective in these circumstances. In companies where profits amount to less than 10% of turnover, the financial gains of Quality Improvement can at least double the profits.

It is essential that TQ is not just seen as another programme. It is a new way of life working which must continue for ever. The British Government is clear that Quality Management Systems generally and ISO 9000 in particular are essential and are an excellent place to start a Quality initiative but they are only a part of what is required for Total Quality.

7.8 Systems Audit

Alan Medley developed the concepts of audit and assessment. Audit is an essential part of ISO 9000 implementation. Without a relentless, effective audit programme, a good ISO 9000 implementation is unlikely.

It is the auditors job to ensure that the Quality Management System conforms to ISO 9000 and that it is effective. It is possible to have a system which controls the way the things are done in a company which does not do the right things. The audit must confirm that the Company does the right things well.

The difference between 1st party (internal), 2nd party (customer) and 3rd party (other) audits was explained.

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The Quality Representative must develop and maintain a plan for audit of the Company's Quality System. Trained auditors must be used to carry out the audits. It was recommended that, whenever possible, line managers should be trained in audit techniques so that the understanding of ISO 9000 starts to spread around the Company. Audits carried out by one's peers are received much more positively than those carried out by a central Quality Department, often seen as an unsympathetic police force, out of touch with the day to day work of the Company.

The basic techniques of audit, including questioning techniques and the use of checklists were explored.

The content of ISO 10011, the Guidelines for Auditing Quality Systems was discussed and is recommended as an excellent standard method of defining the audit task. The document covers roles and responsibilities of auditors, clients and auditees and details the activities to be carried out through the audit lifecycle. It covers initiating, planning, opening meetings, examination, closing meetings, documentation, completion and follow up.

7.9 Lessons Learned

At convenient points during the seminar, reviews were carried out of lessons learned. Delegates were invited to put forward their ideas on what were the major learning points of the seminar. The following key points were raised:

- ISO 9000 is only a part of Total Quality
- Senior Management has a crucial role in Quality
- Quality is everybody's job
- The people aspects are critically important
- ISO 9000 gives an opportunity for common Quality standards across the world
- The Internal Customer-Supplier chain is critically important
- Quality can help to lead industries out of recession
- The hardest part of ISO 9000 is implementation
- We should try to remove the mystique from Quality
- The translation of ISO 9001 in MI 18991 is poor
- Selection of sub-contractors is easier in a free market economy
- There is a great deal to learn
- Government has a role in Quality
- Quality is not just QC or final inspection
- It is difficult to start an ISO 9000 programme from nothing

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- Do not try for perfection when developing the Quality Management System
- Quality problems may be very large - Senior Management must be involved
- Everyone has a role in TQ - do not just wait for Senior Management
- It is difficult to maintain momentum during development of ISO 9000 System
- The Government must help
- Avoid creating a bureaucracy
- Prevention is the key
- The system must work for you
- Customer focus is essential
- Statistical methods are important
- Cost of Poor Quality is high
- The tolerance for error must be reduced
- Up to 70% of our product or service is purchased from sub-contractors
- ISO 9000 should prevent the same mistake being made twice
- Audits may prevent a company having secrets

The Delegates had variable levels of knowledge and understanding of Quality at the beginning of the Seminar. The points listed above confirm that a great deal was learned during the Seminar by all the Delegates and the Seminar objectives were fully met.

A number of the points listed above are expanded and explored in more detail in Section 9.0 - Major Issues Arising.

8.0 ADDITIONAL ACTIVITIES

The Consultants were involved in a number of different activities during the course of their stay in Budapest.

8.1 Meeting with the Director General of the Ministry of Industry and Trade

An early morning meeting was held at the MIT on 30 March 1992. The meeting was attended by:

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Mr Peter Gresiczki (Chairman)	Director General MIT
Dr Antal Szabo	Senior Advisor MIT
Mr Albert Kalman	Senior Officer MIT
Mr Janos Pogany	UNIDO Senior Industrial Development Officer, Dr
Susan Zoldag	Secretary of the UNIDO Hungarian Committee,
Mr Bela Peceli	Prodinform
Mrs Zsuzsa Haiman	Prodinform (amr)
Mr Alan Medley	David Hutchins International Ltd.

The UNIDO and DHI representatives were welcomed to Hungary by Mr Gresiczki. The Government's commitment to Quality was explained and each of the attendees detailed their role in the Quality activities of the country in general and the Seminar in particular. It was to be hoped that the Seminar would be successful and that a good working relationship might be developed for the future.

8.2 Press Conference and Interviews

A press conference was held at The Ministry for Industry and Trade on 2 April 1992. The press representatives were extremely interested in the actions undertaken by the British Government as part of the Quality Initiative. David Steel detailed a number of the successful activities carried out by the Government and answered a number of questions on the subject. Alan Medley was subsequently interviewed at the University of Economics by Ms Susan Regos of Nepszabadag on a series of wide ranging quality issues.

8.3 Meeting with the Dean of the University of Economics

A useful meeting was held on 3 April with Dr Balazs Hamori, Dean of the Faculty of Postgraduate Studies, to discuss the UK's experience in education for Quality. The Institute of Quality Assurance examinations were explained and the role of Universities and Polytechnics was discussed. Much UK training is supplied by specialist consultancy companies and there is a great deal of interest in the IQA registered Lead Assessor course, one of which is run by David Hutchins International. A course was being run in Budapest at the same time as the Seminar. The usual qualifications for Quality Managers in the UK is Registered Lead Assessor and Member of the Institute of Quality Assurance.

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9.0 MAJOR ISSUES ARISING

A number of matters which were raised during the Seminar have important implications for Quality in Hungary. These matters are explored below.

9.1 ISO 9000 Translation

A number of the Delegates had excellent English and, as we examined the requirements of ISO 9001 in detail, they highlighted some major translation errors in the Hungarian equivalent document, MI 18991-1988. These translation errors completely changed the emphasis in certain parts of the specification. Some Delegates felt that this was unimportant and that the Hungarian document must be satisfactory since it was approved by the National Standards organisation.

Since the author has no expertise in Hungarian, the Delegate feedback must be examined. The following extract from paragraph 4.15.3 will enable readers with English/Hungarian skills to form their own conclusions.

ISO 9001 says:

Appropriate methods for authorizing receipt and the despatch to and from such areas shall be stipulated. In order to detect deterioration, the condition of the product in stock shall be assessed at appropriate intervals.

MI 18991 (apparently) says:

Appropriate CONDITIONS for authorizing receipt and the despatch to and from such areas shall be stipulated. In order to detect deterioration, the STATUS of the product in stock shall be assessed at appropriate intervals.

If true, these changes are subtle but significant. It is essential, if Hungarian registrations to ISO 9001 are to have equal value in the World market, that the Hungarian standard defines exactly the same requirements as ISO 9001. It is understood that a new translation is soon to be issued. This version should be given wide circulation amongst Quality experts and language experts to ensure that it is as good as possible.

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9.2 Government Involvement

There was much discussion during the seminar about the role of the Government, usually along the lines of 'What is the Government going to do to help us?'. Towards the end of the Seminar, one Delegate asked what were the differences between the Delegates in this Seminar and the Delegates in a normal DHI Quality course in the UK. The major difference was that in the UK, the Government would not have been mentioned even once by the Delegates during such a Seminar.

Clearly Hungary is passing through major changes and it knows best how to deal with the reliance of people on the Government. It should be noted however that the UK's Quality Initiative was designed primarily to raise awareness of Senior management. Generally, UK companies do not move into Total Quality or ISO 9000 because the Government says they should or they must. They do it because they understand that it makes sound economic sense if they wish to trade in the World market - it is good business. The Hungarian Government must help and facilitate the moves into Quality but companies must have the desire and the understanding.

9.3 Secrecy and Confidentiality

Some Delegates were extremely unhappy with the idea that outsiders, albeit potential customers, might be assessing their companies. They felt that they would have to give away a lot of company secrets. Other Delegates gave the view that this is a cultural problem. Many of these secrets were not secrets at all, rather were pieces of information that people liked to keep to themselves to increase their importance under the old regime. The author is not qualified to judge but the following points should be made.

Total Quality really requires an open and honest approach to business. The employees will work better if they understand the Company's aspirations and problems. Customer and Supplier relationships prosper greatly in an open and honest relationship where all parties have a shared interest in the future success of the Company.

This is not to say that a Company must not have trade secrets and confidential business information. The Company must decide and, if there are areas of its business which it does not wish outsiders to see, it must make that decision - even if occasionally it may lead to loss of a potential Customer. Many companies require external auditors to sign confidentiality or non-disclosure agreements before they are allowed to start an audit.

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9.4 Consultancy Support

It is understood that one Hungarian company has third party certification to ISO 9000 and that there are between 50 and 100 Quality consultancies in Hungary. Clearly, the consultancies cannot all have experience of successful implementation of ISO 9000.

Hungary has to start somewhere and it must certainly develop its own consultancy base but it is important that outside expertise is used in these early stages. The new entrepreneurial culture may produce a large number of inexperienced experts who cannot deliver what they promise. Internal consultants must be involved in Quality Management Systems developed by experienced outsiders. Much of the world, including the UK, has been working with Quality Management Systems for 20 years or more and has made many mistakes. Similarly, Japan and, increasingly the US and Western Europe, has a lot of experience with Total Quality success and failures. Hungary cannot afford to make all of these mistakes and must therefore take advantage of the experience which exists.

9.5 Purchasing Control

The ISO 9000 specifications require that a Supplier has good control of the Quality of the goods and services provided by its Sub-contractors. There was some concern that, until a true free market economy exists in Hungary, there will very often be only one possible Sub-contractor to choose from and this Sub-contractor may offer only poor Quality goods and services.

This is clearly an evolutionary situation. The Supplier must make every effort to obtain Quality goods and services. This means that all defective goods and services must be reported back to the Supplier so that he has the opportunity to improve future deliveries. The danger is that there might be widespread acceptance that poor Quality goods and service are a fact of life and cannot be improved. If rejected Purchased products cannot be repaired or modified to reach the required Quality standards, then there may be no alternative but to purchase items from outside the Country. Clearly, if we are making tractors and all the tyres we buy have a life of only one month, then the Customer sees the tractor as a defective product. We must use tyres of the required Quality so we must get our Sub-contractor to improve or we must buy elsewhere.

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9.6 Quality and Unemployment

The view was expressed that improvements in Quality will lead to increases in unemployment. What this really says that improvements in efficiency will mean that less people are required to make the same number of goods. This may be true and, in an unprotected market, expensive and poor Quality goods will lose market share to Quality goods from outside. The only options are to protect the market from outside competition with the likelihood of inefficient industry and poor Quality goods and services or to improve industry so that it can compete on equal terms.

These are economic and political arguments which are of course well understood in Hungary. The real problem is that people believe that unemployment may well rise in the short term as a result of improved Quality. The Government's Quality publicity and support activities must recognise and deal with these strongly held fears.

10.0 RECOMMENDATIONS

The recommendations detailed below stem from the matters which arose during the Seminar and which were detailed in the preceding Section and from the Consultants' experiences in other countries.

10.1 ISO 9000 Translation

The Hungarian version of the ISO 9000 series of documents must be faithful translations of the originals. The new translation should be given a wide view and should be implemented at the earliest opportunity.

A number of new ISO 9000 documents are currently being released and a mechanism should be put into place to ensure that translations are available quickly.

10.2 Cultural Resistance

The Government should carefully confront the cultural resistance to some of the changes required to focus on Quality. Examples given in Section 9 above include the secrecy and confidentiality, the selection and control of Sub-contractors and the impact of Quality on unemployment. These are real issues which cannot be ignored.

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10.3 Government Role

The Government should carefully consider what its role is to be. It is recommended that it considers the following areas:

- ensure that Government support and guidance is base around Total Quality, not just around the narrow fields of ISO 9000 and Quality Management Systems
- raise awareness amongst Senior Managers of Industry and Commerce by means of publicity materials and Seminars
- establish a Centre of Excellence for the Quality sciences so form a focus for the Country's Quality efforts
- work with education and training organisations to establish a structure for training and qualifications in Quality.
- establish a firm consultancy base by helping Hungarian consultants to gain real experience
- use external consultancies and other agencies to pass on their experience and expertise
- quickly establish a base of third party certified Companies in a number of large and small, manufacturing and service companies to gain experience
- establish a structure for the registration of companies, assessors and consultants

We believe that the UK DTI's Quality Initiative provides a useful model for all of this.

Appendix A

UNIDO request

PLEASE DELIVER IMMEDIATELY TO ADDRESSEE

FACSIMILE TRANSMISSION

IN CASE OF INCOMPLETE TRANSMISSION, PLEASE CALL THE CONTACT PERSON BY PHONE OR BY FAX LISTED BELOW

Drafted by/Contact person	Authorized by
S.R. Pamfil/ssp	M. Maung, O-i-C, ICMS
Telephone/Extension	Facsimile No.
211 31 / 5334	237404
Our reference	Your reference
0/HUN/2/SP-VI	
Date	Account to be charged
22/01/1992	
TRANSMISSION	
No.	This page No. 1 of 3 pages

To:

David Hutchins Associates Ltd.
 Consultants in Total Quality
 13/14 Hermitage Parade
 High Street, Ascot
 Berkshire SL5 7HE
 United Kingdom

Facsimile No. 0044 344 25968

Subject: UNIDO Industrial Development Support Programme for Hungary

Dear Sirs,

The Hungarian Government intends to hold a Training Seminar on Application of ISO 9000 Standards in Hungarian Industrial Enterprises.

The meeting shall be convened at relatively short notice, preferably in February 1992, in co-operation with the Hungarian Institute PRODINFORM as national counterpart of the project. Financing of local costs including logistics and administrative support will be provided by the Government, while external costs covering the engagement of a consultant/lecturer shall be borne by UNIDO from the Know-How Fund contribution of the U.K. Government to UNIDO for projects in Hungary.

The immediate objective of the Training Seminar is to transfer experience and upgrade the skills of Hungarian managers, technical specialists of enterprises, and consultants to be invited by PRODINFORM to attend the lectures followed by discussions. The Seminar shall be attended by ca. 40 persons.

The lecturers shall be given by a British consultant who specializes in standardization and application of ISO 9000 in particular for the establishment and implementation of Quality Assurance Systems at the enterprise level as well as throughout the country.

Enclosed herewith please find a tentative programme which outlines the topics for a presentation to be made by the lecturer.

In this connection we should appreciate knowing whether your Company could provide a specialist would be ready to undertake the task of the lecturer mentioned in the above outlined Training Seminar.

The Seminar shall be convened in Budapest for 5 days (one working week). We should be glad knowing your conditions regarding timing, reimbursement of costs and fee, taking into account that the means provided by the U.K. Know-How Fund are limited and serve promotional services, inter-alia also to the benefit of British consultancies through establishment of direct contacts.

Thereafter we should like to obtain your advice on the suitability of the programme or your recommendations for amendments and improvements according to your experience.

Looking forward to your expeditious response, we convey our best regards,

Yours sincerely,



M. Maung
Chief

Special Trust Fund Projects Section

cc: Dr. Susan Zöldag
secretary of the UNIDO-Hungaria: National Committee
Ministry of International Economic Relations
Budapest H 1055, Honvéd utca 13-15
Hungary
Fax: 0036 1 1532 794

Tentative programme outline for the Training Seminar on
"Utilization of ISO 9000 Standards"
Submitted by the Hungarian project counterparts

(to be agreed with the lecturer and UNIDO)

The purpose of the seminar is to demonstrate to the participants the philosophy and practice of utilizing ISO 9000 Standards at the enterprises for establishing their Quality Assurance System.

- How to choose proper Standards for the enterprise;
- How to initiate appropriate applications;
- How to teach the methodology pursuant to ISO 9000 Standards, and transfer of experience;
- What would be the best procedure to achieve tangible results in increasing the quality level of goods manufactured by the enterprises;
- What are the main objectives of actions to be taken for the implementation of the ISO and related Standards;
- How to prepare for company certification;
- What advanced statistical management techniques should be applied;
- Examples of successful enterprises applying Quality Assurance Systems;
- How to get employees of the enterprises committed to follow the Standards.

Appendix B
Proposal Extracts

1.0 DHA ORGANISATIONAL ABILITY

David Hutchins, the founder of DHA became intensely involved in the application of the Quality Sciences and disciplines whilst employed as a Chartered Production Engineer in the mid 1960s. In 1969 he became Director of the Quality and Reliability Unit of what is now the West London Polytechnic. From the beginning David was interested in, and began, serious research into Quality developments worldwide and particularly into the emergence of Japanese management methods.

In the late 1970's David was a member of the British Aerospace course run at Ashridge Management College for a high level team from the Egyptian Government Defence Organisation.

DHA was formed in 1979 with the object of sharing all these years of research with industry generally, and to help develop its clients to worldclass levels of Quality. Since that time, DHA has acquired an enviable reputation throughout the United Kingdom for the successes of its clients. It has also acquired a reputation for the provision of state of the art concepts and services.

During this time DHA has established links worldwide including Japan and the United States and is a leading collaborator with the Juran Institute with JUSE-QCAS in Japan and other leading world organisations.

DHA has also maintained a close relationship with the UK Government's Quality Initiative which began in 1982. The former Head of the Department of Trade and Industry Unit responsible for guiding that programme is currently retained by DHA as an advisor. He has been included in these proposals for the purpose of participation in the Top Management Seminar and also to share his experiences in the development of a national programme.

DHA has assisted some of Britain's largest companies in the development and implementation of Total Quality strategies, are currently working in the public sector with HMSO, the National Healthcare Establishment and several of its major private sector suppliers. DHA has also been heavily involved with the implementation of Total Quality in the British Rail Network.

DHA has also acquired considerable depth of experience in education and training related to ISO 9000 Quality Systems and has been internally approved to conduct Lead Assessor training courses.

During the past three years, these have been successfully conducted in the United Kingdom, USA, Singapore, Malaysia and Australia with ISO 9000 related presentations made in Indonesia, India, Hong Kong and several locations throughout Europe.

We believe that the combination of our external 'hands on' experience with major Total Quality implementation initiatives, combined with our liaison with the former Head of the British Government Initiative gives DHA a unique base of experience to fulfil the objectives of this proposal.

2.0 UNDERSTANDING OF THE NEED

The Hungarian Government intends to hold a 5 day seminar in Budapest for up to 40 delegates from the following sectors:

- Hungarian Managers
- Technical specialists from Enterprises
- Selected Consultants from the Hungarian Institute PRODINFORM

The seminar to take place in February 1992 will follow a detailed programme to be advised by DHA Ltd and approved by UNIDO on behalf of the Hungarian Government. The provisional requirements of the seminar defined in document reference O/HUN/2/SP-VI will also be taken into account.

3.0 DHA OBJECTIVES

DHA intends to meet the following objectives in the provision of the 5 day seminar.

- To assist UNIDO in the design of the 5 day seminar.
- To provide an understanding of the requirements of ISO 9000 series standards and the selective application to industry sectors.
- To provide an understanding of the supporting documentation such as Quality Manuals, Systems procedures etc, necessary to achieve successful implementation.
- To provide guidance on the development and audit of such systems including:-
 - development of 1st, 2nd, 3rd party schemes
 - the role of national accreditation bodies
 - assessment processes and associated protocols
 - the role of internal and external auditors
- To describe based on the considerable experience DHA has with the implementation of such Quality Management Systems in the UK, rest of Europe and the rest of the world, the critical success factors to achieve improvement in enterprise performance.
- To provide an overview of the development of national and industry sector strategies based upon the experience of the British Government using the resources of the former head of the British Government Department of Trade and Industry Quality Policy Unit.

Appendix C

Alan Medley, M.I.Q.A, I.Eng

Senior Consultant
David Hutchins Associates Limited

BIOGRAPHICAL SKETCH

Alan Medley has been involved in Quality within a major UK company since the late 1960s. He moved from calibration into supplier quality control and eventually into Quality Management Systems' evaluation and audit.

He gained a strong interest in using computers in the Quality discipline whilst managing a group designing, producing and running software systems to provide Quality information and control for both products and suppliers. He developed and implemented an in-house Quality Management System and led his group to successful BS 5750 Part 1 accreditation during his period.

Alan later became a Project Quality Manager, responsible for overseeing and coordinating the Quality activities of contractors involved in a number of major, high-tech projects. Many of the contractors were large multi-nationals and Alan travelled in the UK, Europe, USA and Japan gaining first-hand experience of their capabilities and developing and implementing Quality plans and improvement programmes.

His work has convinced him of the benefits of applying Quality disciplines to design and software projects and he has experience of the available techniques and of how they can be successfully implemented. He is an enthusiastic advocate of the Total Quality process and the supporting methods such as problem-solving techniques with which he has experienced a good deal of success.

David Steel

Associate
David Hutchins Associates Limited

BIOGRAPHICAL SKETCH

David Steel spent the first 38 years of his working life within Central Government.

He was trained as a Physicist and he spent the early part of his career undertaking experimental explosives research. This impressed on him the importance of good quality systems and of getting things right first time every time. Failure here was a recipe for a very short life.

In 1979 he was appointed Head of the Department of Industry's Standards and Quality Policy Unit where he took a full and active part in the development of UK Government Policy to promote the adoption of all areas of Quality which might enhance the competitiveness of UK Industry and Commerce in worldwide markets.

He was Head of the Government's "National Quality Campaign" which was developed into and superseded by the "Managing into the '90s" Campaign in 1988.

David was personally responsible for setting up and monitoring a range of Government schemes which were designed to create an infrastructure within which Quality could be developed throughout the UK.

He took early retirement from the Department of Trade and Industry (DTI) in 1990 in order to take a more active role in the practical implementation of Total Quality Management. To this end he works as an associate with several of the leading TQM consultancy companies in the UK.

He is still engaged by the UK Government as their spokesman on Quality at DTI seminars throughout the UK.

Appendix D
Programme

MONDAY 30 MARCH 1992

9:00 INTRODUCTION

Introduction DHA & ACM, Aims of seminar, Programme, Manual, BS 5750 vs ISO 9000, Domestic, Style, Delegate introductions

10:00 QUALITY, QA AND QMS

Pressures for Q, Quality, QA, Systems, TQ vs ISO 9000, PDCA, benefits, failings

10:30 COFFEE

11:00 ISO 9000 INTRODUCTION

ISO 9000 history, overview of registration schemes, ISO 9000 document series (service, software etc), overview of requirements

12:00 SYNDICATE

Consider Worldwide Toys. What problems exist with the way this company operates. Do not worry about matching findings to ISO 9001

1:00 LUNCH

2:00 FEEDBACK

2:30 ISO 9001 DETAILS (1)

Examination and discussion of paragraphs 4.1, 4.2 and 4.5

3:00 COFFEE

3:30 ISO 9001 DETAILS (2)

Allocation of paragraphs 4.4, 4.6 and 4.9 to syndicate groups

4:00 FEEDBACK AND DISCUSSION

5:00 BRAINSTORM LESSONS LEARNED

Brainstorm lessons learned from day's discussions ready for Friday action planning exercise

5:15 CLOSE

TUESDAY 31 MARCH 1992

- 9:00 ISO 9001 DETAILS (3)**
Allocation of paragraphs 4.10/12, 4.11, 4.13/14 to syndicate groups
- 9:30 FEEDBACK AND DISCUSSION**
- 10:30 COFFEE**
- 11:00 ISO 9001 DETAILS (4)**
Allocation of paragraphs 4.15, 4.16 and 4.17 to syndicate groups
- 11:30 FEED BACK AND DISCUSSION**
- 12:30 ISO 9001 DETAILS (5)**
Allocation of paragraphs 4.3, 4.7, 4.8, 4.18, 4.19 and 4.20 to syndicate groups
- 1:00 LUNCH**
- 2:00 FEEDBACK AND DISCUSSION**
- 3:00 COFFEE**
- 3:30 SYNDICATE**
Review Worldwide Toys. Note significant non-compliances against the requirements of ISO 9001
- 4:00 FEEDBACK AND DISCUSSION**
- 4:30 IMPLEMENTATION STRATEGY**
- 5:00 BRAINSTORM LESSONS LEARNED**
- 5:15 CLOSE**

WEDNESDAY 1 APRIL 1992

9:00 DOCUMENTATION - INTRODUCTION

Review ISO 9001 paragraphs 4.1 and 4.2, Need for documented system, pyramid, levels of documentation, matrix of procedures, hierarchy of documents

10:00 SYNDICATE

List the documents likely to be required within Worldwide Toys

10:30 COFFEE

11:00 FEEDBACK AND DISCUSSION

11:30 QUALITY MANUAL AND PROCEDURES

Quality Manual structure and content, policy and training statements, intro to procedures, typical structure, production process, style, flowcharting, inspection, implementation - resistance to change

1:00 LUNCH

2:00 DAVID STEEL

The approach of the British Government, the National Quality Campaign, the role of the DTI Policy Unit

3:00 COFFEE

3:30 DAVID STEEL CONTINUED

5:00 BRAINSTORM LESSONS LEARNED

5:15 CLOSE

THURSDAY 2 APRIL 1992

9:00 DAVID STEEL

Review of Quality Initiatives through the 1980s and the importance of ISO 9000 series to current Government thinking

10:30 COFFEE

11:00 DAVID STEEL CONTINUED

1:00 LUNCH

2:00 INTRODUCTION TO AUDIT

Introduction, audit as a management tool, assessor registration, audit lifecycle

3:00 COFFEE

3:30 ISO 10011

4:00 SYNDICATE

Plan a process audit

4:30 FEEDBACK AND DISCUSSION

5:00 BRAINSTORM LESSONS LEARNED

5:15 CLOSE

FRIDAY 3 APRIL 1992

9:00 PREPARATION AND PLANNING

Planning, high level questions, techniques, programme

9:30 SYNDICATE

Plan high level questions for an audit of Worldwide Toys

10:00 FEEDBACK AND DISCUSSION

10:30 COFFEE

11:00 AUDIT TECHNIQUES

What do we examine, questioning techniques, listening, checklists, auditor characteristics, opening & closing meetings, documenting & evaluating results, feedback, auditing difficult areas

12:00 SYNDICATE

Plan some low level questions for Worldwide Toys personnel

12:30 FEEDBACK AND DISCUSSION

1:00 LUNCH

2:00 LESSONS LEARNED

Review and discussion of lessons learned from the seminar

3:00 COFFEE

3:30 SYNDICATE

Consider the lessons learned and create a strategy on what action Hungary should take. Consider what strategy your companies should adopt. Identify the factors which will be critical for the success of this strategy. Develop a timescale for implementation

4:30 FEEDBACK AND DISCUSSION

5:00 CLOSE

Appendix E

SYNDICATE EXERCISES

During the seminar, you will be asked to carry out some work in a small syndicate group. The syndicate exercises will be taken from those listed below. You will be given explicit instructions by the Course Leader before each syndicate exercise. The number of syndicate exercises undertaken will depend on the progress made during the seminar.

- A) Read the Worldwide Toys case study. In your syndicate group, discuss what problems exist with the way this company operates. Do not attempt to relate these problems to the requirements of IS 9000 at this stage. List your observations and nominate one of your group to report back.
- B) You will be asked by the course leader to discuss sections of ISO 9001 in your group. You should attempt to reach a common understanding of the section within the group. List the main points and nominate one of the group to report back.
- C) Review the Worldwide Toys case study paragraph by paragraph against the requirements of ISO 9001. List the areas where major deficiencies exist and show which parts of ISO 9001 have been contravened. Nominate one of the group to report back.
- D) Review the Worldwide Toys case study. List the documents which you believe they would need to produce to meet the requirements of ISO 9001. There are 3 major sources of information. 1) Activities mentioned in the case study, 2) Other business processes which, from your experience, you would expect to exist and 3) Documents explicitly required by ISO 9001. Nominate one of the group to report back.
- E) In your syndicate group, plan a process audit of a hospital X-ray department. List the Men, Machines, Materials and Methods you would expect to find during your audit. Nominate one of your group to report back.
- F) Review the Worldwide Toys case study. In your syndicate group, compile five high level questions to explore whether the company meets the requirements of ISO 9001, paragraph 4.6, Purchasing Control. Nominate one of your group to report back.
- G) Review the Worldwide Toys case study. In your syndicate group, compile at least five low level questions, along with the names of the people to whom you would address the questions, to explore whether the company meet the requirements of ISO 9001, paragraph 4.6, Purchasing Control.
- H) Consider the lessons learned during the seminar and devise a strategy to detail the actions you believe should be taken by the Hungarian Government. Consider what strategy should be taken by your individual companies. Identify the factors which will be critical for the success of the strategy and recommend timescales for implementation.

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