

## INTEGRATED MANAGEMENT SYSTEMS AND THEIR ALIGNMENT WITH THE BALDRIGE CRITERIA

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### Introduction

With the increased application of ISO9001, ISO14001 and OHSAS18001, the traditional approach of operating quality, environmental, health and safety management systems independently has given way to an integrated approach. The key advantage of the integration of these management systems is the synergy created, resulting in increased efficiency and effectiveness.

The integration of ISO management systems can become just the first step in highlighting the complementary nature of various initiatives and the opportunity to enhance their leverage to improve strategic performance. Often it is the lack of cross functional understanding that limits the impact of quality and, therefore, its strategic impact resulting in its perceived failure.

This synergy can be enhanced through their alignment with the Malcolm Baldrige National Quality Award, Criteria for Performance Excellence (Baldrige) increasing their strategic impact.

### Integrated Management Systems

This approach of integrating each of these management standards obviously creates efficiencies in managing the systems and eliminates duplication of work, especially during audits. But this cannot be the only aim of integration since the efficiency gains on this alone would provide a relatively small return. The ultimate aim needs to be improving the performance of quality, safety and environmental management, and creating a coherent system designed to improve the bottom line of the organization. Other benefits should include reduced risk, eliminating conflicting responsibilities, increasing consistency and improved communication. Integration should also focus on reducing department silo orientations and increasing the use of organizational wide assessment. The breaking down of barriers between departments and improving coordinated efforts for the measuring and monitoring of strategic and operational improvements is a huge benefit of good integration. Of course, integration has to ensure that the depth of expertise is still available for these audits. One key indicator of the acceptance and growth of this integrated approach is ISO19011, a guideline for quality and environmental management systems auditing. Another is that the updated ISO9001, which is planned for release in 2009, will include minor changes for clarification and compatibility with ISO14001. <sup>1</sup>

This integration of management systems is continuing to expand as many organizations are linking, for example, information security ISO17999, food safety ISO27001, and other relevant standards to continue to gain efficiencies. In the UK, this expansion is occurring more quickly than in the US with BS (British Standard) 8900 Sustainability Management (continuing to evolve and adapt while focusing on the impact on society) and BS25999 Business Continuity (the ability to continue to operate in the event of a disruption due to disaster or incident) currently in practice. Integration promotes linking different professional groups within an organization with the same fundamental aims of ongoing improvement and driving best practices. Indeed in a recent report by Lloyd's Register Quality Assurance (LRQA), 66% of managers stated that they were pursuing management systems integration. <sup>2</sup> Another example of the opportunity for this expansion to continue is with the current development of ISO26000 on social responsibility, which is planned for release in 2008.

Integration is creating not just cross functional teams and mindsets about organizational improvement, but an appreciation of other professions and the realization of the synergy that is possible when they work together, and so developing an organic integrated perspective. This synergy provides the opportunity to highlight to senior management the fundamentals that quality has been striving to achieve, such as a systems approach and cross functionality. Other important issues emerge with the integrated approach, such as the use of an integrated database covering all of the disciplines. This means that document control, internal audits, corrective and preventive actions can be recorded and tracked on a central system to ensure clear communication and coordination of efforts. If these metrics are then linked to a corporate scorecard, critical quality, environmental, health and safety aspects can become accessible to and will be regularly monitored at the strategic level.

#### Baldrige as a platform for strategic alignment

The LRQA report findings challenged 'management system professionals to play a more strategic role within their organizations, to work to enable organizational change, rather than simply to achieve compliance'. <sup>2</sup> This can be achieved by further linking each of these management systems under the umbrella of the Baldrige model as a strategic infrastructure, for the coordination, monitoring, measurement and implementation of continuous improvement at a more strategic level. Since Baldrige is based on a systems-based model, a core value and concept, and is not prescriptive, it is an ideal platform to promote and support the integration of these management systems.

The systems based approach highlights crucial issues such as

- Importance of leadership
- Need to consider all elements of an organization
- Strategic importance of scanning and analyzing the business environment
- Value of creating focus on customers and employees
- Need to use measures, indicators and organizational knowledge to identify and monitor key performance indicators
- Methods for approach and deployment of improvement action plans.

The Baldrige model enables organizations to adopt a more strategic perspective in relation to their quality efforts. When the strategic and quality processes are not interlinked, quality can be limited to continual improvement at the operational level only.

The benefits from this strategic approach to quality are

- Driving cross functional involvement
- Coordinating of strategic and operational improvement efforts
- Measuring and monitoring progress
- Conducting organizational wide assessments with feedback and a support system to create prioritized areas for improvement.

This is what gives Baldrige its coordinating and aligning nature; it is also what gives Baldrige its wide appeal and adaptability. Its focus is on the basics or essentials for excellence, which is why the Baldrige model has been implemented internationally and, in many cases used as the basis for other national quality awards. While fads come and go, the fundamentals of quality do not. The common theme with each national quality award is their inclusive nature. The models are such that they do not specify what quality tool or technique should be used or in which circumstance. Rather the models are the strategic coordinating methods to drive quality and integrate the various tools and techniques required to achieve the corporate strategic goals. The models also provide an effective way of conducting company wide self assessments of a cross functional nature. The tools and techniques used to achieve the Opportunities for Improvement (O.F.I.'s) uncovered by self assessment or feedback from an award application depend on how far along the quality journey the organization is, their current needs, experience, skill set, and culture. In this way Baldrige can make sense of a whole range of tools, techniques and initiatives, which, without alignment become an uncoordinated and ineffective group of activities.

Baldrige states that 'integration builds on alignment, so that the individual components of your performance management system operate in a fully interconnected manner'.<sup>3</sup> Each of the management standards and Baldrige have the same common underpinning, that of Plan, Do, Check and Act. The alignment and integration of all of these is a natural progression. The corrective and preventive actions and audit findings of the ISO systems become O.F.I.'s and allow a better alignment of strategic, tactical and operational initiatives. It also creates stronger strategic linkages for coordinated and prioritized improvements and a focus on key corporate measures or indicators of performance. By aligning the systems with Baldrige, the focus moves from compliance of individual components to improving key performance indicators corporate-wide.

### Conclusion

The 2005 ASQ Futures Study concluded that the most important forces that are shaping the future of quality included globalization and value creation, which included the adaptation of management systems.<sup>4</sup> With more organizations outsourcing to developing countries, this is driving the increased use of ISO9001, ISO14001 and OHSAS18001 since they are being used as a way of providing third party certification and assurance of management systems by these companies.<sup>2</sup> With regard to Baldrige and the continued development of new ISO systems, such as ISO26000, Baldrige will continue to provide a platform for their integration. For example, it fits under 1.2 governance and social responsibilities: how do you govern and address your social responsibilities and 7.6 (a) leadership and social responsibility results. Of course the synergy between Baldrige and these management systems is a two way street, while Baldrige can promote integration, the management systems provide best practice structures to help address and impact sub categories of Baldrige. Therefore, with the continued international application of Baldrige and ISO standards and the opportunity for their integration, they will continue to provide significant vehicles to change and

adapt to the forces outlined in the ASQ Futures Study.

References

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3. Criteria for Performance Excellence 2007, Malcolm Baldrige National Quality Award, Baldrige National Quality Program
4. 2005 ASQ Futures Study, In the Case, American Society for Quality, Item B1192