Can We Integrate Quality Management and Risk Management?
Discussion in LinkedIn's group G31000 with 180 comments from April until May 2013

Peter van Nederpelt

Some people question if quality management and risk management can be integrated.

Firstly, let us look at ISO's definition of quality and risk.

Quality is the degree to which a set of inherent characteristics fulfils requirements (ISO 9001).
Risk is effect of uncertainty on objectives (ISO 31000).

Secondly, let us take a car as an example.

A characteristic of a car is safety.
A requirement for the safely of a car is compliance with legal rules.
An objective is that the safety of car complies with legal rules.

As we can see there is not much difference between a requirement and an objective. We even could define an objective as a requirement for a specific characteristic.

Furthermore

Both in quality management and risk management actions should be taken to stay or get in control.

Both in quality management and risk management cause and effect analyses are used as techniques to determine which actions are necessary.

The concept of 'uncertainty' is relevant in quality management too.

Bad quality of object X is a risk for the quality of object Y.

In my view, it is possible and useful to integrate quality management and risk management. There are many similarities and they can be applied in the same domains too.

NB: In the pharmaceutical context, the term quality risk management is introduced in 2005 (ICH, 2005).

Popescu and Dascalu (2011) researched the integration of risk management into quality management.

References

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Robert Jeges • Not sure that requirements and objectives are the same. Of course that meeting requirements becomes and objective with associated events and risk.

Identifying the quality characteristics helps with the definition of the objective and possibly with the identification of risk.

Appart from that I think that these two disciplines already integrate through the events that form part of process. If anything I would pay more attention at risk management in process definition and management.

Betty Kildow • I believe that this discussion is part of an even larger issue. Responsibility for managing an organization's risks may be scattered among several departments and functions. Multiple departments may have responsibility for some part of the company's continuing efforts to manage all types of risks, disruptions, and disasters. If this is done with a less than perfectly coordinated integrated effort, it can result in possible gaps or overlaps.

Perhaps it is time to look at fully integrating and combining quality, business continuity, disaster recovery, security, risk management / insurance, safety, and other functions that in some way manage an organization's risks and threats into one department with the head of the department reporting directly to the CEO.

Ehtisham Syed • Quality is an overarching concept that must be permeated into every activity a company performs to create value for the stakeholders. However stakeholder perception is very important to manage on following accounts:

==Perceived quality may be different from actual quality because of past experiences.
==Target market preferences may not match with quality investments.
==Customer may not have full knowledge on how to judge on quality

Also distinction should be made between conformance quality and performance quality. The given example is a case of conformance quality. Performance quality will measure things like how fast and smooth it rides; fuel efficiency etc.

So can We Integrate Quality Management and Risk Management?

Why not provided that quality is taken as a major strategic thrust of the business together with risk management to create and protect value for the diverse range of stakeholders.

Hans Träff • Peter. Of course you can. There is already one integrated Management system existing integrating ISO 9000, health, risk, ISO 14000, preventive actions, certification and processes. The solution - a new innovative management system called FR 2000 Integrated Business Management System. Covering everything. Now going international-focusing on the USA. Addressing any kind of businesses, like manufacturing, moving companies, construction, driving schools, plumbing, energy suppliers, hospitals, communities, - you name it!

FR2000 started in Sweden, developed by the Swedish Federation of Private Enterprises, back in 1993-94. Smaller businesses were under pressure from customers and authorities to implement the costly and rigid ISO 9000/14000 and OHSAS 18000 systems, but were struggling with the cost and size of such a system. A special committee was established and a management program was developed to meet the needs of small businesses and organizations. The program was launched in 1995, and now over 500 businesses are certified.

The system is integrating Quality, Environment, Work environment, Skills provision, Risk and Health & Safety in one single management system. It is basically developed for small businesses that believe it is too complicated and expensive to implement an ISO system. It is flow- and process oriented and follows the processes from customer enquiry, through the company, to delivery. Simplicity, businesses like approach and regular improvements are the thread running trough the whole system.

So, please contact me for more detailed information, if the FR 2000 concept seems interesting. Email: hans@txl-international.com

Mark Edward Stirling Bernard • Can We Integrate Quality Management and Risk Management? Absolutely - in fact we are already doing this with ISO/IEC 27001. The standard was adopted by ISO in 2005 and immediately harmonized with ISO 9000 and ISO 14001. This standard has 17 of 102 control points within the management system dedicated to Risk Management.

Alex Dali, MBA, ARM • Thank you Hans for informing about the FR2000 model. However millions of organizations will be impacted by new requirements from ISO. I explain :

Following the adoption by ISO of 'Annex SL' in 2012, all ISO technical committees developing management system standards have to use the same structure, terms and definitions. Management system standards (such as ISO 22301) have already been published using this harmonised structure and well-known management systems such as ISO 9001 (quality), ISO 14001 (environment), ISO /IEC 27001 (Information security) (currently under review) etc. will follow this new format during its revision process. As a new requirement, the concept must be included in the new format for existing and future ISO management system standards.

So, this discussion goes well beyond ISO 9001 !

In that perspective, G31000 is organising the Second International conference + Masterclasses on the ISO 31000 Risk Management Standard is scheduled for 28-31 May, 2013, in Toronto, Canada.

One of the sessions is : ISO 31000 and ISO Management Systems. We gather the following outstanding speakers directly involved in New format for the revision of existing and future ISO management system standards.
See : http://g31000.org/session-iso31000-management-systems/

Susan LK Briggs| ISO Technical Management Board (TMB) Joint Technical Coordination Group (JTCG)| USA | will speak about:
How to align all ISO Management systems ?

Kevin W Knight | Chairman of the ISO Working Group that developed ISO 31000 | Australia | will speak about:
The management of risk and its role in Management System Standards

Looking forward to meeting you in Toronto!
Alex

Radi Bechara • We tend to forget that QMS is not a stand alone system! Everything we do, we do to meet the client expectation, hence everything we do is under QMS! Risk management is nothing more than additional activities a company carries out to make sure that proper quality is achieved at the end of the day. Therefore risk management has always been and always will be part of QMS! They were never apart to integrate them in the first place. Everything we do is quality management, its only the introduction of various standards that gets people consumed with identifying each as a stand alone system, when in reality everything falls under QMS.

Carsten Busch • Can We Integrate Quality Managemen and Risk Management? If you can't, or won't you are doing something seriously wrong!

Karl-Heinz Walsdorf • I think that Risk Management is already an integrated part of ISO 9001. As an example the required documented procedure of 8.3 Control of nonconforming product need to have a Risk Management in place to derive the adequate reaction to a known product failure. As a result of a Risk Analysis the range of measures can be of doing nothing up to a global product warning and product recall action.

Peter van Nederpelt • We seem to agree that it is smart and possible to integrate quality and risk management. Betty suggested that even more disciplines than these two should be integrated.

The next question is how.

Hans mentiones the FR 2000 model. I would like to read more about this model but the starter kit costs $ 2545 which I cannot afford as an individual person :(. But may be there is another way to share the knowledge about the model?

Mark mentions ISO/IEC 27001. This standard is about information security management. The scope of this standard is therefore limited.

Karl-Heinz tells that ISO 9001 has a paragraph (8.3) about non-conforming products. Non-conforming products are certainly a risk but aren't there more risk sources that can be identified.

I tried to solve this puzzle of integration by developing a tool that can be used in any discipline and industry. It is called Object-oriented Quality and Risk Management (OQRM). It could have been called magement control model too and it can be combined with ISO 31000.

OQRM is meant for custum made solutions and is therefore flexible. Key concept of this model are focus areas. See my blog about this subject.
http://oqrmmodel.wordpress.com/2013/04/19/is-the-concept-of-focus-areas-powerful/

More about OQRM can be found at http://www.oqrm.org/English . A book about this model costs $ 12.50 at Amazon.

Would this model add value to your business?

Guan Seng Khoo, PhD • Another challenge is the definition of quality - e.g., in manufacturing or chip production or in routine processes, quality control implying reduction of errors or deviation might be desirable, e.g. 6 sigma-type approaches. But in finance, for volatility traders or tail risk seekers, chaos

or heightened deviation is favourable. I'm all for generally accepted risk principles, but I don't believe there's a "one size fits all" risk standard for all industries at the moment.

Bhavna Jha • I believe we can also improve and integrate quality and risk management through industry's synergy , production methods and economies of scale.

Ehtisham Syed • Peter asked how?

Let's start with strategic themes. These are key processes and resources around which the execution of strategy occurs. For example, some time ago I came across RBS Group's strategic themes at their website:

~~Fair banking
~~Supporting enterprise
~~Employee engagement
~~Safety and security
~~Citizenship and environment

Generally speaking, key stakeholders should be explicit part of strategic themes such as employees, shareholders, customers, and partners along with quality and CSR.

It is the strategic themes where risk appetite/tolerance should be defined on a broad level IMO but that's not the topic of this discussion.

Next, the performance of business processes/activities (both primary and support) around those strategic themes must be enhanced through quality risk assessment and control. For example, employing quality tools and techniques such as root cause analysis, inspections and audits; pareto analysis, KRIs, process mapping, bowtie method, SPC, cost-benefit analysis, documentation etc. etc.

At the broader level, risk aware culture, roles and responsibilities, organizational alignment and communication, monitoring and review etc. etc.

Martin Davies • In the end risk management will consume the entire business, so what isn't risk management in a business at the end of the day:

Quality control, performance optimisation, ABC Costing, business scalability strategy, funding and liquidity control, procurement and price management, inventory management, settlement and credit control, cash management, information security, knowledge management, data analytics, business continuity, project management, product audit, business reputation and branding, regulatory compliance, disaster recovery, hazard management, safety, supply chain security, waste control and environment management, financial forecasting and planning, financial governance and disclosure ...

The list goes on and on, ALL these departments also overlap "risk" in a conceptual way at some point in their function.

Actually, you could probably class the various array of models that are used in any of the areas listed above as either derived from the domain of statistics or financial engineering or computer / database programing.

I know a large part of the risk community is on this break down the silo band wagon at the moment but really is it workable?

Should we break down the silo for this little lot above and have all of these functions under risk?

I am not sure the average enterprise risk management team is up for the task, they don't have enough experience in either finance or statistics.

Khalas ~ enough is enough

Sean Coleman • Yes I think they can be integrated whilst still retaining specialists skills particularly in larger organisations and where customers or stakeholders have very specific demands.
Martin I get your point about the silo band wagon but what might work is a mix of silos (specialists)and then a meeting of minds (generalists) when the silos produce their product.

As always there will be need for specialists and those with a broader view to make a good team.

Integration will work well for some companies at this point and will prove difficult for others where mature and tested systems are in place.

Martin Davies • Some years ago I worked for a bank in operational risk and wondered why do we need to have an operational risk department, an operational performance department and a risk compliance department ... Surely all these functions could fall under one unit?

But they can't for the very reason Robert states above "Not sure that requirements and objectives are the same".

So when people believe they can break down the silos by pushing business units together, they are horribly mistaken. You can't push credit risk into market risk, the priorities and objectives aren't the same, they suffer conflicting meta-ethics. For example operational performance try to turn controls off and audit try to turn them on.

Sean, you are right, integration is the solution but integration isn't what people think. It is about grouping overlapping process/role/actor/system functions out of a department and streamlining these functions into a single unit.

All this said, true integration isn't easy to achieve because the organisation may end up failing under

the weight of its own bureaucratic structure.

For example, there is a reason why trading departments have their own IT units rather than sending IT requests to the centralised IT function in the company. In short, the turn around time is too long for the centralised IT function to resolve problems and the systems are often too complex and bespoke for them to comprehend.

So Sean, I agree; integration is definitely the answer as hard as it is to make work but if risk people truly knew what it involved, they wouldn't touch it with a ten foot barge pole.

Integration may be the end of the risk team as they know it today. You would have risk analytic units breaking away from generalist risk functions, the salaries would drop on the generalist risk functions, along with their authority and learning curve. Life for the enterprise risk manager may end up becoming loathsome; from ERM specialist to the janitor of risk.

As they saying goes "be careful what you wish for".

Peter van Nederpelt • @Guan. Products have different characteristics than in finance. So, you have to find out what the characteristics (quality dimensions, attributes) are of the financial product. Then, define for each characteristic the requirement and see to what degree the product meet the requirement. The approach is the same as for physical products.

@Ehrisham. ~~Fair banking ~~Supporting enterprise ~~Employee engagement ~~Safety and security ~~Citizenship and environment are nice strategic themes. According to the OQRM model, these expressions are (high level) focus areas which can be managed by taking the right steps. One of these steps is define what they mean for us otherwise we don't know what we are trying to manage.

@Martin and Sean. There are a lot of different disciplines and management models. I would be too much to have a department or even position for each discipline.
The concepts used in the OQRM model can be applied in all these disciplines. It introduces a common language and procedure. Key concept in this model are 'focus areas' which can be found in all disciplines.

Guan Seng Khoo, PhD • @Peter,

Thanks. My worry is that while "quality" & risk aspects may work better in a more deterministic environment, but in a more indeterministic environment where there's creative destruction or in financial markets, e.g., trading, while the "quality" of the data may play some role, 'outliers' or non-mainstream thinking could be good risk-based opportunities!

Ehtisham Syed • Peter is right. Strategic themes are high level focus areas (strategic thrusts) bridging vision and strategy. These are enhanced vision that provide the building blocks around which the execution of strategy occurs. Each theme consists of some strategic processes, each with an associated job family.

I liked RBS Group's strategic themes. Sometime ago I wrote a blog 'who should your CRO report to?" http://bit.ly/11fV092

Following is a relevant excerpt from my blog in the context of quality.

"Individual poor decisions can result from flawed analysis and judgment in particular circumstances: many of the decisions that RBS made appear poor only with the benefit of hindsight. But a pattern of decisions that may reasonably be considered poor, at the time or with hindsight, suggests the probability of underlying deficiencies in: a bank's management capabilities and style; governance arrangements; checks and balances; mechanisms for oversight and challenge; and in its culture, particularly its attitude to the balance between risk and growth."

Robert Jeges • The integration of risk management with quality management begs questions regarding other possible integrations, such as integration of risk management and human resource management, or quality management and marketing, etc.

Perhaps we need to define the objective for integration and the criteria that allows to choose which areas can be integrated together and how.

This leads in two different directions: the integration of all the disciplines of management, and the integration of all the disciplines within a single area of management.

A good model of the first is provided by ISO 21500, which integrates areas of knowledge required for project management. Quality management and risk management are included among 10 key disciplines.

We could think of an integrated 'Management Body of Knowledge', but I am not sure that there is a need for this. The integration model for management disciplines is what organisation structure and operation model of an organisation. Undoubtedly there is a need to review and improve the level of integration, in particular of risk management.

The other direction takes us to within a particular discipline, say risk management. The objective is to integrate the knowledge areas used by risk management. I think that there is merit in the idea of a Risk Management Body of Knowledge (RMBOK) and it could do to increase the professionalism of the practice.

Peter, I have read some of your material, especially section 4 and annex 4 of the OQM paper.

I get the overall impression that OQM is a particular technique for managing the quality of a specific object. In contrast the ISO 9000 family of standards addresses the implementation of a quality framework for the ongoing management of quality within an organisation, and if anything I would consider integration at a framework level, not at a tool or technique level.

As a tool OQM strikes me as lacking formality. A couple of examples illustrate what I mean, firstly it does not seem to address continuous improvement which is a fundamental aspect of quality management.

Secondly the definitions are ambiguous; for instance 'object' is a noun to which the words "the quality of " can be added, and the characteristic of an object is an adjective transformed in a noun. (Section 4.1)

The result is that availability is both the object and its characteristic.

Martin Davies • Robert,

This is interesting but I am not sure I can see where you are coming from with this statement "if anything I would consider integration at a framework level, not at a tool or technique level"

What does framework level integration translate to from your perspective?

Do you have an example in mind?

Robert Jeges • Martin,

By that I mean that management frameworks often overlap or have gaps, and the purpose of integration is to fill the gaps and remove overlaps by choosing one particular approach.

An example of framework integration between ISO 10006 (Guidelines for quality management in projects) and ISO 31000 would be to implement and utilise the ISO 31000 risk management framework to manage project risks, dropping the alternative approach described in ISO 10006.

Integration of a tool or technique is the adoption of a particular method. For instance in project management the most common risk analysis technique is the Consequence/probability matrix, which is ported from ISO 31010.

Ehtisham Syed • In the end, there is just ONE framework which I call SPR Framework (Strategy, Performance, Risk). All other frameworks are integrated into SPR framework including risk and quality management frameworks such as ISO 31000 and ISO 9001.

The SPR Framework is a five stage closed loop cycle comprising of:

=>Strategy Development=>
=>Risk based Scorecard Development=>
=>Organizational Alignment=>

=>Operational Planning=>
=>Monitoring and Review=>

If anyone interested to know more about the SPR Framework, please let me know.

Martin Davies • Robert --> Okay now I am with you ... In effect scratch ISO 10006 (quality management for projects) and replace it with ISO 31000.

I am assuming you are only talking about the risk areas of ISO 10006 being replaced, rather than the whole ISO 10006 brief?

Even still, I believe some contextual framing would be lost in the process, so I am kind of only lukewarm on this idea.

Ehtisham Syed • AARs (after action reviews) was used by the US Army beginning 1973, not as a knowledge-management tool but as a method to restore the values, integrity, and accountability that had diminished during the Vietnam War.

The objective is not just to correct things, but rather to correct thinking, as the Army has learned that flawed assumptions are the largest factor in flawed execution—another way of saying there is no good way to execute a bad idea.

Improve the quality of your perception! Finish

Butho Ndlela • Ladies & Gents,

I see Quality Management as Risk Mitigation of Quality related risks.

As an example;

Organisations have an inherent risk of producing poor quality products and/or services. Quality Management (Assurance) is then adopted to minimise the risk of producing poor quality products and/or services and releasing these to the market.

A company producing medical oxygen which should be 98.9% pure, identified a risk that it may fail to meet that requirement due to failure to adhere to best practices and procedures in the production of medical oxygen as they were required to meet very tight deadlines and also in the face of escallating production cost and aging equipment.

Quality Management (Assurance) amongst other risk mitigation measures was enhanced to make sure oxygen produced met the required expectations thereby reducing reworks, risk of realising

substandard oxygen into the markert thereby reducing the risk of adverse reputation to the business...

Butho Ndlela • I therefore tend to agree with Radi's views above, everything we do requires some form of Quality Management either by team members of the unit and/or a Quality Assurance Unit which typically provides some form of independent quality assessments

Peter van Nederpelt • @Robert.

Thank you for reading one of the free papers about OQRM and for your comment on the model. Any comment helps me to improve the model.

Your comment: I get the overall impression that OQM is a particular technique for managing the quality of a specific object.

My answer: OQRM is a technique to manage the quality of objects of your own choice. So, the user of the model determines the scope of what he/she want to manage. To be more precise, OQRM is a technique to manage focus areas which is a combination of an object and one associated characteristic (quality dimension), e.g., SECURITY of a WEBSITE.

Your comment: As a tool OQM strikes me as lacking formality.

My answer: I agree that formality is necessary. Concepts should be defined. ISO is very good in this respect.

Your comment: "... it does not seem to address continuous improvement which is a fundamental aspect of quality management."

My answer: Continuous improvement is mentioned at page 48 of the OQRM book. One of the questions for each focus area is if you are in control of the focus area. If not, additional measures are necessary. This question should be asked on a regular basis.

Your comment: "... the definitions are ambiguous; for instance 'object' is a noun to which the words "the quality of " can be added, and the characteristic of an object is an adjective transformed in a noun.

My answer: The formal OQRM definition of an object is "everything that can be perceived or conceived". This definition is borrowed from ISO 11179-1. It is on page 25 of the OQRM book.

Your comment: I would consider integration at a framework level, not at a tool or technique level.
My answer: May we can start to integrate at the level of concepts (language) before we develop a common framework.

Furthermore, the concept of focus areas can be used to structure frameworks. For each focus areas, requirements can be formulated. It makes clear to which area the requirements apply. Some objects

you can find in ISO 9001 are for example QMS, QMS Processes, QMS Documentation, Procedures to control QMS Documentation, Quality Manual, QMS Planning and Review of the QMS.

David Seear • I am glad to see that this starts off with the definition for quality from ISO 9000. This is quite a good start as 70% of quality professionals have never seen or used ISO 9000. So lets define what you mean by quality management. I am a sceptic and see you all jumping on the band wagon because the ISO 9001 quality is a standard that you can be certified too.
What concerns me is many people believe that ISO 9001 is the quality standard for all of an organisations business. This is not true.
It does disappoint me when you see so many inteligent people not understanding the purpose and scope of ISO 9001 yet discuss what should be included. This is not surprising when you realise 80% of the people discussing this are not even aware of the "ISO 9000 Family of Standards". (See ISO 9000:2005)
The ISO 9000 Family of standards is the generic high level standard that allows organisations to decide if they wish to take their own businesses into other areas. If they wish to do so they can start to use other guidance standards such as ISO 31000 Risk.

I don't think anyone would disagree that an organisation has to cover Risk, Quality, Health and safety, security even opportunity etc etc. However we will never have a sensible discussion unless we realise that ISO 9001 is NOT a standard that covers all the quality issues that relate to an organisations business.
No doubt many of you will state we are not talking about ISO 9001 however I believe that far to may people see "Quality" as ISO 9001.
We will never have a sensible discussion until we have a formal structure for the proliferation of standards that now exist.
I have tried to get support for the ISO 9000 Family of standards to be the "Core" standards. This is followed by Tier 1 or Type A "Requirements standards" these are usually industry specific then the Tier 2 (Type B) "Guidance standards" and then Tier 3 (Type C) "Related standards".
If we have a formal structure it will enable organisations themselves to decide what should they should use not other bodoes . All I ask is that you don't mess with the high level Generic "ISO 9000 Family of Standards" as they are the "Core" standards and should be left as such.
Many people wish to integrate various standards into one document. I have no problem with this provided it is carried out within Tier 1 Requirement standards as they are industry specific. What I do have a problem with is trying to lever other standards into ISO 9001 which is generic and if you read the scope, you would see it is not relevant.
If you disagree I suggest you read the ISO 9001 standard itself especially the "Introduction clause 0.4" where it clearly states that ISO 9001 does NOT include requirements for other management systems one of those mentioned is "RISK".
What has been forgotten, or more likely never taught, is the restrictive role of ISO 9001.
The ISO 9000 Family of standards is a high level generic set of standards that cover many of the aspects being talked about. The detail of which can be found in Guidance documents.
In fact the whole purpose of ISO 9001 is to mitigate risk by having an effective management system capable of consistently meeting the customers requirements and we can't even use that correctly.

Mark Richards - Ark+Risk • Robert, I agree with your line of thought - there is ample scope of integration at a framework level.

There is scope for the use of various tools/ techniques - particularly in assisting to achieve a degree of consistency of risk perception / tolerance across the organisation.

The heavy reliance on the commonly used 2 dimensional 'probability / consequence' scale has known weaknesses from an organisational 'behaviour' perspective.

Robert Jeges • Mark, that is a very good observation, and I would extend it to each of the 31 tools listed in ISO 31010 (and beyond because that is not a complete list). Each tool has its limitations and weaknesses, but also each one has strengths.

I think that the same applies to the frameworks. Each framework is designed with a specific goal, but organisational purpose spans across multiple domains, so several frameworks are required.

That should give us a clue for the integration criteria, it is not about cobbling standards together, but choosing (by selection or design) a governance framework that best meets the purpose of the organisation.

COBIT is an example of such approach, it describes the architecture of the (IT) organisation and allows the user to choose and combine among a selection of standards and guidelines to best meet the particular organisation requirements such as technological, compliance, cultural, market, etc.

Mark Richards - Ark+Risk • Great practical insight - instead of getting hung up on debates about particular standards - a recognition of the capacity to 'meld' into a workable model.

One of the biggest failings I have seen in the past, is the lack of recognition of 1 model doesn't necessarily suit all, resulting in organisational reluctance of the need for some lateral thinking and flexibility.

A great example of this is the 'management of safety' in the past here in Aust.
Whilst everyone has been directed to the probability / consequence tool - there has been little focus on the various techniques an organisation should realistically encompass in obtaining the right data to 'plug in' to the tool.

Robert Jeges • The thoughtless adoption and integration of standards, methods and practices can have adverse consequences.

Generalising your example, the productivity of the Australian economy peaked with the 20th century and then it has shown signs of decline. Saul Eslake analyses this and discusses possible causes, one of

which is exactly to the point. I've copied the essence of the argument below:

"A common belief underpinning this legislation and regulation appears to be that it is both possible and desirable to eliminate various kinds of risk (to life, to property, to public order and safety, to ⌷OBJ⌷OBJ⌷OBJ⌷OBJ⌷people's savings, to standards of corporate or private behaviour, and so on) through additional legislative or regulatory action, irrespective of the probabilities attached to those risks, irrespective of the adequacy of already existing legislation or regulation to that end, and irrespective of the costs of seeking to eliminate those risks relative to the benefits of doing so."

http://www.rba.gov.au/publications/confs/2011/eslake.pdf

MUHAMMAD SAJJAD KAYANI • In my opinion measuring scale of hazards is called risk, it can be implemented in quality also.
I think risk management is important part of quality Management.

Mark Richards - Ark+Risk • Hi Robert - great comments.

In regards to safety in Aust - the 'harmonized legislation' (as yet untested within the courts) as adopted in most states has evolved, away from the focus of injury / harm free; to the effective management of risk to safety and health - with the key being risk.

And your right there is a primary objective of elimination of the risk, however where not reasonably practicable a descending order of risk controls can be implemented.

For the first time in many states the definition / factors for consideration of whether an action is reasonable / or not has been included within the body of the Act.

This has aligned the Act, in many ways to the general business practices of most organisations.

'If faced with a risk with high probability / consequence values, the focus is likely to be on elimination with the acceptance of incurring higher cost to achieve this objective & visa versa for low probability / consequences.

The difficulty in practice, as like most other categories of risk, many organisations have inadequate systems / processes to identify and capture the 'risk' information / data in the first instance, let alone consistency of frameworks of assessment, communication, escalation and management.

Martin Davies • Muhammad, I totally agree ... It is all risk but the mind set is different, the models are different (in fact the models I see in general use with multilevel sequential acceptance sampling / six sigma are far superior to much of the rubbish a lot of ERM people are struggling with).

Then of course the objective is entirely different between TQM and ERM, the language is nearly irreconcilable.

I would go as far to say that ISO 31000 would be greatly improved by taking concepts from Total Quality Management. Sadly, I am not sure the same value would be returned going the other way and if you left TQM up to the ERM team, they would turn it into an assessment exercise, what a disaster.

A great example of where these differences are noticeable is when you put a safety expert with a market risk manager ... Both these people are managing risk but one has an absolute repulsion to uncertainty or volatility, while the other realises that uncertainty is the only real way they are going to make a return.

Both are risk management but as I said, they have conflicting meta-ethics in their silos ~ long live the silo ...

Butho Ndlela • I think I can safely say in South Africa where I come from in practice and in most companies that have an ERM Framework Risk Management & Quality Management are integrated. Quality Management Standards also get applied into an Enterprisewide Risk Management Programme itself.

I am a bit confused now about the focus of the debate here, Is it about whether in practice Risk Management and Quality Management are integrated or is it about whether various Risk Management Frameworks / Standards including ISO should expressely define how to intergrate Risk Management with Quality Management?

Martin Davies • I am not saying they can't be integrated together and I too have clients that have connected ERM with quality control, however I tend to find one risk discipline seems to come at the cost of the other, usually TQM for what its worth.

I also find that the way ERM people go about quality management is far from quality management in my opinion. I have a client at the moment who wants to run a quality control system and after sending them a paper on TQM, their response to me was "Clearly we aren't a quality management company, although we are strong with risk management" ...

Perhaps we should put together a gap study questionnaire on what TQM really is, then the risk people out there can ask themselves whether they are properly covering quality management in their businesses.

Inserting quality control assessments into a control self assessment isn't quality control, neither is planning for outages, these things aren't quality management they are risk management. TQM is a completely different way of thinking.

A question set to ask is:

[1] Do you have a standard definition of what quality literally "translates to" in say a product or facility your company offers.

[2] Do you measure and sample against this definition and if so.

[3] How is this measurement sampling done - what statistical model is being used.

I find that when these three questions are asked alone, a lot of ERM people will say they don't do quality this way. Sometimes they respond back with we check that a staff member in the company is doing this work and we try to identify the risks from this work being done ineffectively ... That to me isn't TQM but the beginnings of risk management.

I live in and work across the emerging markets and sometimes I wish firms would drop ERM altogether and just focus on quality management because some of the services I see being offered around the region are an utter disgrace when it comes to quality delivery.

A couple of years ago I flew to a very dodgy airport (I am not going to say where) and as the plane came into land, I could see partially dressed kids playing cricket on the end of the runway and staff picking up rubbish on the grass with sticks, ducking so that they weren't hit by the wings of the aircraft or sucked into the engines. The staircase wouldn't extend to the plane door and people were leaping across the gap, then right in front of me there was this broken sign on the airport building; this airport is ISO 9001 certified and we practice TQM, I couldn't stop laughing for days.

Butho Ndlela • Lol Martin I here you now, you are saying the current practice of what some people call Quality Management is neither adequate and/or effective and needs to be improved?
On that score I agree with you a lot still needs to be done. It reminds me when I did my thesis on Risk Identification which I insisted to my supervisor that it should be a Case Study. The results of the questionnair which I distributed to the company employees before my face to face interviews with the employees in questions were so different.
What I learnt was that while individuals at a Framework level can demonstrate some high level of understanding of concepts however when it comes to the actual implementation there are serious desperaties as per your example above.
How many companies reports on their Financial Statements that they have best in class Risk Management proocess, Quality Management Proceses but on closer examination of the company as an expert you realise that what they are saying is a fallacy.

P G Subramaniam • In my view Quality Management is also a Risk Management. It manages the risk of Poor Quality, risk of Customer Dissatisfaction etc. I always see risk management as a subset of larger framework of quality management. I recollect DNV had always referred their Quality Management Certification processes as Risk Based approach.

Ian Dalling • Quality and risk management can be integrated and many organizations are already doing it. Recent research demonstrated about 4 out of 5 organizations already had or were intending to implement an integrated management system - read http://www.thecqi.org/Documents/community/Special-Interest-Groups/Integrated-Management/report-survey-analyis-integrated-management-systems.pdf

I have for several years been implementing fully integrated management systems for organizations covering the totality of their operations including HR.

Integration within management has multiple facets that may contribute to the organization functioning more effectively and efficiently as a coherent whole. My advice to organizations is integrate everything as long as it adds value. The challenge for any organization is to equitably satisfy the needs and expectations of its stakeholders making the best use of resources. How you do this in practice is the domain of integrated management and makes appropriate use of principles and methodologies from specific discipines and applies them generically as appropriate.

P G Subramaniam • The ERM Framework integrated with QMS is the best approach. In practice many organisation do not have these integrated. There have been talks about integrating all Management System Standards to a Risk Management Framework.

Ian Dalling • I believe that ISO harmonizing the structure of its management system standards and terminology has got to be useful to anyone wanting to create an integrated management system covering more than one aspect of organization performance or even the totality of the management of the organization. I believe that a management system integrated or not should be both functional and elegant just like building structures that we inhabit. This an are I have put a lot of attention on this issue which confronts all designers of management systems which not only have to comply with a multiplicity of standards but also legislation.I eventually defined this structure as a management topic taxonomy and published the article "Order from chaos" in quality world in 2011 http://www.thecqi.org/Documents/community/Special-Interest-Groups/Integrated-Management/report-order-from-chaos.pdf

Regarding the question Peter, may I make the following points:

a) Integration of Q and R management is wider than just the integration of Q and R management systems.

b) Integrated management systems have been around for at least 25 years incorporating quality and risk principles in my own experience and do not require integrated management system standards although their harmonization or integration makes things easier especially for those not experienced in the language of these standards,

c) How standards structures and terminology should be harmonized or integrated is a really important question and as Alex has already stated ISO has implemented a plan for harmonization but not integration.Whether we shall continue to see a continued proliferation of ISO management system standards is another question.

There are examples of other bodies creating integrated management system standards e.g. IAEA and Hans has already mentioned FR2000 which is new to me and I would be interested in knowing more about -I havent been able to access a web site in English. I am personally drafting a universal management system standard via the UK CQI Integrated Management Special Interest Group.

I have heard many leaders of organizations state the urgent need for more joined up thinking in the practice of management but they have not known how to make it happen - this is the objective and role of integrated management and integrated management systems. This is the greatest management challenge of our time. It is not just about making organizations behave as a coherent whole but to make the interactions with other stakeholders optimal.

David Seear • Martin and Bhuto, It would also make me laugh (LoL) Martin said "this airport is ISO 9001 certified and we practice TQM, I couldn't stop laughing for days." Unquote.
You seem to blame ISO 9001 and indicate that it is not addequate and you are wrong.
The problem you have failed to realise is that ISO 9001 is not being used correctly in fact it is being abused. I have already explained to the ISO 9001 LinkedIn group that ISO 9001 is all about an organisation being able to demonstrate its ability to consistently provide product that meets customer and applicable statutory and regulatory requirements. This restrictive role of ISO 9001 is not even understood by some quality professionals with decades of experience. Even the fact that the statuory and regulatory requirements are only those that relate to the product/service is not understood. If you are providing a service then the service should meet the customer needs and patently this was not the case in your example. This in itself does not surprise me as many quality professionals actually believe that carrying out an ISO 9001 certification audit is a "system audit". They also state that the auditor does not need to know what the product or service should be and they certainly have no idea of the specification for the service being provided. I call this type of audit a "Tick Box" audit as all it does is see if the organisation management system covers the clauses 4 - 8 in ISO 9001. If we could stop ridiculing ISO 9001 and apply it effectively it would benefit everyone but this poor excuse for auditing "System Audit" has taken hold.
We can see this in audits carried out in other industries where the auditor only audits to see if the clauses of the standard being used are covered. They do not ensure that the process is effective in achieving the specified requirements.
I will say it again the whole purpose of ISO 9001 is to mitigate risk to ensure the customers requirements can be consistently be met. The "ISO 9000 Family of standards" covers the broader Quality issue, including risk, and that is why ISO 9001 does not need a standalone clause on "Risk" what it needs is competent trainers.

Dennis Nelson • They can and should be integrated. More is needed than just Quality and Risk Management for an organization to change significantly. A new culture must be grown. To grow that culture some leading edge entities already are physically and by organization chart co-locating their Ethics, Compliance, Internal Control, Risk, Quality, Training, Testing and/or Information Security specialists. One of the specialists may have the lead such as a Compliance Officer or other individual being appointed to facilitate and lead the integrated activities of the entire group. The specialties and specialists keep their value and identities, while they increase their value and improve their identities by co-planning, designing, implementing, assessing and improving their individual and integrated

impacts on their host entities' value and identity. Their key impact is to unleash the innate understanding in each entity's staff that Ethics, Compliance, Internal Control, Risk, Quality, Training, Testing and Security are not additional work, but intuitively and inherently part of any and all work. The change is in staff acknowledgement of those activities and conducting them against a documented, systematic, integrated and therefore better way than just intuitively.

David Seear • Dennis, I belive you have a point however isn't this what managers and chief executives get paid for? Are they not supposed to manage their businesses?
ISO standards be they Tier 1 requirement standards, Tier 2 guidance standards or Tier 3 related standards have been developed to help organisations manage this.
What I am worried about is because ISO 9001 is a standard that organisations can be certified too every man and his dog wants their beliefs included in the ISO 9001 standard.
What I have tried to explain is if that is neccessary for your industry then write a requirement standard for your industry. Don't try to force your views on every organisation. The ISO 9000 Family of Standards are a generic set of standards suitable for ALL organisations. It is not meant to be too specific it is there to help organisations put in a management system that can consistently meet the customers requirements. Currently "Risk and Opportunity" are the flavour of the month and this worries me as it proves without doubt that the members of the TC 176 committees responsible for the standards and who represent their own organisations have bought into the belief that ISO 9001 and many other standards need to include risk and opportunity.
Risk is always relevant but not as a separate standalone clause within ISO 9001 unless of course you want to make more money on a captive audience. Anyone who understands the scope and purpose of ISO 9001 would be able to see that both risk and opportunity are not relevant to ISO 9001 but belong in ISO 9004. The fact that ISO 9001 is a standard that organisations can be certified to allows vested interest to push for this to be mandatory not recognising that when ISO 9001 is implemented correctly it covers risk as applicable to the scope of the standard and that is why it was introduced.
Of course would assume that people new how to use the standards. Shame we can't teach quality professionals how to use the Family and get ISO to agree a formal tiered structure for the supporting standards. (Requirement, Guidance and supporting)
For three years I have been trying to get auditors to recognise the importance of carry out a process audit knowing what the outcome of the process should be. In fact the second edition of ISO 9001 Audit Trail has now been published together with a new book on ISO 9000 Family of Standards. Please go to my website www.pdqms.co.uk and view my FREE summary as to the purpose of the ISO 9000 Family of Standards because if we don't get "Back to Basics" quality will never recover any credibility.

MUHAMMAD SAJJAD KAYANI • In My opinion ISO9001 is a stranardized system if we shoes in file everything is ok not make not maintain a internal auidt and carryout our busniss one day everything will come.
If we put seed of wheat we should not hope for reward of Apple treas.

Ian Dalling • There are multiple definitions of quality and risk which does not help the integration of the two conceptual approaches to management. When comparing quality standards and risk standards we must be careful to look at the defined scope of these standards. It is not sensible to try to integrate two entities that do not have the same scope of application.

I have defined quality as follows which I believe is easier to relate to risk.
QUALITY: A combination of the likelihood and the degree that a product or service is able to satisfy stakeholders needs and expectations.
However, we can design fully integrated management systems irrespective of the definitions of quality and risk.

The question posed is extremely topical and has initiated a large number of LinkedIn discussions in various groups and is a hot topic within organisations. The following letter was published in quality world is little while ago which I titled half all or half empty but the editor changed it. I am pasting it below:

In August QW Roberto Saco gave a ASQ vision of quality as progressing from quality of products and services to the quality of management and now to the quality of life itself - from small q, to big Q to even bigger Q! Contrast this with the risk profession that now defines risk as 'effect of uncertainty on objectives' (ISO31000) and explains that an effect is a deviation from the expected — positive and/or negative. It seems that the quality and risk professions each started with restricted precisely defined definitions of quality and risk respectively but both has been expanding them such that they attempt to pervade the whole of management. Within both professions exhausting LinkedIn discussions debate the meaning of quality and risk. Risk can now be applied to anything and includes both negative and positive outcomes i.e. all aspects of uncertainty in meeting company goals and objectives. However, each profession tends to see the others methodologies as just subordinate to their own discipline.

In the management supermarket you can choose products, such as standards, that include the word quality or risk on the tin – the two brands coexist like Pepsi and Coca-Cola vying with each other to be seen as the overarching true wisdom! We are to understand that ISO is now committed to rationalising the structure and terminology of the various management system standards - it will be interesting to see if either of the brands finally dominates and how the Wisdom of Solomon will be applied?

Peter van Nederpelt • If we want to integrate management system we need concepts that all management systems can share. I think we even have to introduce a new, key concept which I call a "focus area". Let me give some random examples of focus areas:

• Accounts: integrality, accuracy, veracity.
• Business: continuity, customer-friendliness, market share, share-holders value, solvency, profitability, return on equity, turn over, reputation, sustainability, competitiveness.
• Customers: credibility, satisfaction.
• Data: completeness, correctness, relevance.
• Document: clarity, consistency, completeness, correctness, timeliness.
• Economy: stability, growth, sustainability.
• Income: completeness.
• Political climate: stability.

- Process: efficiency, effectiveness, complexity, continuity, level of implementation.
- Product: performance, reliability, durability, conformance to requirements, cost, price.
- Project: duration, costs, progress.
- Software: reliability, maintainability, security.
- Staff: competence, integrity, capacity, health, security.
- Suppliers: reliability, continuity.
- Website: security, usability, completeness.

A focus area is a unit that should be managed in order to be in control of this focus area or observed. A focus area is a combination of something ('object') and one attribute of that something. Focus areas can be defined and are relevant in all disciplines or management systems, financial and non-financial.

Furthermore, we will need the next concepts in an integrated management system:
- Responsibility/accountability (for a focus area)
- Requirements (for a focus area)
- Relationships between focus areas
- Causes of problems (of a focus area)
- Effects of problems (with a focus area)
- In control (of a focus area)
- Indicator(s) (for a focus area)
- Measures to stay or to get in control (of a focus area)

Does this make sense?

Robert Jeges • Ian, Thanks for sharing Agnieszka I Katniak's paper.

It is interesting to observe that the two key benefit of management systems integration are the simplification of documentation, paperwork and audits, resulting in a reduced effort for system implementation and maintenance, and reduction of costs and more efficient use of resources.

Without demeaning those benefits I would have expected to see substantial improvements in the domain areas of what is being integrated.

Perhaps one should seek comfort in that although the title suggests a study of Integrated management systems in the UK, its scope is just two management systems within member organisations of a single quality and a single risk groups, with a response of 4% providing an ample margin of error for taking any conclusion seriously.

I think that the integration of management systems or frameworks is a productive idea but it must serve a purpose. If treated as a risk mitigation activity, the risk and cost of implementation need to be understood and compared for an informed decision.

Martin Davies • David,

I am a big fan of ISO 9001 please don't misunderstand me or believe that I am inferring "that it is not adequate". I am not saying that, what I am saying is that more work needs to be done on quality for delivery of facilities in emerging markets, starting with transparency of disclosure. I believe in this case TQM is more important than ERM and by following a TQM route, businesses in this region will then have a starting point for their ERM frameworks. They will be able to walk in and add the ERM additional parts around their TQM framework ... That is integration!

I also deeply agree with Ian on his point here: "It is not sensible to try to integrate two entities that do not have the same scope of application."

Ian, on this definition "I have defined quality as follows which I believe is easier to relate to risk. QUALITY: A combination of the likelihood and the degree that a product or service is able to satisfy stakeholders needs and expectations. " ... That is fine but by framing quality in this way you will align it nicely to risk managers objectives but it will also lead them away from quality product definitions and sampling. That means they aren't actually sampling quality but the outcome of quality failure.

I am actually a fan of integration but in most cases where I see it done, it is carried out poorly. This is the basis of my argument. A solution to this problem would definitely be Peters concept of "focus areas" but then one starts to see this becoming a silo solution to integration, is a silo within a silo integration ... Perhaps it is.

Integration to me is focus areas, where the definitions, models and objectives persist for each focus area. However, the focus areas share a common platform and repository, they feed data freely between each component of the platform. ERM might use TQM data to accelerate assessment. TQM might use ERM risk appetite / tolerance measurements to prioritise where TQM is applied. That is integration.

[1] Integration is not scrapping TQM and replacing it with ERM - This is the most common approach I see but it comes at the cost of TQM.

[2] Integration is not inserting questions about quality into ERM Control Assessments - This is a falsity and is moving away from sampling and coherent modelling.

Muhammad's point is just magical in this sense "If we put seed of wheat we should not hope for reward of Apple treas." and so it is with ERM and TQM ... Don't build an ERM system and expect it to measure quality without deep consideration of the objectives of ERM and TQM separately.

David Seear • P G Subramaniam stated that DNV referred to Quality Management Certification as a Risk Based approach. This is absolutely true provided that the ISO 9001 standard is understood and used by properly trained competent people.
In too many instances auditors have been incorrectly trained.
I recognise that not many people will accept this as this is not what they have been taught and if we as professionals do not move away from Audits that just compare the organisations management system with the ISO 9001 causes 4 - 8 we will not achieve any improvement in the credibility of ISO 9001 certification. (Please reread the scope)
Adding "Risk and Opportunity" as a separate clause will just confuse the issue and if anyone can justify using these two terms in the Quality Management System - requirements section of ISO 9001, taking into account the restrictive scope I would love to hear from them. By all means highlight Risk

in the ISO 9001 introduction but do not put it in the Quality Management System - Requirements. ISO 9001 is a risk based approach and the term "opportunity" has absolutely nothing to do with ISO 9001. ISO 9001 starts and ends with agreeing what the customer requires and providing the customer with that product or service. That is why it can be a standard that you can certified to as there is a clearly defined product/service specification.

Recognising that ISO 9001:2015 will have 6.1 "Risk and Opportunity" as a clause it could state: -
ISO 9001 is one part of the ISO 9000 family of standards and as such a separate clause called "Risk" is not applicable. The whole purpose of ISO 9001 is to mitigate risk by having a management system that can consistently meet the customer and statutory and regulatory requirements. Both risk and opportunity are in covered in ISO 9004 another part of the ISO 9000 Family of Standards.

Just a thought ! Faint heart never one an intense discussion !

Dennis Nelson • This thread suggests that first: a common dictionary is needed for thread participant reference. Second, recognition is needed that further improvements in management don't have to obliterate or significantly change that which already is good. Third, failed past efforts often reflect on the understandings/capabilities of those attempting the change, not necessarily the value of the change. Fourth, KPMG and other consultants have frameworks and other materials that show how various methodologies actually overlay rather than conflict with each other. E.g., ISO, COBIT, ITIL, TQM, ERM, Internal Controls, Project Management, Business Systems Analysis, Testing, Training, Ethics, Compliance, Strategic Planning, etc., complement each other when the rules, roles, responsibilities, relationships and expected results of each are understood. All of them define what was already being done by people so the respective activity could be repeated by and benefit others. They are not new, only newly recognized. All relate to particular attributes or activities of an entity of which some require a unique methological application and some require an overlapping of methological applications. Quality, risk and the other specialties and documentation already defined don't need to go away or be edited beyond recognition; they need to be supplemented and complemented by the other specialties and documentation so organizations with limited resources can make an integrated use of the, to them, newly recognized methodologies without having to expend years or decades of trial and error in their application. If a benchmark best practice integrated use was already developed, it would have been introduced into the thread by now. Sequential adoption and implementation of the specialties, however, is inefficient.

David Seear • Dennis, You mention a need for a common dictionary. I wish you luck as I believe it will make no diference. I have just replied to a discussion in the LinkedIn quality forum where the question was asked what is the difference between Quality Assurance and Quality Control. Following some 20+ responses not one person mentioned ISO 9000 Fundamentals and vocabulary. Its not a surprise to me as 70% of ISO 9001 certified organisations have little or no knowledge of ISO 9000:2005 Quality Management Systems - Fundamentals and vocabulary.
This again supports my contention that many people have not been taught about the "ISO 9000 Family of Standards" and I believe that this is why ISO 9001 is so misunderstood.
A classic example of "Progress" is in the revison to ISO 19011:2011 where they have revised the definition for "Auditor".

ISO 9000:2005 states that Auditor 3.9.9 is person with the demonstrated personal attributes and

competences to conduct an audit.

ISO 19011:2011- 8.9 states an auditor is someone who carries out audits.

At least it is honest as it has removed competence !

There is also a drive to allow each standard to have its own definitions and in the case of ISO 19011:2002 where it used to refer to ISO 9000:2005 as a Normative reference the 2011 version has no Normative references.
In affect you can put in whatever you like never mind that it is supposed to be an International Standard where words have common meaning.

I hope you and your ISO 31000 readers can see why I am getting more and more concerned about the direction some representatives on committees are taking.

We need to get "Back to Basics" as, although I have had many articles published, it seems to make no difference to the direction these committees take.
See Articles in the website www.pdqms.co.uk for some of them.
Although I am not an expert on ISO 31000 Risk, as an ex sea going Chef Engineer, I have had to deal with many and varied risk's on a day to day basis.

Jacob Koshy • For realization of any objectives (including Quality objectives), we need to do Risk Analysis & Management of identified Risks. Hence QM & RM are interrelated.

Jacob Koshy

David Seear • Jacob, I don't think anyone would disagree that Quality Management and Risk management are interrelated. The disagreement is over the need to have a stand alone clause called "Risk" or "Risk and Opportunity" in the revised issue of ISO 9001.
Believe it or not I am trying to help although from the repetition you would think I am not!

I am tried of ill informed so called experts getting their own way when it is patently obvious that this is nothing to do with improving ISO 9001 but adding another clause that can be "Tick Boxed" by auditors and extra training would need to be carried out and all in all everyone will make a lot of money! Reminds me of Banking!!

Let me ask you all a number of questions.
1. Have any of you read the ISO 9000 Family of Standards?
(For a short summary go to www.pdqms.co.uk for 5 free pages including a summary)
2. Do you accept that ISO 9001 clearly states in the Introduction 0.4 that other management systems including Risk are not applicable to ISO 9001?
3. Do you accept that ISO 9001 specifies the requirements for a quality management system where an organisation needs demonstrate its ability to consistently meet customer and applicable statutory and regulatory requirements?
4. Do you accept that the above means ISO 9001 has a restrictive role from planning then agreeing

with the customer what they require and then providing it?

5. ISO 9001 is a standard that you can be certified to and the reson for this is you know the specification for the product so it is possible to audit to see if the processes in place are able to consistently meet the specified requirements?

6. The whole purpose of ISO 9001 is to help organisations assess the risks by ensuring their management system can consistently meet the specified requirements

7. So lets look at how putting risk into ISO 9001 will work. First of all how will you judge that risk has been identified and dealt with? Oh I know the customer will receive the product as per the specification? Surely that is what ISO 9001 does if it is used effectively?

8. The we have the word "opportunity" It is a lovely word but what has it to do with ISO 9001 they already have the enquiry and because of the restrictive nature of ISO 9001 they have all the tools within the standard to address the issues that need to be dealt with.

If we keep repeating how important Risk is without recognising that ISO 9001 knows this we will get nowhere. Just following the ISO proposed clause titles without chalenging whether it is relevant shows how far quality has moved form common sense.
Are we going to go the same way as banking by supporting the insupportable?
I acttully think we will but as a quality professional I feel it is my duty to raise my concerns.
I could list scores of arguements that have been raised including what if the organisation does not have the funds, What about the shareholders, etc etc non of which are relevant.
I hope some of you feel you can answer my questions? I don't expect many will.

Peter van Nederpelt • The objective of applying ISO 9001 is customer satisfaction.

ISO 9001 knows implicetly what the risk sources are for customer satisfaction. It identifies 51 'objects' starting with "documentation (4.2.1)" and ending with "preventive action (8.5.3)". If the requirements for these objects are not met there is a risk for customer satisfaction.

ISO 31000 is meant to control ANY objective including customer satisfaction.

If you use ISO 31000 to control customer satisfaction you start from scratch. You have to idenify all risk sources (5.4.2) yourself.

So, I think integrating quality and risk management is possible but it is not the same as integrating ISO 9001 and ISO 31000. If you want to reduce the effect of uncertainty on customer satsifaction you could use ISO 9001. You don't need ISO 31000.

David Seear • Peter, I agree it is possible to integrate quality and risk management for the whole of an organisations activities but as you rightly state this is not the same as integrating ISO 9001 and ISO 31000. The whole purpose of ISO 9001 is risk management as it relates to the customers requirements so from that point of view use ISO 9001. If you wish to cover the broader issues of Risk as it covers the whole of an organisations business then use ISO 9004 as this covers the generic activites. From using ISO 9004 it should lead you to the guidance document ISO 31000. This assumes that the Standards structure I have discussed is endorsed by ISO as an appropriate method of leading organisation into how to use the proliferation of standards that now exist.

Martin Davies • I totally agree with David, everyone must stop and ponder on this remark he has made:

"If we keep repeating how important Risk is without recognising that ISO 9001 knows this we will get nowhere"

Also Peter's example on "The objective of applying ISO 9001 is customer satisfaction"

This is what I have been saying ... "If you want to reduce the effect of uncertainty on customer satisfaction you could use ISO 9001. You don't need ISO 31000"

Perhaps we should vote on this question "The disagreement is over the need to have a stand alone clause called "Risk" or "Risk and Opportunity" and evidence why.

So then ...

Should ISO 9001 have a stand alone clause called "Risk" or "Risk and Opportunity"?

Peter van Nederpelt • @Martin.

A risk clause in ISO 9001 could be usefull if it says that you should assesss if there are other risk sources than the 51 risk sources already mentioned in ISO 9001. These other risk sources should be related to customer satisfaction.

Ian Dalling • Peter, I totally agree with your comment "If we want to integrate management system we need concepts that all management systems can share." - We need a universal management topic taxonomy and this is an area that I have given considerable attention in the last few years – refer tohttp://www.thecqi.org/Documents/community/Special-Interest-Groups/Integrated-Management/report-order-from-chaos.pdf
A management system can never be a substitute for competent, intelligent and creative managers but if skilfully designed it can direct and guide the organisation's processes so that its employees are supported and nurtured in a way that makes it most likely that the organisation will operate successfully. A management topic taxonomy allows the management system issues to be seen in a very logical, connected and organised way and as far as possible the complexity removed and the interactions between the processes (which provide the synergy) revealed.

Before the millennium it was quite common to see conceptual models of integrated management structures as Venn diagrams where there was the common bit in the middle and then all the bits round outside representing aspects that needed to be separate relating to health and safety, environment, quality, finance, security etc. I think that it was seen like this because of the diversity of

structure and language within the various management system standards that have since proliferated. People recognised the common explicit elements but the remainder remained hidden to their awareness. However, it was later understood,as you quite rightly intimate Peter, we can manage everything through a single management system using unified concepts and structure.

Robert, you are right and integrated management does have a whole range of benefits that were first theoretically predicted and is now being confirmed by experience. Refer to section 3.1 of http://www.thecqi.org/Documents/community/Special-Interest-Groups/Integrated-Management/report-management-integration-whitepaper.pdf

Martin, integrated management has been approached in many different ways and has not been driven by any central thinking although this may be changing or about to change depending on your perspective. CQI IMSIG defined integrated management over 10 years ago now in a totally inclusive way in terms of stakeholders so that it embraces every other approach to management based on a subset of the totality. Integrated Management is defined as "the understanding and effective direction of every aspect of an organisation so that the needs and expectations of all stakeholders are equitably satisfied by the best use of all resources." and is elaborated further inhttp://www.thecqi.org/Documents/community/Special-Interest-Groups/Integrated-Management/CQI%20IMSIG%20Integrated%20management%20definition%20-%20Issue%202.1.pdf This is effectively a formal definition of what joined up thinking is applied to management and the ability to apply it is the holy grail of management. We can only guess of the total effect of being able to implement this approach on a global basis!

Ian Dalling • Dennis, I agree - integrated management does not replace the other fragmented approaches to management but attempts to join them up holistically the leading to simplification and a much higher degree of functionality. Although management is abstract and often challenging we have made it become almost dysfunctional by allowing all the different aspects to drift away from each other so that most line managers don't recognise any commonality or universality within management theory and practice.

David, I agree that we need to educate managers and management professionals much better than we have done in the past but if we do not reduce the volume and complexity within management concepts and definitions across the existing fragments we haven't a hope in hell of achieving it and what an awful legacy to be leaving to the next generation - we're not only leaving them a gigantic financial debt but a considerable debt of readily avoidable ignorance. Back to basics is needed but they need to be universal and integrated - not different basics in every silo. Quality management has come a long way from controlling widgets on production lines and its past should not be the basis for its rightful future however it ends up being named.

David Seear • Martin, Can I thank you for your summary. I am heartened that some people may understand my concerns as I have felt as if I have failed to express my concerns in an effective manner.
Your
So then ...
Should ISO 9001 have a stand alone clause called "Risk" or "Risk and Opportunity"?

I think the answer is it will be there because it cannot be removed and it all depends on whether the people agreeing the content will take notice of the concerns.

My view is 6.1 Risk and opportunity could state: -

ISO 9001 is one part of the ISO 9000 family of standards and as such a separate clause called "Risk" is not applicable. The whole purpose of ISO 9001 is to mitigate risk by having a management system that can consistently meet the customer and statutory and regulatory requirements. Both risk and opportunity are in covered in ISO 9004 another part of the ISO 9000 Family of Standards.

I can only try

David Seear • Ian , I agree what a legacy !

My concern is quite basic if we can't improve the standard of auditing no amount of standards, clauses or changes that are made will meet with success unless we can measure how effective these changes are. Audit is one way of measuring effectiveness and the state of auditing at present disturbs me as up to 50% of quality audits achieve nothing tangable.. they give no added value and in many cases they just meet the requirement of the standard to cary out audits. Yes it does not say audits should be effective so lets "Tick the Box".

Alex Dali, MBA, ARM • Agreed also that "This "Tick Box" mentallity is ingrained in some people" is the major problem and obstacle to advance ISO 9001 standard..

The good news is : a clause on "risk" will force people to think and get away from their "Tick Box" mentallity. They need training in risk management and on ISO 31000 in particular, so that they could better advice their clients.

Probably the "ISO quality" world will be more selective in the future for the benefits of all organizations seeking certification.

David Seear • Alex, Why can't we teach people to use the standard properly? Do you seriously believe that adding a clause called "Risk" will force people not to do "Tick Box" audits?

All it will do is give many people a chance to misuse and abuse another clause and make a lot of money to the detriment of the organisations it is supposed to serve.

I see no change in your view unless, to your mind, you can use it to lever "Risk and Opportunity " into ISO 9001.

I will ask you another question give me an example of how you could audit "Risk and Opportunity"?

As I have explained Risk is covered by using all the ISO 9001 standard and judging it against the restrictive scope. That covers "Risk" and when used effectively it can do this.

At least be honest the ISO quality will not be more selective in the future it will continue with its aimless meander through the proliferation of standards.

Ian Dalling • David, tick box auditing is done I believe largely by people with a tick box mentality or are lazy or are not given sufficient time or have no awareness of the rationale behind standards. If resource is limited we should perhaps be doing less but doing it more effectively. However, I know from my own experience that often there is not enough proactive monitoring taking place in organizations. Taking an integrated approach to proactive monitoring certainly improves the effectiveness and efficiency of proactive monitoring but this is running when so many cannot yet walk properly. We have allowed an industry to grow up around management systems standards and certification which is not properly aligned with the stakeholders needs and aspirations and the consequences multiplied up on a global scale are depressing.

Alex, my personal view is that a large number of these tick box auditors do not want to change and are not capable of being changed. NQA made about 5% of their assessors redundant I believe because they would not undertake training to assess other standards such as ISO14001.

We seem to have got side tracked into standards which was not the question.

David Seear • Ian, I believe you are wrong I believe that the "Tick Box" activities are carried out because this is what people have been taught. Even accreditation bodies have been drawn into the "Tick Box" approach and are more worried about if a clause has been missed. I know for a fact that senior personnel deciding on what is acceptable have also been misinformed and have ended up accepting this approach and allowing auditors to continue to carry out ISO 9001 Certification Audits and not bother to find out what the product or specifcation is. To say they are lazy is incorrect as they believe that this is what ISO auditing is all about. I have carried out audits all over the world and when I do I have lots of experienced people indicate they did not know they were supposed to take a selective sample of orders and audit the process follow the managemen system to see if the specific orders chosen can consistently meet the specified requirements.
Quality professionals fail to recognise what is wrong with auditing and until that is understood quality will retain its poor reputation. If we can't improve our own activites what right do we have to ask others to do so?
The most important improvement we can make is to improve the standard of training and only training bodies and accreditation bodies can enforce this. None of this is likely to happen unless the International Accreditation forum accept there is a problem and support a drive to improve the standard of training.

Ian Dalling • David, I have also audited internationally on a wide range of standards covering both quality and risk management in a wide range of industries. I have also frequently sat the other side of the desk and observed auditor behaviours. Tick box behaviours are just part of the total spectrum of auditor behaviour. I gave some reasons why we see tick box auditing which were separated by OR and I would of course not exclude other reasons. To say that there is a single reason "lack of training" is too simplistic. How often does root cause analysis indicate a single causation? No, this is far too

simplistic a view - there is not a single silver bullit that will fix the problem. A root and branch independent review of the operation of the whole management systems standards and certification industry is required to determine what is required to get it realigned with the stakeholders. We should agree to differ and park this side issue and return to the question posed by Peter.

Ian Dalling • The answer to the question posed is unequivocally yes because many organizations are already doing so and others have plans to do so as discussed earlier. The reason why it is possible to integrate the management of both risk and quality is that quality and risk both reside in the eye of the beholder (stakeholder) and the satisfaction of stakeholder's needs and aspirations is delivered via management structures and processes which can be readily combined rather than operated separately. Historically the focus is being non-facets of performance which cannot be directly managed - they can own the be influenced by managing the organisations structures and processes which have multiple impacts that we have given classifications such as health and safety, environment, product/service quality, security etc.

Most people in this forum probably have a risk-centric perspective of management although it is quite legitimate to have a quality-centric view or indeed an X-centric view or a Y-centric view etc. It is like drawing a geographical map placing your home in the middle - everything on the map is related to your home where you feel comfortable. Every map is legitimate to the designer but it is not legitimate to think that the map is the best description of the total territory satisfying all stakeholders. Another problem is that every Fort on the territory may view every another Fort as a potential asset or threat to be absorbed into its kingdom. An integrated management approach takes a management-centric perspective of the organisation rather than a partial view. It is interesting that these partial views over the recent years have been expanding their perspectives so that they have been growing closer to a management centric perspective. This is why integrated management subsumes partial approaches to management and nothing of value need be lost.

An integrated management perspective (management centric perspective) focuses on the essence of management which is attempting to please the stakeholders in some sort of equitable way ideally achieving a win-win situation. To make holistic sense of management concepts they need to be defined in terms of the organisation's stakeholders bearing in mind that stakeholders are conscious people with relativistic needs, aspirations and judgements.

Francesco De Cicco • Regarding the working draft of ISO 9001:2015, in Appendix 3 of the ISO/IEC Directives, Part 1, Consolidated ISO Supplement, 2013, the following comment is included:

"This High Level Structure and Identical text does not include a clause giving specific requirements for "preventive action". This is because one of the key purposes of a formal management system is to act as a preventive tool. Consequently, the High Level Structure and Identical text require an assessment of the organization's "external and internal issues that are relevant to its purpose and that affect its ability to achieve the intended outcome(s)" in clause 4.1, and to "determine the risks and opportunities that need to be addressed to: assure the XXX management system can achieve its intended outcome(s); prevent, or reduce, undesired effects; achieve continual improvement." in clause 6.1. These two sets of requirements are considered to cover the concept of "preventive action", and also to take a wider view that looks at risks and opportunities."

Dr. Ebrahim Moein • linking and balancing the goals by 6 sigma and risk measures is a suitable way.

Helmut Karas • for me all the management systems should be integrated. if not, its difficult to manage. due to the fact, that risk-mgmt should consider "risk of bad quality", it depends on the approach of both mgmt-systems. from my point of view in every mgmt-system there have to be decisions, what has to be considered and why. maybe mgmt decides to use a very focused risk-mgmt and a very focused quality-mgmt - maybe the systems could be stand alone.

Glenn Towill • Of course risk and quality management can be combined in the process of achieving Total Quality Management in a company, especially through the application of Lean Synchronization. These are all different processes occurring in an organization at varying levels of efficiency. Managed correctly and operating in a mutually supportive manner will achieve significant results.

Ian Dalling • Francesco, after all these years of confusion within ISO9001, it is good to see the ISO proposal to drop the specific preventive action clause and shows I believe that ISO is attempting to project a better understanding of managing risk within a "quality management" standard. I also like the 'risk and opportunity' linking although I place opportunity first as I think that it is more representative of how an organization operates – an organization must be commercially viable and ideally endeavour to fulfil its purpose by seeking opportunities to deliver value to customers while simultaneously equitably satisfying the needs and aspirations of the stakeholders making the best use of resources. The ability of an organization to identify opportunities through its collective creative intelligence is the most important ingredient of success in my opinion. However, managing the associated risks is also of critical importance but takes its lead from the exploration of opportunities to deliver value. We must first have the creative opportunity thinking before the analytical critical evaluation even though within dynamic management these two aspects become almost fused. I have viewed it this way for a while when designing integrated management systems which is why I use the term 'opportunity and risk assessment' within the planning stage of the PDCA management cycle which operates at all levels of the organization from the board level to task level - spanning strategy, tactics and operations. When we first draft a business plan for a new enterprise we address opportunities and the associated risks in a completely natural sequential way and is I believe is the essence of entrepreneurial success.

Ian Dalling • What I believe is a very important question is to what degree quality and risk are alternative descriptions of the same aspect being managed? Could one of them be made redundant?

Peter van Nederpelt • Risk management and quality management use different words for the same concepts.

Risk magement:
Strength of competitors is an (external) risk source.

Quality management:
Strength is a quality characteristic of competitors.

David Seear • Ian, Once again you hit the nail on the head hit. There is confusion over ISO 9001 and how it should be used, however this is not because of the standard itself it is because of the poor standard of training. No one would disagree that risk is important, so is having adequate funds, the latest more efficient equipment, competent people etc.
However, the problem we will experience with adding a specific clause on Risk and Opportunity, is it is not required. The whole purpose of ISO 9001 is to have a management system that can ensure that all the risks related to meeting customer requirements are covered.
If TC/176 manages to include "Risk and Opportunity" in a standard that already covers risk by agreeing with the customer what they want, planning the processes covering all applicable risks therebye achieving customer satisfaction by meeting the specified requirements, then this will show how little the people in charge understand the restrictive scope of ISO 9001. The only reason certification can be achieved through ISO 9001 is because it covers risk. The fact that audits being carried out achieve little could be resolved by competent training. If those in charge cannot even get auditors to audit the processes knowing the out come of each process then what chance do the auditors have of applying Risk or Opportunity. It will be another clause that will need to be "Tick Boxed". At what point will the auditor be able to judge if Opportunity has been covered? What will the organisation have to do to demonstrate the risk has been covered? Oh I forgot, they will be able to demonstrate that they have delivered what the customer wanted. Woops that is what ISO 9001 already does in competent hands.
Oh I forgot ISO 9001 is not in competent hands.
I am actually trying to stop what will end up being a big mistake for certification. If you wish to cover all of an organisations management activites then write your own standard don't piggy back on a standard has a restrictive role and try to make it do more than it is required to do.

David Seear • Ian regarding your comment and I quote: -
What I believe is a very important question is to what degree quality and risk are alternative descriptions of the same aspect being managed? Could one of them be made redundant?
I the case of ISO 9001, as you will expect, I believe that "Risk" is redundent as it is already covered.

Being on the ISO 31000 forum I gues that will go down like a "Lead Balloon"
Still you can't say I am not trying. Yes I have heard the joke "Very Trying".

David Seear • Peter regarding your comment and I quote: - Risk management and quality management use different words for the same concepts.That being the case you will agree it is not necessary to include "Risk and Opportunity" as a separate clause in ISO 9001.Bringing in "Opportunity" as in "Risk and Opportunity" shows how few people understand the restrictive scope of ISO 9001.

Ian Dalling • David, I always award you full marks for trying and you are always polite and play the ball which I like. What I cannot accept is that we should embark on costly training to get over a problem with a standard which was poorly written in the first place i.e. ISO9001 does not take a risk informed/based approach in managing product/service quality. I guess that 'risk practitioners' would like a more overt presentation of the application of classic 'risk management principles' across the PDCA elemnts of the standard.

Peter van Nederpelt • For our organization - a statistical institute - ISO 9001 is not an appropriate set of requirements for a QMS.

Reasons:
* The objectives of a statistical institute is not only customer satisfaction but also public confidence, satisfaction of other stakesholders such as respondents and sponsors, compliance with our legal task, etcetera.

* Important components such as statistical methodology are not mentioned in ISO 9001.

This makes ISO 9001 not a bad standard but it was just not the right standard. We only apply a few clauses.

It was, however, not so difficult to integrate quality and risk management in our management system. We used the concept of focus areas and formulated requirements for each focus area. These focus areas were identified by analysing important documents and using our knowledge of the organization. We developed a custom made QMS.

Focus areas are dependent on each other. A focus area can be a risk source for another focus area. Focus areas can contribute to objectives which can be formulated as focus areas too. So, it looks like that focus areas are relevant in risk management too.

My theorem is that focus areas are a powerfull concept to integrate management systems. The concept of focus areas is part of the OQRM model. I gave already a lot of examples of focus areas in a previous message.

Who wants to dispute this theorem?

Ian Dalling • Thanks for sharing this information - I have had a quick skim of the material and found it very interesting. I note the model takes account of ISO31000 and ISO9001 etc. and that the approach is only suitable for organizations not seeking certification although I wonder whether it may still have applicability. Please correct me if I am wrong but your approach seems to particularly focus on the integration of quality and risk in a specific situation where management may be focusing its attention which I like. The focus area is a nice concept which I suggest can be viewed relativistically according to the stakeholder?

Integration becomes conceptually simpler when we look for what is common to driving quality and risk performance i.e. things that tend to be invariant across different management approaches or perspective. The concept of focus areas seems to be one of these and draws the manager's attention to a critical or significant issue which can be looked at from multiple perspectives.

Peter, it seems that a database would be good to facilitate the application of your approach – what do you suggest?

Peter van Nederpelt • @Ian, Thank you for your comment. It hits the nail on the head!

I agree that a database would facilitate the application of OQRM and I will certainly bear the idea in mind. You are the second person who suggested this to me.

Ian Dalling • Peter, it is my view that we are all natural quality/risk managers to varying degrees of competence (spectrum of competence)) and it appears that you have structured that essential essence of natural high competence quality/risk managers which can potentially be orchestrated within an organization. There are many advantages of integrated management which has already been discussed but it seems to me that more effective and efficient education and training is particularly applicable to your approach. If line managers can own your simple approach (structure) linked to stakeholders needs and expectations within their consciousness so that it is always on their radar it will culture the way they think and act and they will become immune to quality-centric or risk-centric perspectives because they will be aware of a deeper level of organization functionality.

Ian Dalling • David has expressed the view that "it is not necessary to include "Risk and Opportunity" as a separate clause in ISO 9001." which I would agree provided that a risk approach is taken to the "quality clauses". Does the reciprocal apply? i.e. "it is not necessary to include quality as a separate clause in ISO31000"?

David Seear • Peter, I am concened that once again you have brought in Stakeholders, ISO 9001 does not cover Stakehlders just Customers. ISO 9004 (One of the other ISO 9000 Family members covers the "stakeholders" under a different term "Interested parties" as this is defined in ISO 9000).

I will try once again to explain that ISO 9001 only exists to help organisations to have a mangement system that can consistently meet customer and applicable statutory and regulatory requirements. Your statistical institute has customers, those organisations that pay your fees for your service. That is what ISO 9001 is set up to help you meet the customers requirements.

Every time we talk about quality and the standard ISO 9001 people try to extend the role of ISO 9001. This is why I ask people to go "Back to Basics" look at the ISO 9000 Family of standards" Even my free 5 pages including the summary explaning the purpose of each standard in the ISO 9000 family of standards does not seem to make an iota of difference which is a shame. www.pdqms.co.uk

ISO 9001 cannot be used in isolation yet many Accreditation and Certification bodies do not understand this.

I can assure you that if you stick to the scope of ISO 9001 it will be applicable to your organisation. ISO 9001 is not and has never been a standard that covers all of an organisations quality management. You are talking about your stakeholders and if you want an all singing all dancing standard then use the ISO 9000 Family then it will meet your needs especially if you then drill down the the other Guidance documents such as ISO31000

David Seear • Ian,

I can't answer your question on ISO 31000 as I don't deal with all standards in detail. I would however suggest that it is unlikely as I assume that ISO 31000 has to have a management system to control its activities?

I have not stated that risk is not covered in ISO 9001 What I have stated is that ISO 9001 exists to cover all the relevant risks as they apply to agreeing with the customer what they require, planning it and then providing the customer with the agreed product or service.

What I am saying is that ISO 9001:2008 introduction clearly sates that it does not cover Risk Management. What it does cover is how to have a management system that can consistently meet the agreed customer requirements. Including Statutory and regulatory requirements that relate to the product or service being provided.

Ian Dalling • David, I agree that ISO9001 principally focuses on a single group of stakeholders (customers). However, it is my understanding (and please correct me if I am wrong) the standard does include legal compliance associated with the product/service delivery processes. Legal compliance is required and defined by stakeholders who are generally not the customer. The customer may or may not require legal compliance but is overridden by the stakeholders that drive the legislation. The placement of an illegal product on the market or the delivery of an illegal service I assume would violate ISO9001.

We could perhaps consider a wider issue regarding not just legal compliance but ethics. Does quality

management include ethical compliance? I am guessing that risk management would address the risk of being unethical but not require the organization to be ethical as a basic priciple of management.

Francesco De Cicco • The Working Draft of ISO 9001:2015 proposes that:

"4.2 Understanding the needs and expectations of interested parties

The organization shall determine the interested parties that are relevant to the quality management system, and the quality management system related requirements, of these interested parties.

NOTE 1 Typical examples of relevant interested parties could be:
a) Direct customers, end users;
b) suppliers, distributers, retailers, partners, competitors,
c) shareholders,
d) employees and labour unions
e) society, including regulators.

NOTE 2 Customer and other interested parties needs and expectations can include consideration of innovation opportunities.

NOTE 3 Customer and other interested parties needs and expectations can include consideration of other requirements than quality related, such as requirements related to sustainability, social and environmental issues."

Surely at this stage of the revision process no one can be sure of the final content of the revised version of ISO 9001. But we can already have an idea on what direction the wind is blowing...

David Seear • Ian, I am sorry you are incorrect and I suspect your comment Quote : - Legal compliance is required and defined by stakeholders who are generally not the customer. The customer may or may not require legal compliance but is overridden by the stakeholders that drive the legislation.
This is not relevant as the statutory and regulatory requirements (Sometimes termed legal requirements) only relate to the product or service itself. If it is applicable then they are defined in the product specification and as such are just the specified requirements as defined in ISO 9001 scope. They cannot be overridden by the interested parties (Stakeholders) as they are set at the time of agreeing the order specifications.
I don't even know how or why you have bought in an illegal requirement? It makes no sense as far as ISO 9001 is concerned as you are just meeting the customers requirements.
Then you indicate that, risk management would address the risk being unethical, you have again taken the discussion way outside ISO 9001. When you talk about ethics how are you going to audit Ethics?
I hope others can see my concerns.

David Seear • Franchesco,

If, as you have indicated the new standard will have the following clause:-

4.2 Understanding the needs and expectations of interested parties.

Then once again it highlights the lack of understanding regarding the restrictive role of ISO 9001.

Further more it highlights that too many so called quality professionals have no understanding of ISO 9000 Family of Standards.

Your list of interested parties clearly illustrates why "Interested Parties" or come to that "Stakeholders" should not be included in ISO 9001.

In fact your comments have clearly explained why "Interested Parties" and "Stakeholders" should not feature in ISO 9001. Your Note 1: Only your a) suppliers and possibly some others in b) are relevant whereas c), d) and e) are not relevant at all to ISO 9001.

Once again some people are trying to make ISO 9001 a standard for all of an organisations quality management activities.

In fact the term "Stakeholder" has been rejected many times and there is no need to have another term other than "interested parties" in ISO 9000. Don't forget ISO 9000 should be the definitive standard for Fundamentals and Vocabulary used in quality standards but as most people don't even know about it then they make up their own definitions.

For a classic example see the latest version of ISO 19011:2011 where the definition for auditor is "Someone who audits" then compare it with ISO 9000:2005. Oh I forgot people don't have ISO 9000 they have moved onto better things.

Your Note 2 and 3 are only relevant to ISO 9004.

I would again ask all readers to look at the 5 free pages in www.pdqms.co.uk

If we can't revise ISO 9001 corrrectly the the demise of ISO 9001 certification will be a certainty. We need ot improve the standard of training as the type of revision currently planned shows how little people understand the purpose of the ISO 9000 Family of Standards.

I guess the same thing happened with banking.

Francesco De Cicco • David, the world has changed... Please see this article on "What's Happening With ISO 9001?"... http://www.qualitydigest.com/inside/quality-insider-article/what-s-happening-iso-9001.html

David Seear • Francesco,

I have read the article and like so many articles on ISO 9001 it never mentions the scope or purpose of ISO 9001. It indicates that it has hardly changed since 2000 and that is true.

Unfortunately there is a drive to make it better when the people taking this view do not understand the restrictive purpose of ISO 9001.

I am, if you like, playing devils advocate and asking you and many others to think about what the

current situation is.

Lets ask a few questions

1. Is it a good idea to have a standard that helps any organisation develop a management system that can consistently meet the customer requirements?
2. Is ISO 9001 capable of doing this?
3. Is the standard being used correctly?
4. Have people been trained in the use of ISO 9001?
5. Are people carrying out effective audits?

Let me answer those questions 1 Yes, 2 Yes and 3, 4 and 5 No.

Believe it or believe it not I am actually trying to help. I was on the ISO TC 176 for three years and the BSI QMS 22 for 6 years so believe me I know what I am talking about.

What I can't understand is why, when ISO 9001 clearly states that "Financial and Risk Management" are not applicable, (From your article above) there is a drive to include them.

ISO 9001 Certified organisations should allow purchasers to have confidence in placing orders that will be met. Currently the type of training approved fails to achieve this. I believe we should tackle the training problem first. I have tried for over three years and vested interest is winning. If we as quality professionals don't improve our performance we will never regain any credibility.

Finally please tell me what is the difference between "Stakeholder" and "Interested Parties".

I would ask you to read the ISO 9001 standard including the introduction and I can hope you may change your mind. (Also ISO 9000 Family of standards as that covers what you are trying to add into ISO 9001.

What is being proposed is in fact a new standard that covers everything which is fine but it cannot be a standard that an organisation can be certified to.

Leave ISO 9001 to do what it has set out to do and improve the standard of training for its use.

Ian Dalling • Thanks for bringing this article to our attention – it is well written, informative and interesting.

The survey of users' requests for change I note were:

a) Requests to include requirements relating to risk management, financial management, and change management
b) Requests for clarification of existing requirements relating to outsourcing, product realization, and the distinction between verification and validation
c) Some respondents voiced concern about the ease of use for service and software industry."

Many of these are recognisable as key risk management issues such as 'change control' and is a serious deficiency of the current version of ISO9001. I also think that contingency arrangements covering issues such as product recall should be more explicit in ISO9001.

I agree Francesco that the world has changed and is indeed becoming more dynamic with respect to management of organizations and the environments they operate in. Quality management has come a long way since it focused on widget conformity. It is right and overdue that ISO sorts out its stall to align with stakeholders' needs and expectations.

Ian Dalling • "Can We Integrate Quality Management and Risk Management?" is a question that can be addressed to many levels and aspects of management and its trappings - management system and other management standards are only a subset of them and indeed are not the most important in my view – it is where management is conducted within organizations that is most important and that is done principally via management systems and integration is becoming the norm, right or wrong! All standards should be directed towards the needs of organizations and not self-serving the needs of consultants, training bodies, audit bodies, standards bodies, certification bodies, professional bodies or academic bodies. The organizations are the customers and the quality management principles should be operating.

The delivery of products and services is the way an organization fulfils its purpose and quality/risk management can potentially be applicable to any strategic, tactical or operational aspect. Very simply we could say ISO31000 focuses on minimizing deviation from objectives while ISO9001 focuses on maximising achievement of customer requirements specifications which in itself are an objective. I don't think that the quality management principle and risk management principle are necessarily congruent but I don't see any arguments why they cannot be simultaneously applied?

Quality management and risk management are not the same concept and encourage management to focus its attention principally in different ways. Because we can show equivalence between quality and risk concepts does mean that quality management and risk management approaches are equivalent in my view.

Ian Dalling • David, you keep talking about the restrictive purpose of ISO9001 but whose purpose is it?

David Seear • Ian, the ISO 9000 Family of standards (The Core Standards) covers all the requirements you would wish to see covered. It then leads the organisation down to other ISO guidance standards or, if there is an industry specific "requirements" standard, to that standard.
You ask whose purpose is it. The answer is the organisations because ISO 9001 standard specifies requirements for a quality management system where an organisation needs to demonstrate its ability to consistently provide product that meets customer and applicable stautory and regulatory requirements.
I hope you can see meeting customer requirements is important?
Trying to lever in all the "interested parties" (Stakeholder) requirements into ISO 9001 is a rediculous state of affairs. How would you judge if all interested parties were being deal with effectively. See Francesco list
Typical examples of relevant interested parties could be:
a) Direct customers, end users;
b) suppliers, distributers, retailers, partners, competitors,
c) shareholders,

d) employees and labour unions
e) society, including regulators.

No one disputes that organisation needs to cover these issues as appropriate but it is not relevant to ISO 9001 as it is covered in a generic approach in the ISO 9000 Family of Standards.
Why don't you be honest. If risk and other issues are forced onto all ISO 9001 Certified organisations then you will make a lot of money. Many of these organisations are small
and the reason the ISO 9001 standard is a generic standard is too concentrate on consistently meeting the customers requirements NOT the Interested Parties requirements.
I know I am probably wasting my time however when many organisations drop ISO 9001 certification you may recognise what you have done.
It is possible to audit an organisation against the agreed customer requirements as they are specific. trying to do the same for all interested parties is not possible. You should not force organisations to work in the way you may wish them to. Quality should facilitate things not act like big brother.

Ian Dalling • David, I am ware that customer requirements are important - more so probably than ISO who are now playing catchup. I believe that I am also honest and have been giving my honest views in this forum without bias. Without exception I have advised my clients to avoid certification unless there is a perceived value.

Even small organizations have to operate product and service delivery processes that are commercially viable, do not harm people and do not harm the environment. In the modern world you cannot run a business ignoring these factors and just focus solely on ISO9001 issues because customers dont want to purchase from such organizations. Organizations need and in my experience want a management system that helps them run their business effectively and efficiently.

Please note that I have not suggested that ISO9001 should become an integrated standard - all I have said it that it should explicitly within its defined scope (which can be expanded or reduced as you wish) include a risk management approach to implementing its clauses where applicable. Do you understand what I am saying?

Dennis Nelson • The original question was "Can we integrate .....?" Yes, integration can and should occur - but why does the integration standard have to be placed in ISO 9001? It is a separate question. Would the integration standard be placed more appropriately in ISO/TC 258 Project, programme and portfolio management or elsewhere? The more sports, the more languages, the more instruments learned, the more proficiency gained on any single sport, language or instrument by an individual. But the basics, manuals, training for each remain separate. The worlds of sports, languages and instruments have significantly changed, but the basics, manuals and training for each, respectively, still are separate. More could now be written on the benefits of broader not just deeper learning in extracurricular activities as well as in management. But integration occurs after the basics are learned, not at the same time. The basic documents can accomplish only so much and should retain their scope. They then can be supplemented by documents with the desired additional scope. The audience for the documents typically will lack the depth or breadth of learning of the people now debating the documents' contents. Too much in one document could be ... well - too much for the expected audience.

Ian Dalling • Dennis, I agree integrated management systems are a separate issue from universal standards and ISO9001 is not the place for it – it would just create confusion. The future of ISO9001 is a red herring within this discussion and a completely different issue. However, my remarks regarding including risk management within its scope still holds. I always implement the requirements of all standards in a risk informed or risk based way where permitted.

I would beg to differ regarding "integration occurs after the basics are learned, not at the same time." The basics that we teach should not be fragments but an integrated foundation for all higher tier knowledge in my view. Management was never meant to be fragmented - it only occurred because of reductionist partial approaches to managing a particular facet of organization performance driven I guess by specialists not understanding that the principles of management are generic and can be universally applied with the exception of intelligent threats.

David Seear • Ian,
I have no doubt that you are honest and that both of us believe that risk is important. The difference we seem to have is you wish to have a clause 6.1 called Risk and Opportunity as a stand alone clause in the ISO 9001 "Quality management System - Requirements" section where I believe it should be better explained in the ISO 9001 Introduction.
The concern I have is that a clause such as "Risk and Opportunity" would be another clause to be "Tick Boxed" and misused by different bodies to their benefit not the Certified organisations benefit. I believe risk is already covered when ISO 9001 is applied by organisations who know what the outcome of the processes should be. The problem we have is some Certification and Accreditation bodies don't believe that the Certification Auditor should know what the product or the specification for the product. They call this a "system audit" carried out to see if the organisations management system covers the clauses of ISO 9001. They miss out on the purpose of a certification audit where they should be auditing to see if the organisations management system can consistently meet the specified requirements.
Just doing a "Tick Box" audit not knowing what the product is achieves nothing.

David Seear • Dennis, I agree with your "But integration occurs after the basics are learned, not at the same time. The basic documents can accomplish only so much and should retain their scope. They then can be supplemented by documents with the desired additional scope."
The drive to get "Back to Basics" would require all quality professionals to revisit the ISO 9000 Family of Standards as they are the "Core" standards from which many other "Requirements standards" (Tier 1) and "Guidance Standards" (Tier 2) and "Related Standards" (Tier 3) have been developed.
Without a proper structure for all Quality standards, endorsed by ISO, the benefits will never be fully realised.
I live in hope.

Ian Dalling • David, you misrepresent me - I have never wished to have a clause 6.1 called Risk and Opportunity as a stand-alone clause in the ISO 9001 "Quality management System - Requirements" nor have I suggested it on this forum or any other. You must be getting me confused with someone else.

Steve Hunton • For me, quality objectives underpin everything that we're trying to achieve. In order to meet those quality objectives we need to manage risk, information security, business continuity and disaster recovery. There are crossovers in all of these areas of management and once you see them all together it's difficult to see how you can avoid putting in place plans to manage any of them. It's not an easy thing to design or implement but over time, regular reviews will help you grow your implementation through continuous improvement.

Peter van Nederpelt • Steve,

In order to integrate various areas of management, it is helpful to have common structure (or syntax or language or 'empty' model) that can be used for all the areas management you mentioned. Next, we can add content to this structure. This content is specific for each area.

The OQRM model is such a structure that can be applied to all areas of management. Google on OQRM and you will find all available material about this model or link to http://www.oqrm.org/English .

I am curious what your opinion is on this idea.

Alex Dali, MBA, ARM • Peter,
Your model goes to the same direction as ISO.

Following the adoption by ISO of 'Annex SL' in 2012, all ISO technical committees developing existing and future management system standards have to use the same structure, terms and definitions. Management system standards have already been published using this harmonised structure and well-known management systems such as ISO 9001 (quality), ISO 14001 (environment), etc. will follow this new format during its revision process.

At the Second international ISO 31000 conference, there is a session that will discuss the implications for all millions of organisations having adopted multiple ISO Management systems.

See : http://G31000.org/session-iso31000-management-systems/

Steve Hunton • Peter,

I agree with the object-orientated approach. This makes it far easier to review, particularly by those more proficient in each topic. The challenge for me is that many of these topics/objects overlap in my organisation which requires a lot of initial attention on the planning and management of the system.

As Alex mentions, common terms and structures such as those within the ISO range, help the adoption by the business particularly when it's already well established. Managing the specialities within (for example) the ISO range is particularly helpful for me as I attempt to create an overall professional services plan incorporating quality, risk, info security and business continuity in an Agile framework. I'm preparing a paper on this which should explain my plan further.

Alex Dali, MBA, ARM • You are right Steve.
Surely the OQRM model is good, but organizations have limited ressources to spend on developing and maintaining the adopting of multiple ISO (and non-ISO) management systems for quality, environment, health & safety, IT, security, etc.

As all existing ISO management systems must align now with the annex SL which introduce to the concept of risk, it would be wiser to build on the ISO range of specialities and better understand the new requirements stated in the Annex SL.

In order to improve your understand of risk management, this discussion forum will continue to share comments and ideas on the ISO 31000 risk management standard while we are proposing courses and examinations leading to personal certification on ISO 31000.

Masterclasses on 30-31 May 2013 in Toronto, Canada are still open. See :http://G31000.org/master-classes/
For those who could not attend, we have prepared a quick survey, so that we could better plan courses and certification on ISO 31000 risk management standard, worldwide. Here is the link
: http://www.cvent.com/d/jcqr0h

See you in Toronto !

Peter van Nederpelt • Steve, Alex,

You are right. OQRM is meant for framework developers, organisations that need a custom made approach or organisations that have to integrate various frameworks into one framework.

Nicky Downing • This is a very enlightening and interesting discussion. We have been successfully providing a product solution that fully integrates ISO 9001:2008 and ISO 31000 for some time now. We have seen tremendous ROI for customers in eradicating the silos between business functions and significantly improving management focus of attention on the right things. As 9001 is very much focused on processes, we have seen real improvement in process definition as our customers are able to evaluate and define / design policy / process and work instructions using a risk based approach. We have certainly seen the integration of the two standards work in an extremely effective manner. Furthermore laying the foundations of 9001 and 31000 leads to much more seamless implementation of management standards such as 27000. 22301, 14000, OHSAS 18000 etc. Thanks Peter good conversation.

Alex Dali, MBA, ARM • Very interesting Nicky.
I suppose that your clients have benefit from your approach.
Feel free to share with us one of your best achievements in the integration of multiple ISO management systems.
Please start a new discussion on this, as this thread is getting too long to follow...

Francesco De Cicco • At our Center (QSP), we adopt the process approach to facilitate the integration of multiple management systems.

Regarding this subject, see this other thread I started here seven months ago:http://lnkd.in/PS5QSR

According to PAS 99:2012:

"If the process approach is to be adopted, the initial step should be to identify the processes and sub-processes involved in the organization. If the organization has
adopted ISO 9001, this should have been done already, at least for those processes which affect the quality of the output. If the processes are mapped and the map is published throughout an organization, it can be invaluable in demonstrating to employees how they contribute to the objectives.

For each process the following tasks should be carried out:
a) identification of the inputs and outputs;
b) identification of the risks associated with the process (which should involve those engaged in the process);
c) identification of those risks that could have a significant effect, and prioritizing them;
d) deciding on control measures and implementing them.

For each process, it is necessary to identify those aspects which could have an impact on the management areas that are to be brought within the overall management

system. For example:

a) In the input stage, is there anything that might significantly affect:

• the quality of the output?

• the environment?

• the occupational health and safety of the employees or those affected by the organization's activities?

b) In the output stage, is there anything that might significantly affect:

• the quality of the output?

• the environment?

• occupational health and safety?

(..)

Peter van Nederpelt • Francesco,

PAS 99 looks very similar to ISO's 'Annex SL' in 2012.

See Alex's discussion:
"Following the adoption by ISO of 'Annex SL' in 2012, all ISO technical committees developing existing and future management system standards have to use the same structure, terms and definitions"

Which document is leading?

Francesco De Cicco • Yes, Peter. As mentioned at http://lnkd.in/PS5QSR , PAS 99 is totally based on Annex SL (the leading document).

David Seear • Ian,
Sorry If have misunderstood you and the delay in my response.
I had thought that you were indicating that Risk should be added to ISO 9001 where I was advocating that Risk is already covered within ISO 9001. My concern is that with the new structure for ISO standards a clause WILL be added called 6.1 Risk and Opportunity. In my opinion it is not a sensible thing to have Risk and Opportunity as a separate stand alone clause in ISO 9001 "Quality Management System - Requirements"
I believed, incorrectly from what you have stated, that because there will be a new clause there are few committee members brave enough to state that the clause "Risk and Opportunity" is not applicable to ISO 9001 but is applicable to the ISO 9000 Family of standards. (See my previous proposed version). The term risk would be better explained in the Introduction to ISO 9001 however this is only because the majority of people using ISO 9001 have little or no knowledge of the ISO 9000 Family of Standards. In fact few have read the introduction of ISO 9001 and even fewer have used ISO 9000:2005. That is why I put a FREE 5 pages on my website and this includes the summary of

what each of the four standards in the ISO 9000 Family of standards does. I have had many articles published around "Back to Basics" and ISO 9001 Audit Trail. If you google my name "David John Seear Audit Trail" you will see many of the issues I am trying to raise.
see www.pdqms.co.uk

David Seear • Nicky, I am pleased to hear you have been successful in providing a product solution that fully integrates ISO 9001:2008 and ISO 31000. This is what should be happening with the ISO standards. Organisations choose which standards are appropriate to their business and integrate them into their systems. This is the Tier 1, 2 and 3 approach. Having indicated that this approach works why would anyone wish to confuse the issue by trying to integrate the two standards or even part of the standards together. The original question is was " Can We Integrate Quality Managemen and Risk Management?" You have stated you can by linking appropriate standards. That being the case lets use the ISO standards in the manner they should be used and allow organisations to decide which standards are appropriate.
I still live in hope ever the optimist!

Mary M. Gaskin, CFE, MSc • This makes a lot of sense and this is what should be happening. I believe with quality management comes risk management, In my line of work as a financial fraud risk manager and my experience, a lot of the fraud issues faced by organizations mostly results from a lack of better quality management within the organization and I mean organizational holistic quality management. Hopefully we can ge to the point in which both can be integrated.
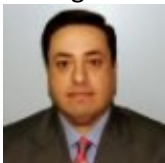
Wael Daif • Risk mgmt must operate under the quality mgmt . identifying risks at the beginning of any project and mitigating it lead to better quality.
I have never seen quality system without risk management .

David Seear • Mary/Wael,
I agree Quality management is all about managing risk. What we don't need is to have a stand alone clause in ISO 9001 called risk. By all means have ISO 31000 and then organisations can introduce whatever is specific to their needs.
The whole purpose of ISO 9001 is to cover risk as it relates to agreeing with the customer what they want, planning that activity and then putting in place the management system that can achieve the customers requirements.
The ISO 9000 Family of standards covers all of an organisations quality management system in a generic manner allowing organisations to use the ISO Guidance Standards as they deem necessary.

Ian Dalling • Alex, that ISO has decided to align the definitions and structures of its management system standards has to be acknowledged as integration progress after a couple of decades of the proliferation of fragmented standards which has perhaps only served the consultants trying to make sense of them for organisations and the management system standards industry in general. However, alignment will make it even more obvious that the basic principles of effective and efficient management are generic and organisations will naturally question why they should have to comply with multiple standards containing so much duplication in operating their integrated management systems which are becoming the norm.

ISO 31,000 tends to use terminology that is not aligned to the main and most commonly used management system standards e.g. PDCA is not explicit and it does not use the term management system. It would be interesting to see how ISO 31,000 is harmonised into the ISO structure and definitions.

I notice that you mention ISO 31,000 certification - is that now an objective?

Ian Dalling • David, there is an enormous difference between declaring that ISO 9001 includes risk in its scope and taking a risk based or risk informed approach to implementing the elements of the standard e.g. managing suppliers. This can only be understood if you understand how to take a proportionate approach to applying management controls. Every management system standard within its SCOPE should integrate and apply quality and risk management principles in a fully integrated way.

Ian Dalling • Mary, you make an excellent point. Organisation events that continually fill the main stories of the media (such as fraud and other criminal or an ethical behaviours) invariably arise from self-serving and selfish behaviours and if we can tackle these are at all within an organisation it has to be by taking a holistic approach which goes beyond the bounds of the organisation. Whether we understand these in terms of quality or risk they are unlike normal threats because they are intelligent and have to be managed in a specific way involving arrangements that to some degree must be covert. I believe that this is one of the most challenging of management issues.

Ian Dalling • May I now focus on the relationship between the concepts of quality and risk and the conduct of quality management and risk management?

Leaving formality aside for the moment I conceptually think of the principal focus of quality management as searching, selecting and optimising ways of pleasing the customer whether they be external or internal. This involves being very creative in identifying and evaluating opportunities.

Through this process we can develop a quality definition for the product or service which we can continually improve via reactive and proactive monitoring and management review (PDCA). I conceptually think of the principal focus of risk management is to identify the unintended consequences associated with the identified or selected opportunities so that overall a balanced optimal decision can be made on how best to satisfy the needs and aspirations of the stakeholders. Quality and risk management can both of course being readily handled within a PDCA structure which underpins all common management system standards and even management system legislation although it is perhaps not so overt.

While the concept of quality and the concept of risk may be mutually derivable depending on their definitions they are certainly different from the respect that stakeholders desire more quality but seek to minimise risk. The concept of risk is applicable to all stakeholders but whether quality is a customer concept or a stakeholder concept is an issue where there may be differing views. Certainly regulators in the UK express some of their requirements in terms of quality and other requirements in terms of risk. Quality requirements and risk requirements are also defined within European product directives. Whether everything can be formulated solely in terms of quality or solely in terms of risk is an issue where people I guess will have different views.

Playing devil's advocate, are there any flaws in the following argument?
a) Risk management is about the management of uncertainty with respect to stakeholders.
b) Quality management is about the management of certainty and uncertainty with respect to customers and stakeholders in general.
c) Risk management is therefore a subset of quality management and subordinate to quality management which in turn is subordinate to management as a whole.

While uncertainty permeates arguably all aspects within the domain of management it often has negligible impact, is not capable of being managed via risk management, is just unfathomable noise or there is no likelihood of any return on attempting to manage it. Some aspects of uncertainty can be managed through risk management but many or possibly even a majority of aspects cannot? Devil's advocacy ends.

The degree to which all management is quality management is another question?

Ian Wood • Ian, there isnt anything _wrong_ with your assessment, although i would invert it. inappropriate Quality, using my limited understanding of the term, is but one issue facing an organisation: risks are a larger group and includes earthquakes, general strikes and the banks going bust.
is the stability of the banking system really a Quality issue? (if you are not a bank, but just rely on them to provide financial services.)

My father was doing excellent work for his clients, yet they thought it was too expensive. He felt they did not understand the expertise required. I suggested that his idea of reasonable quality was beyond what the clients wanted to pay for, the rest was a gift from him if he wanted to meet his quality standards.
He therefore had to monitor the degree of quality he did, to the clients agreed specification and not go beyond it, unless he was doing it for free (as part of his creed).

In my mind, Quality management is a Control within Risk Management to achieve specific Objectives

(on quality or client expectation or similar).
But then, i come at this from a risk perspective...

Peter van Nederpelt • The quality of A is dependant on the quality of B.

Problems with the quality of B is a riks for the quality of A.

We are talking about the same phonomenon but use different words.

David Seear • Dear All,
Having seen and read all the comments on this issue I would like to recap the situation. Many of you still fail to understand the restrictive scope of ISO 9001. As evidenced by the term Stakeholder used on various occasions. We all agree that risk is important in any organisations activity. Surely that goes without saying? The key element hear is that the risk issue is decided by the organisation no one else.

At the risk of being boring has anyone carried out a risk assessment of adding a clause such as 6.1 Risk and Opportunity to ISO 9001 ?

Currently I believe that the standard of auditing carried out against ISO 9001 is poor and in many cases a waste of time. This is because of the so called "System Audits" that tell you very little. This is caused because people have been badly taught not because of any failing in the ISO 9001 standard. If you understand the ISO 9000 Family of Standards you at least have a chance of interpreting ISO 9001 correctly. When auditors don't actually believe they need to know what the product or specification for the product is it is no wonder that auditing is loosing its credibility. The desk audit or Phase 1 audit is the only time a system audit is carried out as it allows an assessment against the documented management system to see if it has adressed the ISO 9001 requirements within their system. The actual Audits should be different and enable a competent auditor to understand what the process is supposed to achieve then audit to see if the management system in place can achieve this.
To do this you need to know the output expected from the process.
If we can't carry out a process audit against ISO 9001 how do you think the auditor will cope when 6.1 Risk and Opportunity is introduced??

Dennis Nelson • David: You are on the right track. Some organizations are going a step further. The Internal Auditors are expected to understand the relative processes, specifications and products. Those auditors are assigned to help ensure the process or program is established correctly. The auditors are integrated as early in the lifecycle as possible to help preclude unnecessary resource expenditures rather than to identify those expenditures and their sources later on. The auditor' work is integrated with other such staff as Risk Managers, Internal Control and Quality Officers so review sessions are congruent and inclusive rather sequential and exclusive. Some organizations have

culturally changed so their professionals practice the related risk, quality, internal control and other skills inherently throughout the day as their respective items arise. In those organizations, risk management, quality and internal control sections may even be common on their functional and technical specifications, and documented processes.

Ian Dalling • Peter, I agree regarding the use of the words quality and risk to describe management although each word properly used aids communication. Perhaps it is time for ISO to issue management systems standards devoid of either the Q or R word - just say on the tin what the scope of the standard is e.g. "ISO 14000 - Environmental management". ISO9001 would become "ISO9001 - Product and service delivery management". All we then need to do is ensure that standards are fit for purpose and remove the quality management and risk management silos - peace and harmony in our time.

Jollie Alson • Ideally, TQM must contain a component of Risk Management or I may call it ERM. Achieving total quality means one MUST have control over factors that may threaten quality results, and this is in the realm of Risk management.

David Seear • I believe the intentions are good however if the customer (Organisation) does not want to get involved in Risk as a separate requirement it is wrong to force then into doing so.
This is especially true if the organisations trying to apply risk takes the "Tick Box" approach. How can you judge if an organisation has addressed "Risk" effectively?
In my opinion it is subjective and as such should not be in ISO 9001 because ISO 9001 is about having a managment system that can consistently meet the agreed specifications for the product/service and as such is clearly definitive and simple to assess.
This assumes we have competent quality professionals capable of doing this and unfortunately that is not always true.
As an ex sea going chief engineer we did not need a separate clause called risk to cover this. We knew what the risks were and dealt with them. You could not become a Chief Engineer without being at sea for many years. Experience as well as competence was needed. I was also a trainer for the ISM (International Safety Management) training for the marine industry. Guess what, this was based on a modified version of ISO 9002 and modifed to clarify marine issues. It was a Tier 1 "Requirement" standard for that industry. For those that don't know ISO 9002 was ISO 9001 without design. (see ISO 9001 Audit Trail)
If risk is so valuable as a stand alone activity then why can't Risk practioners sell the benefit of applying the risk techniques? The whole purpose of ISO 31000 is to enable organisations to "Tap" into risk when and where it is appropriate. ISO 31000 is a guidance document (Tier 2). What you are trying to do is make it a "requirement".
It is like reinventing the "Wheel" we seem to go round and around as old words are reinvented and pushed as the only way forward.
What about the words such as "performace" surely that is important, "efficiency" surely that is important and "Interested Parties" (Stakeholder) and many more that could be added. If however

you don't look at the scope of a standard and just add other issues that are inappropriate you can undermine the standard

It is as if everything has to be done by clauses of a standard. Should we not improve the standard of training not just dabble with words?

Believe it or not I am trying to help. I am trying to get people "Back to Basics" to ensure they understanding the "core" elements namely ISO 9000 Family of Standards and in particular the restrictive role of ISO 9001 to ensure we use these standards effectively before we rush off and make inappropriate changes to a misused standard.

Ian Dalling • David, I have audited hundreds of suppliers and checked that they have processes for managing risk and have implemented them. If the auditor is competent it is not a problem.

With respect David, the question was not about the future of ISO9001 however much it is dear to your heart. It was not even about management systems - it was about whether we can integrate quality management and risk management and with so many organisations doing it it is really a no brainer.

Ian Dalling • David, your wish to conduct quality management and risk management separately in two silos is reductionist and leads to an organization's management processes being less effective and less efficient. It is of course your and other's choice to be less competitive and lessen the chances of your organization surviving in the longer term.

Dennis Nelson • Many various, related and interesting issues being integrated here. What should be in or prohibited from ISO9001? What specialties should or shouldn't be integrated? What specialties should or shouldn't be documented, whether in ISO 9001 or not? How are competent professionals in the documented or undocumented specialities recognized? How is value sold if the value isn't recognized by consumers? etc. Some of the issues also are being integrated in related Linkedin threads. Should decision matrices be established to help establish which of the options in each issue would be worthy of collective support?

Regarding what specialties (or processes) should or shouldn't be documented somewhere: when industries and organizations and their current and future employees were fairly identifiable, a sort of journeyman situation existed so the specialized activities continued from generation to generation, from employee to employee successor without them being consciously identified, labeled and otherwise documented. With the constant change in today's culture, risk management, quality, strategic planning, etc., are documented in the military and similar organizations since in those organizations and their components there is constant and consistent employee turnover. Add to that human element the technological element which is constantly changing, and two great drivers of the need for documenting specialties and their processes become apparent. Another issue might be if the processes don't need to be documented are the specialties needed?

David Seear • Ian, At last we can agree on a couple of things "If the auditor is competent then there is not a problem" I agree.

even your "it was about whether we can integrate quality management and risk management and with so many organisations doing it it is really a no brainer".

Once again I agree.

However your second comment once again shows how you have failed to understand what I have been saying. Your comment "David, your wish to conduct quality management and risk management separately in two silos is reductionist and leads to an organization's management processes being less effective and less efficient" is completely opposite to what I have been stating.

What I have been saying is that ISO 9001 exists to cover risk as specified in its scope, namely being able to consistently provide product or service that can meet the customers requirements.

Then you concude with "It is of course your and other's choice to be less competitive and lessen the chances of your organization surviving in the longer term".

Again I have not said that either.

Have you ever seen ISO 9004 titled "Managing for the sustained success of an organisation - A quality management approach". Maybe I forgot to mention the ISO 9000 Family of Standards? I don't think so but is this actually taught?

NO it is not so I am not surprised at all that many people know nothing about it.

Finally you indicate that I am not answering the question as it has been proposed yet I believe I have. I believe they can be integrated and this already exists in competent organisations. So let me put a question to you, where would you expect this integration of quality management and risk management to take place?"

A new standard? I doubt it as I suspect that there is a strong drive to put this into ISO 9001. Why because it can be forced upon ISO 9001 certiifed organisations. If this occurs it shows how little the people responsible for TC/176 understand the purpose and scope of the ISO 9000 Family of Standards.

I will pull out now as I don't expect to get much agreement as vested interest holds sway over this. You can't say I have not tried to put a question mark across what is proposed especially as it relates to ISO 9001.

Sean Coleman • Francesco sorry late to discussion.

Why to your knowldege does 99 not refer to 31000 in Annex C (informative)
"Correlation with other MS standards"

Is it because 31000 is non certifiable?

Dennis Nelson • The original question is was "Can We Integrate Quality Management and Risk Management? Integrate them (and other specialties) where? Integrate them one size fits all or to different levels of need? First, as noted in this thread, each of the specialties needs to be better

defined, to include their respective scope, requirements, and various service levels. E.g., is the specialist accountable for the outcome of the specialty adoption or just for facilitating the functional managers' desired accomplishment of the specialty implementation? Second, the specialties then can be overlaid and overlapping attributes such as needed skillsets, data elements, activities, etc., can be identified for more efficient application. Third, then the value of integration and improved organizational outcomes can be proven. Then, fourth, will the specialties not only be integrated in ISO documentation, but will the documentation recommend that the functional managers again be responsible for the integrated specialties as part of the manager's other integrated responsibilities? Managers were responsible for risk, quality, internal audit, strategic planning, compliance, internal controls, etc., long before they were given documented names, plans and processes. Are they as complex as medical specialties and must remain and develop separately or must different levels of proficiency exist depending on the age, location, resources and type of entity to which they are to be applied? Is it a public or private organization? Will the implementation be mandated or will forced compliance be minimal? Will the manager or specialist be paid a five digit or six digit salary?

Francesco De Cicco • Yes, Sean. Annex C of PAS 99:2012 (Correlation with other management system standards) does not refer to ISO 31000 simply because 31K is not a MSS (management system standard). But ISO 31000 is referred in other clauses of PAS 99.

Ian Dalling • Dennis, the answer to your question regarding what do you document - the simple answer is that you document everything to an appropriate degree that adds value as perceived by the stakeholders that have the power to influence the organisation. We can only document implicit knowledge and we still have two employ people internally or externally who have the appropriate tacit knowledge.

David, regarding "What I have been saying is that ISO 9001 exists to cover risk as specified in its scope, namely being able to consistently provide product or service that can meet the customers requirements." Is this really still relevant to the needs of organisations and does it address societal needs. If organisations just focus on this and ignore health and safety requirements and environmental requirements when focusing on this objective they would be violating legislation (at least in Europe anyway). You already agree that integrated management is a no-brainer so why not give organisations the standards, tools and support to allow them to manage in the way that they want to?

Sean, ISO 31,000 is a management standard but not a management system standard - it does not talk about management systems. However, the degree to which a framework might constitute a management system has been debated and my personal view is that it probably does although it is not explicit in the standard. I'm sure that someone involved with drafting the standard or clarify this.

Dennis, it is my view that integrated management transcends standards, concepts, disciplines, specialists, not least quality and risk however you understand those concepts or their related management approaches.

Hans Träff • Excuse my comment but this is starting to get tiresome. Yes it can be integrated. All these comments basically saying the same thing day out day in. And there are integrated management systems in place taking care of everything, which I have pointed out earlier. Thanks

Ian Dalling • Hans, I guess people made a similar comment 500 years ago when it was suggested the world was round - you may care to consulthttp://theflatearthsociety.org/cms/ . Perhaps people will form a fragmented management society in the near future? Google seems currently stumped on this concept at the moment. Good to know integrated management is thriving in Sweden.

Ian Dalling • With due respects to Peter who posed the question, if the concepts of quality and risk turn out to be isomorphic then the question will be no more meaningful than asking whether you can integrate quality and quality or integrate risk and risk.
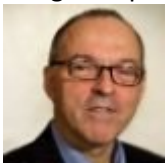
Peter van Nederpelt • I would like to share some statements with you after reading all 142 discussions:

* Quality management is a tool to reduce risk.

* ISO 9001 is a tool to reduce the risk of unsatisfied customers.

* The scope of quality management in general is wider than ISO 9001 but there is no need to widen the scope of ISO 9001.

* It is unclear why you should integrate risk management in ISO 9001 and how you should integrate it.

Furthermore, there are solutions already available yet to integrate management systems (see Ian's Integrated Management Special Interest Group, Hans' IBMS, David's ISO 9000 family and PAS 99/Annex SL).

Statistics Netherlands uses the concept of focus areas (OQRM). Focus areas can be managed separately. But these areas are related to each other too. Problems with one focus area could be a risk for other focus areas. The approach is flexible in its scope.

Gabriel Cáneva • First of all I would like to introduce me, I am Gabriel and I am managing the quality, safety-health and environment system in multinational construction company.
We have integrated the three systems, so to say ISO 9001\14001. and OHSAS 18001.
Our experience has been very successful up to now but is important breack down with the team culture of the diferent sites.

Peter van Nederpelt • Gabriel, Can you share with us how you integrated these three systems?

Ian Dalling • Peter, regarding "* It is unclear why you should integrate risk management in ISO 9001 and how you should integrate it.", I think we generally agree that the scope of ISO9001 is managing the risk of not satsfying the customer. ISO9001 ought to define a coherent set of arrangements to best achieve this. I believe this implies that management controls need to be proportionate to make the most effective and efficient use of resources. Is this RM or not RM? Whether RM is included in ISO9001 is not the question - it is how best to manage risk within ISO9001 to achieve its objective.

David Seear • Ian, Once again I believe you have missed Peters point because it does not suit your wishes. ISO 9001 has a considerable amount of coherent clauses that allow any competent organisation or auditor to achieve the scope and purpose of ISO 9001 by addressing the risks within each process.
Peters: -
* Quality management is a tool to reduce risk. TRUE

* ISO 9001 is a tool to reduce the risk of unsatisfied customers. TRUE

* The scope of quality management in general is wider than ISO 9001 but there is no need to widen the scope of ISO 9001. VERY TRUE

* It is unclear why you should integrate risk management in ISO 9001 and how you should integrate it. THIS IS MY CONCERN HOW WOULD A CLAUSE CALLED RISK AND OPPORTUNITY BE USED?

My belief is it would be badly used as how can you judge by audit if risk or opportunity have been effectively addressed? You can't as, at best, it would be subjective.
You state "Whether RM is included in ISO9001 is not the question" That may be true however the addition of Risk and Opportunity in ISO 9001 seems to be the answer.
As Peter indicates how should you integrate risk management? The answer is simple train quality professionals and auditors how to use the ISO 9000 Family of Standards.

Once again I don't expect my views will be considered as the drive to have all standards in the same format without ensuring the clauses are appropriate to each standard is what will happen unless someone in authority questions the logic behind this.

Sandy Liebesman • I think a major issue has been missed in the entire discussion. Let's start with the fact ghat every organization is made up of a number of management systems. I'll name the most obvious, but each organization may differ and may include others that I won't be naming. First you have finance, quality, IT, environmental, sales, shipping, marketing,...

I've been mainly concerned with the first 4 and I like to use the term LINKING rather than integrating. When integration occurs, the strongest dominates and this is usually finance.

When linking does not occur you have silos between the management systems with a lack of communication between them. Actions in one system causes problems in other systems. This causes financial problems which affect the bottom line.

In my book "Competitive Advantage: Linked Management Systems," I have a number of case studies where linking occurs and the bottom line is improved.

I'd like to hear of examples where the lack of communication between management systems has caused problems. I'd also like to hear of examples where communication exists and the organizations has improved the bottom line.

Ian Dalling • David, I havent made any judgement on the degree that ISO 9001 meets this criterion. What do you know about my wishes? I hope that you do not guess what you think your customer's wishes are?

David, is risk management a tool to increase quality?

Sandy can you elaborate what you mean by integration and linking please.
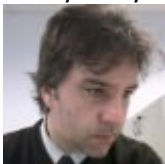
Gabriel Cáneva • First of all, it has been very important for us to determine quality, safety and environment focus on only one policy.

Elements for highlights:

Policy focused on Quality, Safety and Environment.
Team integrated (we have a coordinator for every matter). Also, some sites have incorporated a QHSE manager.
Daily meeting - QHSE
Executive Comitee - QHSE (every month)
Internal integrated audits.
Managing focus on QHSE

If you wish a detailed explanation of every element, you do not hesitate to ask me.

Sincerely yours, Gabriel

Sandy Liebesman • The explanation is included in the Preface of my book "Competitive Advantage Linked Management Systems."

Preface
This book illustrates how organizations can link their quality, environmental, financial, and information technology management systems and describes the benefits of these systems working together. Unfortunately, modern business management systems don't usually communicate well. They behave like independent silos Footnote (1) , which results in less-than-optimal operations, excessive costs, and unhappy customers and investors.

Why do I use the term "linking" in this book instead of "integrating"? Integrating usually means that one management system dominates while the others lose their identity.

Quality and environmental managers need to understand the language of finance and the effect of operations on the bottom line, and financial managers need to know how quality and environmental managers can help improve results. The message is that each of these managers needs to understand what the other brings to the table. The long-term advantages of this cooperation will be cost savings, continual improvement of processes and products, and a greater understanding of each other's work and responsibilities.

The book is based on work I did linking ISO 9001 and ISO 14001 to compliance to the Sarbanes-Oxley Act (SOX) Footnote (2). This included publishing articles in Quality Progress and other publications; leading two American Society for Quality conferences on SOX; presenting eight SOX workshops; and interacting with financial professional societies such as the American Institute of Certified Public Accountants, the Institute of Internal Auditors, the Sarbanes-Oxley Institute, and the Institute of Management Accountants. It became evident during my efforts that the topic was much broader than compliance to a law, so I expanded my outlook to the larger issue of effective overall management of an entire organization. Linking management systems will improve effectiveness of the organization and customer satisfaction and will have a positive effect on the bottom line.

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Footnotes
1. Sandford Liebesman. "Down with Silos," Quality Progress, September 2008, 64–67.
2 The Sarbanes-Oxley Act of 2002, The U.S. House of Representatives, HR 3763, July 24, 2002.

David Seear • Sandy, Your point that "I think a major issue has been missed in the entire discussion" is outside the discussion and will only add even more confusion. The problem being dealt with integrating Quality and Risk.
This has been answered up to a point by the originator Peter yesterday. (see above)
Your point is of course very valid and ISO tries to address many of these issues by having Guidance standards to help and support organisations.
All the issues you raise "First you have finance, quality, IT, environmental, sales, shipping,

marketing,.." are of course important but surely that is why you have managing Directors CEO's etc to manage them. This question was about integrating Quality and Risk and this is where the discussion led to a lot of disagreement.

Ian
Yes Risk management may be a tool that an organisation may wish to employ.
That is why ISO 31000 is a guidance document. My concern is you seem to believe that without a separate stand alone clause on risk it will be missed.
I don't have to guess what my customer wants as I actually know what they want and that is a management system that enables them to consistently meet the agreed customer requirements. What ISO 9001 does not need is a standalone clause on "Risk and Opportunity". Let the organisation and their consultants decide what is required in their business don't force this onto everyone regardless of what their business does as it is already covered as it relatres to the scope of ISO 9001.

Ian Dalling • Gabriel, what you have described makes perfect sense to me and I have seen similar excellent and intelligent practices within construction companies within the UK. In my experience the construction sector is one of the leaders in applying integrated management and other sectors could learn a lot from it. The construction is particularly challenging because the environment and the associated opportunities and risks are continually changing as the project progresses from start to completion.

Sandy, I would agree with much of what you have said although I feel very uncomfortable with the assertion that one management system always dominating is an argument for only linking the systems (whatever that means). If you have a truly integrated management system then you only have a single management system so one management system dominating over another is illogical. If you apply risk management in a universal and integrated way then the management attention and control is directed to wear it is needed. Linking seems to be an argument for partially joined up thinking and I don't know why that would be more advantageous than fully joined up thinking?

Ian Dalling • David, you are again misrepresenting me by suggesting that I am asking for a separate stand-alone clause on risk. You earlier made this suggestion and had to apologise. Please be very clear that I am suggesting that the appropriate principles of ISO 31,000 can be used throughout ISO 9001 to enhance the likelihood that it will achieve its objectives within its existing or modified scope just as the principles of quality management and risk management can be used to optimise any management or management system standard. I AM NOT SUGGESTING A STAND-ALONE RISK CLAUSE THAT WOULD HAVE TO BE COMPLIED WITH IN ADDITION TO ALL THE OTHER CLAUSES. Forgive me for resulting to the megaphone but it seems that you have a mind-set that is stopping you understanding what I am saying and what I'm not saying. What is bizarre is that you recognise the need to reduce the risk of dissatisfying customers but see no need to adopt appropriate risk management practices where they can help achieve that goal and be explicit about it within the standard. I guess we will have to agree to disagree on this one.

Gabriel Cáneva • Ian, I am fully agree with you. Construction has been one of the leaders implementing integrated systems.
Also, I have had an experiencie based on petrochemistry industry where we have applied the same method with successful outcome.

Sandy Liebesman • Ian,
My experiences at AT&T, Bell Labs and Telcordia has been one in which Finance dominates the management of the organization. Finance controls the money and concentrates on the bottom line. This is also true of the companies I audited. I believe that the lack of communication and the control exercised by the finance organizations is one of the largest risks faced by an organization. A major reason is that if
finance ignores the needs of the quality organization it has a direct effect on the customers. I suggest you ask your quality leadership who has the ear of the board of directors and the company leadership. Ask if quality's voice is heard when bottom line issue appear.

Ian Dalling • Sandy, there has always been tensions between disciplines because of the way they have been educated, the business environments they have been exposed to and the way they have been managed. An organization will neither survive by selling poor quality cheap products or high quality products that nobody can afford. Organizations may also be shunned if they do not take care of their employees, harm the environment, are not ethical or not committed to social sustainability depending on the sophistication and level of consciousness of the stakeholders. Not being in tune with the stakeholders and attempting to equitably satisfy them making the best use of resources (integrated management) is going to make an organization less competitive and more likely to fail. To exploit this philosophy we need enlightened and strong leadership, an educated workforce (top to bottom) and a fully integrated management system coherently directing and guiding the organizations structures and processes to provide optimal organization performance aligned with the stakeholders' needs and aspirations. An organization is like the grip of your hand which depends on all the fingers being perfectly coordinated. Organizations up to now have largely been operating in a dysfunctional way.

Gabriel, has kindly provided us with a concise well-articulated glimpse of his organization taking an integrated management approach which I think aligns with the vision I have outlined above. There are now many organizations following similar paths and we need more research to evaluate these various initiatives. Integration has an enormous number of facets and good practice knowledge is still developing.

David Seear • Ian, I appolgise once again.

Your comment "I AM NOT SUGGESTING A STAND-ALONE RISK CLAUSE THAT WOULD HAVE TO BE COMPLIED WITH IN ADDITION TO ALL THE OTHER CLAUSES." and I agree.

My concern is your comment "the appropriate principles of ISO 31,000 can be used throughout ISO 9001 to enhance the likelihood that it will achieve its objectives within its existing or modified scope just as the principles of quality management and risk management" and this I can also accept as long as it is the Organisation itself that chooses to apply ISO 31000 because ISO 9001 in competent hands already covers "Risk" as it relates to ensuring customer requirements are met.

However, your comment (In bold) makes me wonder who then believes it should be a stand alond clause in ISO 9001 Quality management System - Requirements?

I had believed from your comments that you welcomed the addition of "Risk and Opportunity".

Sandy Liebesman • The telecommunications standard TL 9000 has added the following to the ISO 9001:2008 standard.

•7.3.1.C.4 Risk Management Plan – The organization shall develop and document a plan for the identification, analysis, and control of risks to the project that can impact cost, schedule, product quality or product performance.

•7.3.1.C.4-NOTE Risk Management should be performed during all phases of product development and should include:

a)the means to determine risk sources, categories, and priorities

b)identification of significant or critical characteristics and failure modes, including customer experience

c)a definition of risk parameters (e.g., probability of occurrence, severity of impact) to be used in determining risk priorities and any scoring mechanisms to be used (e.g. FMEA - Failure Mode Effects Analysis)

d)how risks will be managed (e.g., tools to be used, actions to reduce risk, mitigation strategies, monitoring and reporting requirements),

e)inputs from appropriate functional disciplines and

a mechanism for capturing and applying lessons learned

I think this hits the main requirements and the note is a good clarification of how organizations should act.

David Seear • Sandy, TL 9000 seems to me to be a Tier 1 industry "Requirement" standard based on ISO 9001. This is quite appropriate and mimics other industry specific standards that have used the basic ISO 9001 generic standard and added issues that they believe are appropriate for that industry. The important thing is to keep ISO 9001 generic as is intended to be applicable to all organisations, regardless of type, size and product provided. (ISO 9001 1.2 Application).

That is why it is important to understand the Structure of Standards. ISO 9000 Family of Standards are the "Core" standards with Tier 1 being "Requirement" standards, Tier 2 "Guidance" standards and Tier 3 "Related" standards. If we do not stick with this approach then the generic nature of the ISO 9000 Family of Standards will be compromised. If you wish to call up other standards then feel

free to do so just don't force new clauses into ISO 9001. I would also add that this drive to add new revised definitions (See ISO 19011 auditor) where they are not needed and actually undermine the original meaning only adds confusion. By all means modify definitions where ISO 9000 is not appropriate but refer to ISO 9000 where they are appropriate. This can only be done if people know ISO 9000 exists.

Dennis Nelson • To address tensions between disciplines (to include the historic inverse where suppor disciplines became control disciplines) what's needed are two benchmark industry best practices - first for a new integrated culture and culture change to achieve the new culture, and second for the integrated use/application of the disciplines in an organization. A step in that direction would be the defining not only the disciplines of quality and risk management which started this thread, but also internal audit, finance, human resources, etc., as they would exist in the new culture.
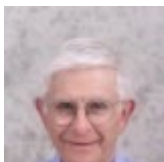
Sandy Liebesman • I assume you are all aware that ISO 9001 is being revised and the addition of risk management is part of the revision. Also the structure of the standard is being changed against the will of ISO 9001 users (that's another discussion). To get back to the main topic ISO 9001 is a requirements document and 31000 is a guidance document. To say you want to integrate 9001 and 31000 doesn't make sense. A guidance document doesn't contain requirements, just guidance. During the revision of 9001 we will look at 31000 for guidance on formulating the risk requirements.

Ian Dalling • Sandy, "During the revision of 9001 we will look at 31000 for guidance on formulating the risk requirements." would seem to be a prudent and sensible thing to do.

Sandy Liebesman • I will suggest to the TAG leadership to review 31000 at the next meeting.

Deborah YOUNG • Certainly, you can and you should.

Don Turnblade • With Presidential directives relating Cyber Security to Enterprise Risk Management, I think it will become impossible not to relate Quality and Risk Management.

To create quality, one takes risks:

Voice of the Customer: The risk of present/missing voiced/unspoken traits in the product that will reduce its value or be declared a defect.

Voice of the Process: The risk that certain traits cannot be reliably produced at suitable rates in a cost effective manner.

The very point of Six Sigma is that the risk of a defect will never be zero. Six Sigma and Lean are forms of risk management focused at various levels of Organization, People, Process and Technology. Six Sigma Itself is an Organizational response to Process Quality Assurance. The purpose of business processes is to maximize gain while minimizing loss.

James Meritt • Why does anyone think they are different?

Guan Seng Khoo, PhD • but, what if I seek outliers?

Ian Dalling • We should just focus on doing what is useful or adds value in delivering the purpose of the organization. Everything else is subordinate.

Guan Seng Khoo, PhD • Agreed. In our investment world tho', we often seek outliers.

Ian Dalling • Guan, it is OK to often seek outliers if it can be demonstrated that it adds value. It it cannot be demonstrated then it would be wise to consider stopping doing it.

Guan Seng Khoo, PhD • Thanks Ian. Of course. Our "RORO" mentality!

AmudhaDevi (LuxNaJha Consulting) • Above interactions makes more sense ! Seems lot of link between quality and risk ! Considering the basic elements of risk management and operational risk, companies can change their perspective to view quality as a risk function, thereby shift from a reactive approach of measuring and controlling variances, ... to ... proactively identifying, addressing, prioritizing, and eliminating potential sources of failure.

Peter van Nederpelt • The relationship between risk and quality is that problems with quality will cause risks.

However, we should expand the scope of quality a little bit to external factors:
- the quality of the economy (growth)
- the quality of our competitors (strength)
- the quality of legislations in a country (appropriateness)
- the quality of suppliers (reliability)
- the quality of customers (credibility, satisfaction)
- etcetera

And internal factors:
- quality of staff
- quality of processes
- quality of data
- etcetera.

This approach is supported by the OQMR model.
http://www.oqrm.org/English

Ian Dalling • Peter, I am very comfortable using 'quality' in this universal way and I believe that it supports effective communication. Quality of the environment, quality of leaders etc are all meaningful to professionals and non-professionals alike. It is a shame that we cannot use the term risk in a similar way such that it is universally understood!

Ian Dalling • Would it be true to say that from the perspective of an observer, risk changes inversely to quality changing and vice versa?

Sandy Liebesman • An effective quality management system will effectively support risk management by eliminating or reducing risks to the organization. The Telecommunications industry recognizes this and the ISO 9001 telecom extension, TL9000, contains an adder on risk.
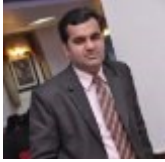
Rahul Magan , MBA Finance • Yes we can but for that you have to make your Risk management policies more active. You have to make your middle office more stronger and in line with markets so that any change won't impact your top and bottom line.

Don Turnblade • Lack of genuine risk management measurably affects top and bottom lines. We institutionalize risk too fast or write them off as the "cost of doing business" without checking whether the costs are avoidable risks through better process excellence.

Consider the avoidable rate of infected cleanup of computers. This is due to ineffective configuration, patch and known vulnerability management. Justifications by middle tier leaders are so sad -- "It is too valuable to secure!"

To reduce cash risks, a line manager has a $250,000 signature authority before consulting the next line. But this same manager justifies technical risks worth $6,500,000 without consulting a soul. This cannot possibly be sound risk management. I see avoidable vulnerabilities with computers financially detonating with a mean time between failures near 3 to 5 years. But, even without ever making these blunders impossible, we can extend out the Mean Time Between Failures to 8 to 20 years with better processes.

So, avoiding a 6.5 MM loss per breach somehow wont show up on the top or bottom line, because the status quo costs nothing. Or, would loosing 3.4% of customers that switch firms and never return in broken trust and indignation ever affect the top line? Some firms have so little market share that they can find other customers with added costs for marketing and sales. Yet, for some if 5 major accounts left for a trustworthy competitor, it would be a very bad thing. I guess the status quo is wonderful. But does it always cost less to do nothing than fix it? Cost vs. Benefit analysis is a part of Quality Assurance that Risk Management should be able to appreciate.

30 May 2013