



Accredited Third-Party Certification...The Proof is in the Results

Companies decide to become certified for many reasons. One of their customers could be mandating it, they are looking for a competitive advantage, they want to expand into a different industry or they simply have a commitment to quality, the environment or food safety. Whatever the reason, at some point they are bound to ask themselves, "Will the benefits for becoming certified really outweigh the expenses incurred and how quickly will the benefits be realized?"

In today's society, we are all about immediate gratification. We want what we want NOW and we want to reap the benefits of what we have NOW. With third-party certification, the proof (or the greatest benefits) will be seen over time. Sure, certification can help a company retain or gain the customer who is mandating it or will satisfy their corporation's mandate. However, like most new processes, the strongest benefits are not going to be immediate. With certification, it is the organization with a mature, robust management system that is going to realize the greatest return on its investment. These benefits can be in the form of financial, as well as non-financial benefits.

Numerous studies have been conducted to document, validate and quantify the benefits and return on investment for accredited certification to one of the quality, environmental or food safety management systems.

One such study was recently conducted by the International Association of Accredited Registrars (IAAR)¹. In the results, 84% of the respondents stated they realized a *measurable* return on their investment. Measurable returns like the ones outlined below, were realized in less than 18 months:

- 11% of the respondents realize a return of more than 20%
- 15% of the respondents realized a return of 10%-20%
- 27% of the respondents realized a return of 6%-10%

Benefits have also been found in other forms. For example, in the IAAR survey, the most frequently named benefits of certification were:

External Benefits:

- Improved perceived quality (57%)
- Improved customer satisfaction (55%)
- Competitive advantage (38%)
- Reduced customer audits (31%)
- Increased market share (11%)
- Quicker time to market (4%)

Internal Benefits:

- Greater quality awareness (73%)
- Better documentation (73%)
- Increased efficiency (37%)
- Positive cultural change (33%)
- Improved financial performance (12%)
- Improved morale (9%)

A study conducted by the Harvard Business School² in January, 2010 reinforced these findings, as well as identified even more. Their research focused on the impact an ISO 9001 management system has on an organization in the areas of:

- Employment
- Total payroll
- Average annual earnings
- Workplace safety
- Sales growth
- Long-term company survival



This study, which included almost 1,000 companies, found companies certified to the ISO 9001 quality management system standard had:

- Far lower organizational death rates than non-certified companies. In addition, injury rates declined slightly due to the detection and elimination of hazardous practices and the adoption of safety practice.
- Higher rates of corporate survival due to the perception of higher quality products or services, resulting in higher growth rates for sales, employment, payroll and average annual earnings
- Improved documentation of operating procedures, training and procedures for corrective action, as dictated by the requirements of the standard
- Increased skills for managers, including learning how to reduce costs, resulting in increased revenues
- Increased efficiency to workflows due to early identification and correction of problematic work practices

Other areas within an organization experience measurable results, as well. Management system standards include numerous requirements that are focused on helping create stronger businesses with:

Improved processes, products and services

- Management responsibility
- Resource management
- Measurement, analysis and improvement
- Continuous improvement
- A competitive advantage
- Access to prospects that previously may not have been available

Clearly defined requirements, including a commitment from management, and oversight by an accredited certification body help strengthen the management system and provide greater returns

Accredited third-party certification body EAGLE Registrations Inc. asked its auditors for examples they have seen companies realize after they implement an accredited management system standard. The following are a few of the examples seen by the auditors in production areas:

- Improved processes – A process improvement resulted in the establishment of a corrugated recycling practice that reduced the company's trash pickup from two times daily to one time per week. This change resulted in reduced waste to the landfill by 2/3 fewer trips and the company realized a profit from the recycling
- Improved products and services – The requirement to identify processes and create process maps helped one company identify inefficiencies on a production line. This change allowed the company to streamline production, netting a reduction in paperwork, redundant processes and enhanced employee communication. Unnecessary handling of product decreases employee productivity, increases labor overhead, and introduces the potential for product damage and delivery. Measurable results were realized in parts per hour and damaged parts
- Improved products and services – A non-conformance against customer specific requirements prompted a company to develop a detailed matrix of their requirements. Implementation of the matrix reduced their error rates, defective products and lead to fewer warranty claims
- Continuous Improvement – A continuous improvement program identified an inefficient grease pumping system that was wasting four to five drums of grease. The improvement saved the company \$200,000 annually in grease



During third-party certification audits, auditors also see benefits in non-production areas. The following are examples the auditors have seen in non-production areas when they became ISO certified:

- Customer satisfaction/feedback – Implementation of a customer satisfaction survey process helped a company realize delivery was a top priority/issue for their customers. By changing their process, they increased customer satisfaction on delivery to 95%
- Internal Auditing – Conducting robust internal audits uncovers issues that previously were not evident. During an internal audit, an auditor identified an issue with calibration on equipment in one area of the company. Further review identified the same issue with equipment in other areas of the company. With the implementation of effective preventive actions and corrective actions, measurable returns were realized
- Management Reviews – During the required management reviews, findings and corrective actions are reviewed by management. For example, due to a finding, a root cause analysis was conducted and identified a tow motor was repeatedly malfunctioning and dropping product in transit
- Conformance – There are requirements to create a systematic structure for complying with regulatory, statutory and environmental requirements and regulations. During the audit process, the auditor will ensure the company is in conformance to outside requirements. Not conforming to these requirements can be costly to a company. Consistently conforming will help increase market share and new business.

History, research and the examples from the auditors provide proven results that companies that become certified to one of the management system standards can definitely realize benefits that are positive and measurable across the entire organization. The catch is that although many benefits will be realized right away, not ALL of the benefits will be realized at the conclusion of the first certification audit. With ongoing commitment and accountability within an organization, the management system will become more robust and effective and the company will realize a greater return on its investment. It is important to remember, certification is not a one-time event that is just the responsibility of the quality department. To be most effective, it has to become a part of the everyday business management process across the entire organization.

About EAGLE Certification Group

EAGLE Certification Group includes EAGLE Registrations Inc. and EAGLE Food Registrations Inc. that are accredited third-party certification bodies providing value-added third-party certification for international quality, environmental, health and safety, and food safety standards. EAGLE helps clients maximize their quality system investment and improve business results through personalized service, compliance analysis, constructive feedback and superior industry knowledge. For details regarding EAGLE's accreditation, please contact us at 937.293.2000 or 800.795.3641 or email us at info@eaglecertificationgroup.com