



COMPASS
QUALITY SOLUTIONS

ISO 9001 Certification: Dollars and Sense

As a business owner and somewhat of a data geek, I like to make decisions based on data. What's my return on investment for a product or service, and what value do I expect to receive as a result, both in dollars and other benefits? The same applies to a company that is considering ISO 9001 or an industry-specific certification. What's the value in dollars, and does the investment make sense for their business?

According to a survey performed by the International Organization for Standardization, the number of ISO 9001 certifications increased 38% worldwide from 2005 to 2009 (<http://www.iso.org/iso/survey2009.pdf>). So, what compels companies to pursue ISO certification, and what benefits have they received? Based on my research of ISO certified companies in various industries, the most compelling reasons for pursuing certification are externally driven, with **the loss** of current or potential business as a major decision factor. To a lesser degree, companies feel that it would improve their operational performance by adhering to an established and accepted standard.

Frequently mentioned reasons for pursuing certification by various sources include:

- Business/Customer requirement
 - Become approved supplier
 - Meet certain market requirements for ISO certification
 - Get on bidders' list
 - Comply with customer mandate
- Marketing advantage
 - Receive recognition and credibility for global certification
 - Compete in international arena
- Customer Satisfaction
 - Assure customers that all processes throughout production are consistently followed
 - Ensure customers receive a consistent, quality product

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It's interesting to note that improved performance is not one of the frequently mentioned **reasons** for pursuing certification; however it is perceived as a major **benefit**. Commonly reported benefits as a result of certification are:

- Customer satisfaction
 - Provides new customers a high degree of confidence
 - Demonstrates your company's commitment to quality
 - Improves customer satisfaction

- Improved performance
 - Improved the quality of the company's product
 - Reduced the cost of non-conformances by more than half in two years
 - Eliminated inefficiencies, and streamlined procedures
 - Standardized processes
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- Increased business
 - Opened up new markets
 - Increased business from both existing and new customers

In summary, most companies pursue certification because of customer or marketplace demands. Certification is viewed as a "positive thing" and typically results in improved customer satisfaction and business performance, as well as increased business.

If ISO Certification is in your plans, now you know some of the benefits you likely will experience. You also need to consider the investment or implementation costs which depend primarily on your current quality system, its maturity, and your commitment of resources and time. It's a matter of dollars and sense; you need to determine if certification makes sense based on *all the data* relative to your business.

For more information on the ISO Survey go to:

http://www.iso.org/iso/iso_catalogue/management_and_leadership_standards/certification/the_iso_survey.htm