



Quality for Market Relevance

Dr Wan Abdul Rahman Wan Harun
Advanced Automation and RFID Centre,
SIRIM Berhad

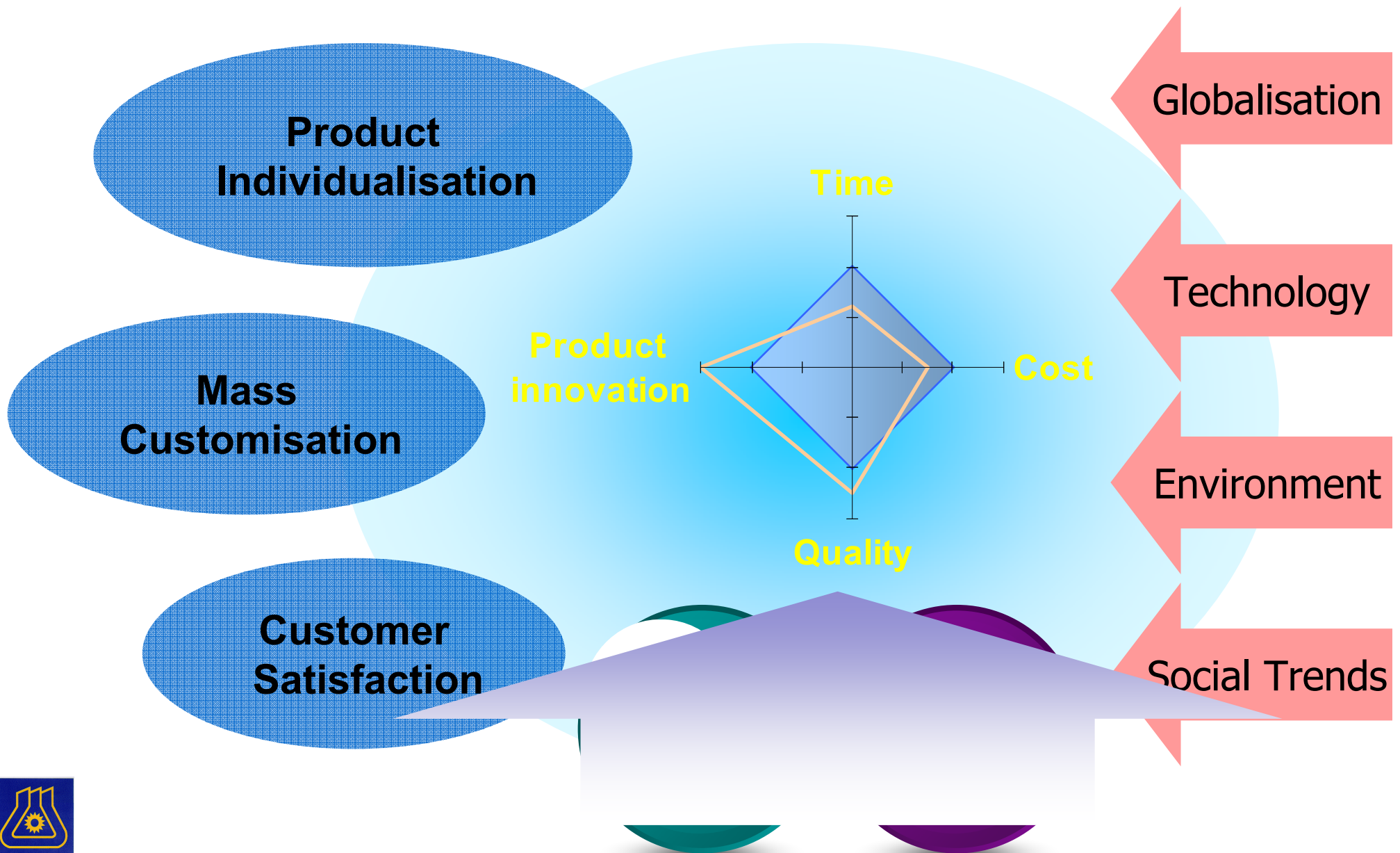
wrahman@sirim.my

18 October 2010






Presentation Outline

- Introduction
- Industrial Scenario
- Standardisation
- Quality Conformance
- Effects on Trade
- SIRIM's Activities in Quality
- Concluding Remarks

More Intense Challenges



Top 5 Pressures

-  Shorter product development schedules
-  Reduced development budgets
-  Increased product complexity
-  Accelerated development customisation
-  Increased quality-related costs (warranty, etc)

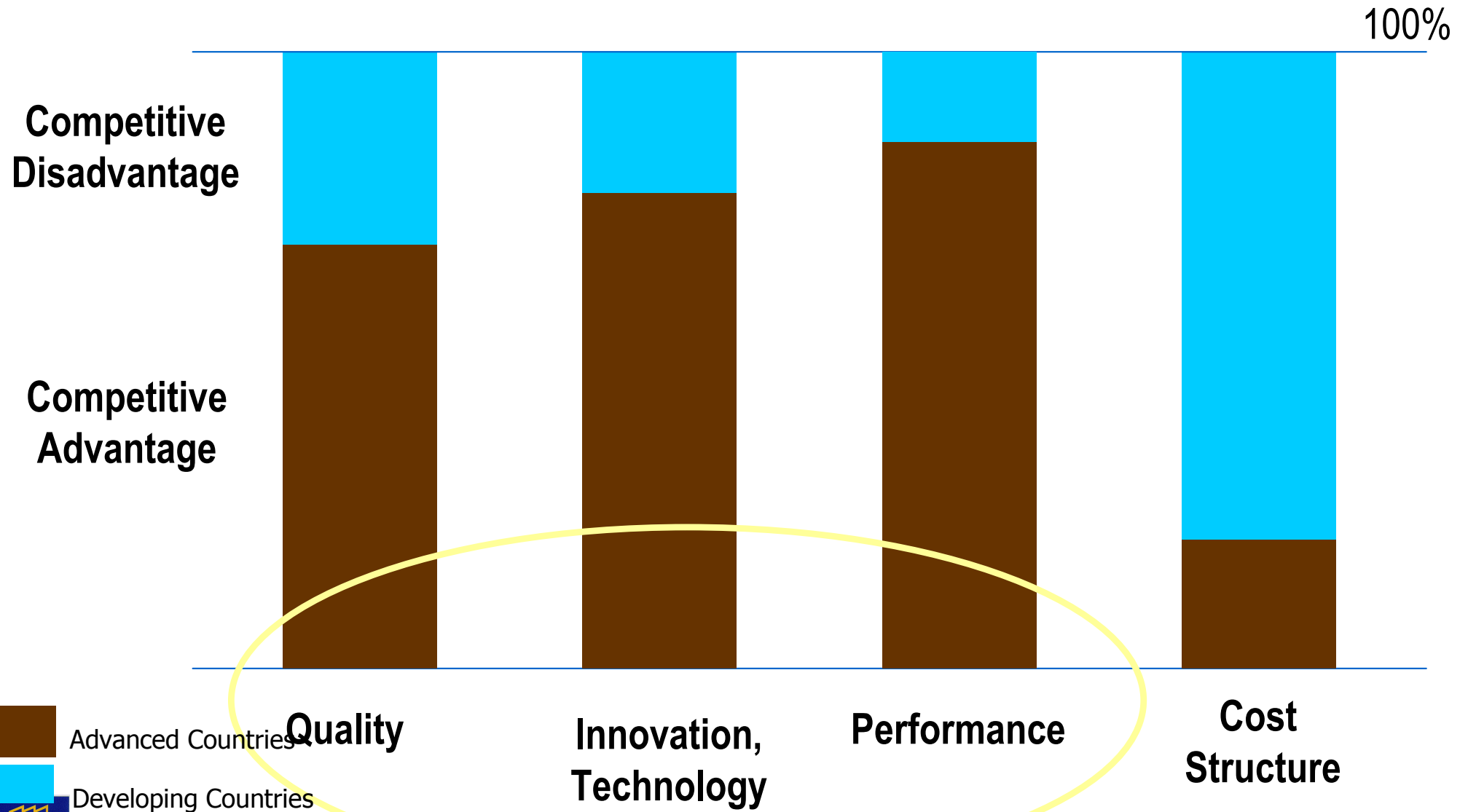
Reality of Product Development

- Products ultimately define a manufacturing company's success
- Various studies estimate new product failure rates from 30 percent to as high as 90 percent, with little to no improvement throughout the past few decades
- Less than 5 percent of new products have complete customer requirements
- 85% of product's costs are committed when 5% of work is completed

Why Products Do Not Meet Customer Requirements?

- Not able to identify and understand the needs of customers and to quickly create products that meet these needs
- Use of outdated product development process
- Lack of effective collaboration between suppliers
- Lack of thorough product validation and testing
- Lack of effective internal preparations for a successful external launch (including packaging and branding)

Competitive Factors - Where We Need to Focus



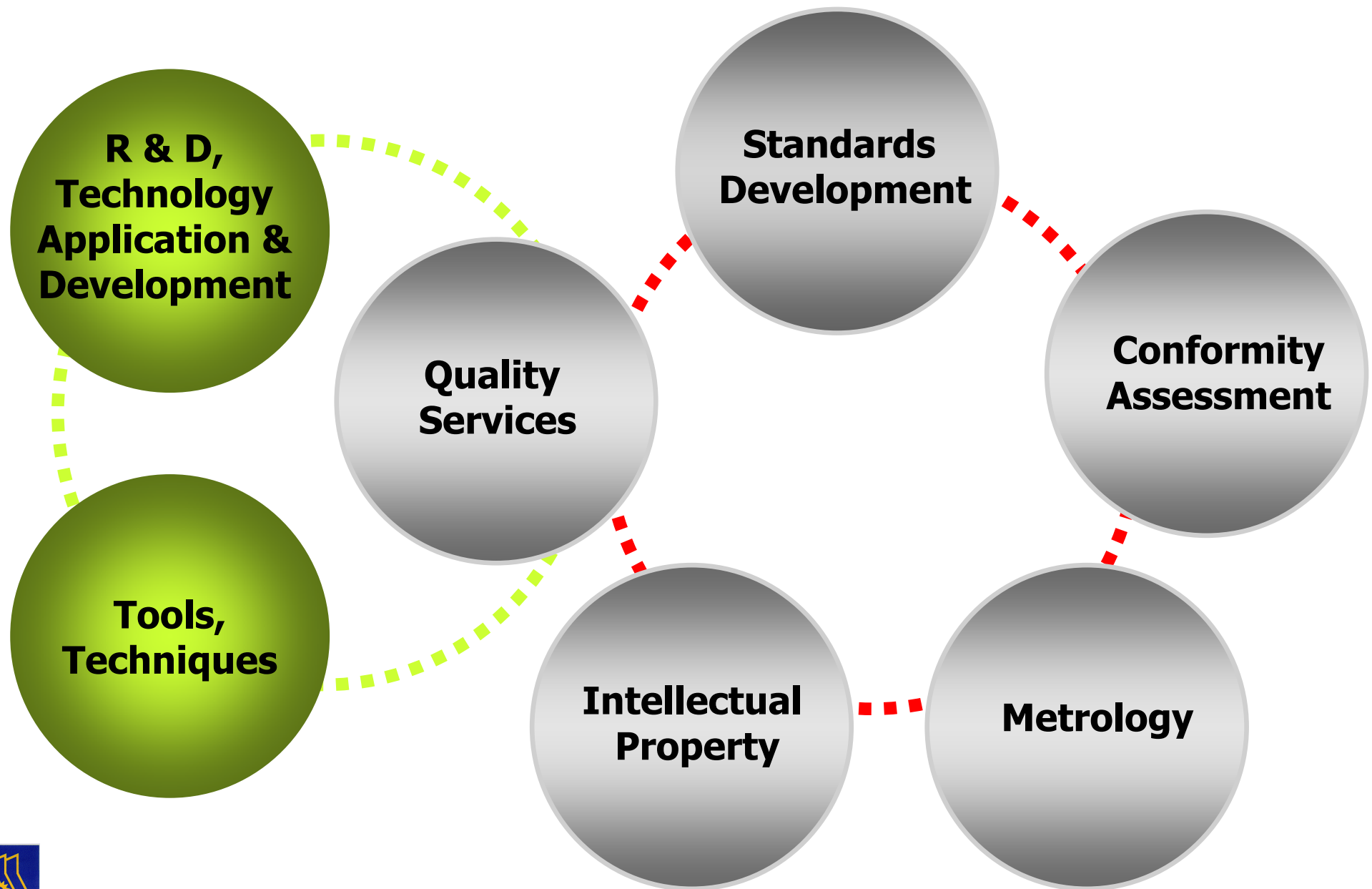
Different Perception of Quality

Good, luxury, expensive, nice to have,
the best

or

Continuous improvement, focus on the
customer, valuing employees

SIRIM's Perspective of for Quality



Why is Quality Important?

- Customers expect it
- We need to get better to compete
- Need to be able to measure our progress
- Business sustainability

Quality Conformance and Trade

Standards and technical regulations,
together with
conformity assessment
are the pillars which support world trade

Requirements for Exporters

- **National and Regional Governments**
 - **Technical regulations**
- **Buyers**
 - **“Voluntary” quality standards**
 - **Product specifications**

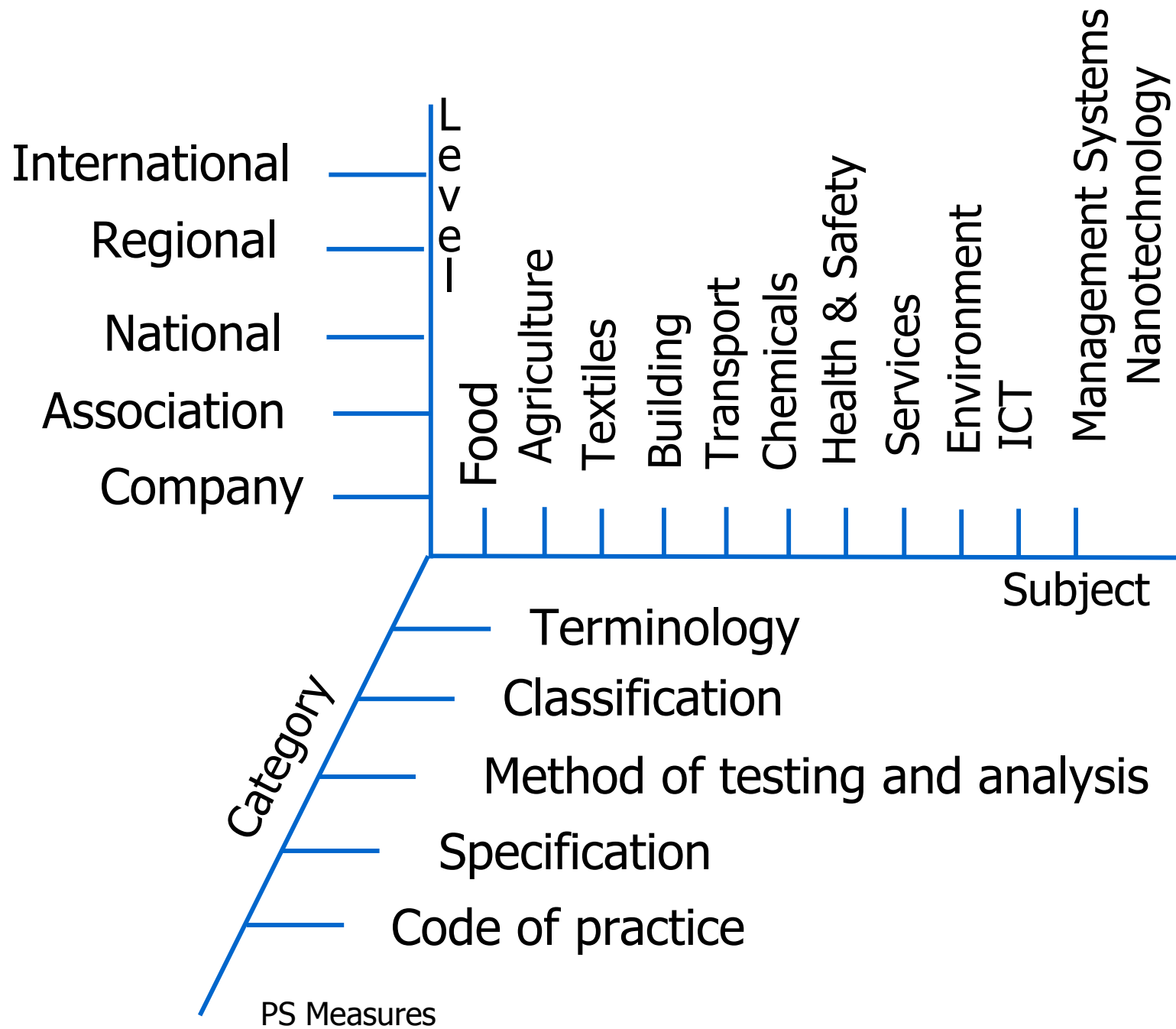
Technical Regulation

A document which lays down product characteristics or their related process or production methods, including administrative provisions, with which **compliance is mandatory**. It may also cover terminology, symbols, packaging, marking or labelling requirements as they apply to a product, process or production method

Standard

A document approved by a recognized body that provides, for common and repeated use, rules, guidelines or characteristics for products and their related processes or production methods, with which compliance is not mandatory. It may also cover terminology, symbols, packaging, marking or labelling requirements as they to a product, process or production method

Standardization Space



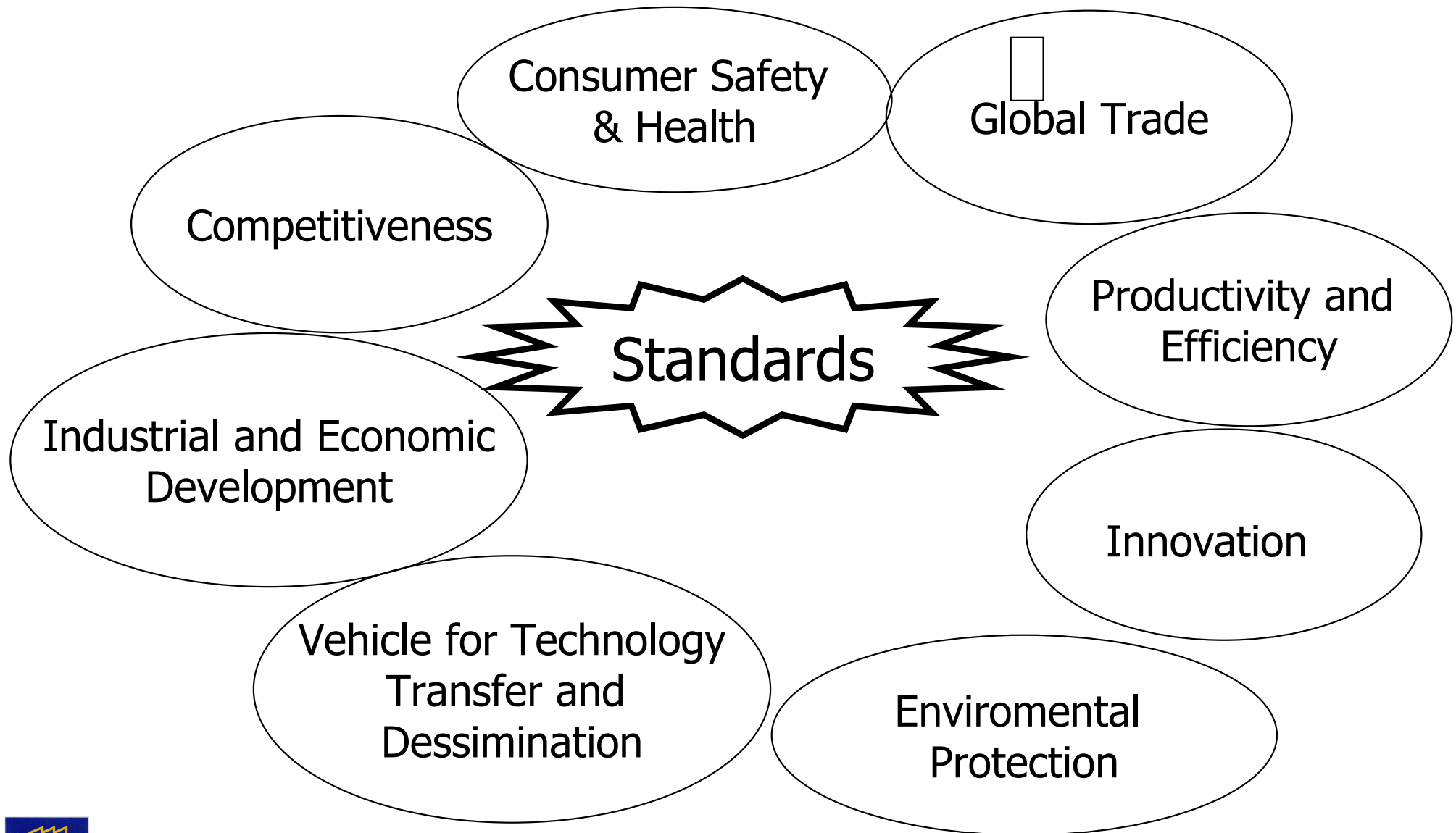
Performance Based Standards

Wherever appropriate, the standardising body shall specify standards based on product requirements based on performance rather than design or descriptive characteristics*

Why ? Standards should not restrict trade or innovation but serve needs

*ISO/IEC Guide 59 Code of good practice for standardisation

Why Standards are Important



Standardisation Facilitates Innovation

through:

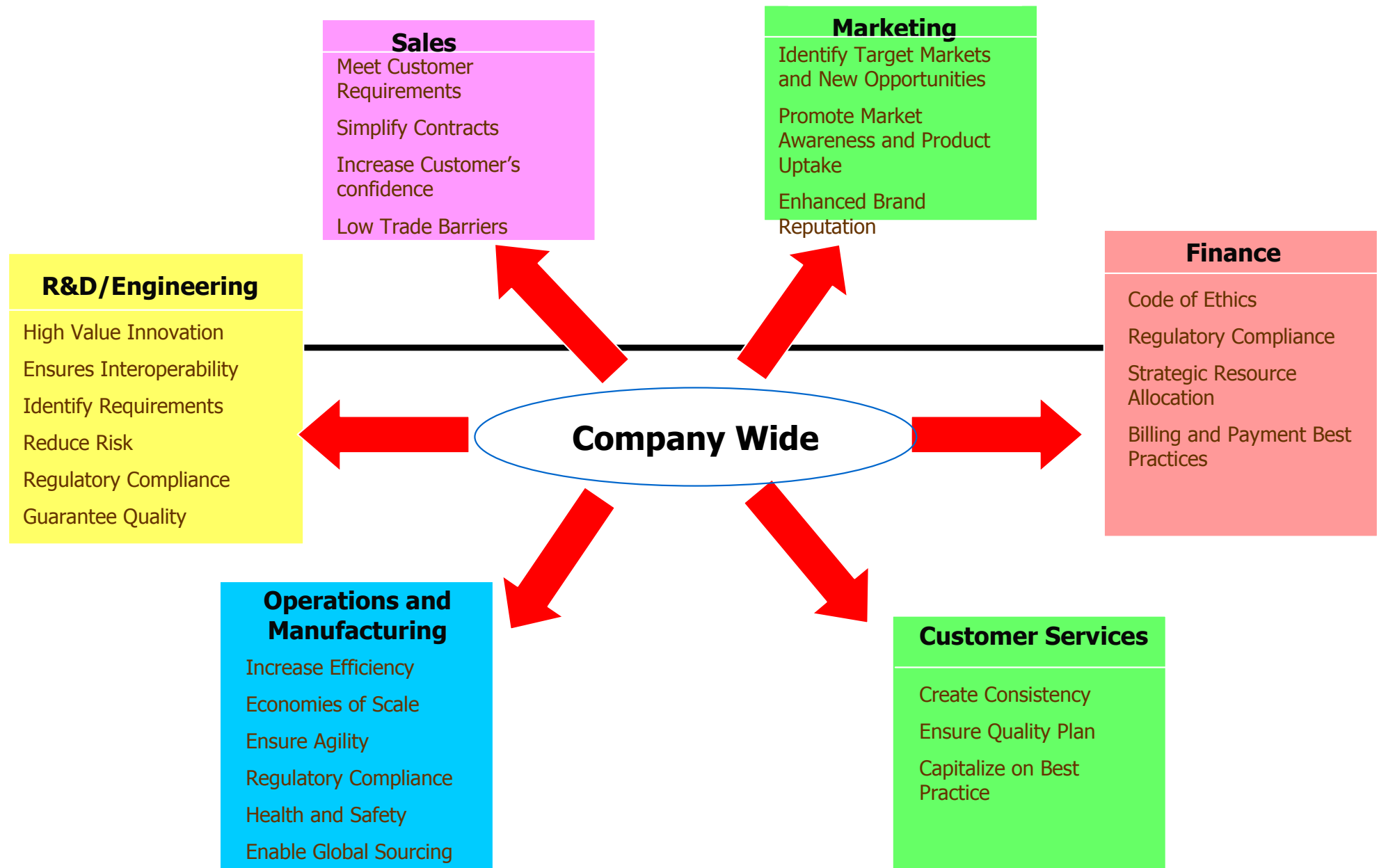
- Enabling higher value innovations
- Commercialization (bringing to market)
- Facilitating collaboration through knowledge transfer
- Reducing risk

Strategic Use Of Standardisation

– Benefits To Company

- Understand and anticipate market forces to better serve customer needs
- Become better connected to regulatory agencies
- Achieve interoperability of products and services
- Respond to external events that threaten or restrict markets
- Create strategic partnership and collaborative opportunities
- Gain industry foresight and forecast industry and technology trends

Standardization-Adding Value to a Company



Standards and Regulations as Information

- 60% of all enterprises who are innovative are users of standards as a source of information, with 80% of this are large business units
- 25% of business who are not active in innovation record finding standards a valuable knowledge input

Standards and Regulation – Joint Impact

- **25% of enterprises reported that they do not hamper innovation**
- **60%, however, found that regulations and standards plays two roles i.e. as knowledge input as well as hampering innovation.**
- **This overlap suggests that standards and regulation tends to channel rather than prevent innovation**
- **Standards and regulations can be innovation friendly in their essential characteristics**

ROI in Standardisation

For business to understand the significance of standardization and to take advantage of the opportunities it generates, Tangible value must be assigned to it

There is a need to:

Strategically think about costs involved in standardisation and the potential return in investment

Conduct corporate tracking and/or analysis of involvement

Look at the opportunities that have resulted from the strategic standardisation activities

Conformity Assessment

Any procedure, used directly or indirectly, to determine that relevant requirements in technical regulations or standards are fulfilled.

WTO TBT Agreement

Conformity Assessment covers testing, inspection and certification

Conformity Assessment – First Party

- Declaration / attestation by a manufacturer or supplier that a product, process or service complies with specified requirements
- Also known as Supplier's Declaration of Conformity (SDoC)

Conformity Assessment – Second Party

- Evaluation of a product, process or service (including management systems) by the purchaser or end user
- Second parties include e.g. purchasers / users of products, or potential customers seeking to rely on a supplier's management system, or organisations representing those interests

Conformity Assessment – Third Party

- Evaluation of a product, process or service (including management systems) by an organisation that is independent of the supplier and the end-user
- Also known as “certification”

SIRIM QAS International provides Product Certification Scheme for many sectors that give a credibility and cost effective 3rd party assurance on quality, safety and reliability of products

Conformity Assessment Regimes

- **Mandatory**
 - Covered by Technical Regulations
- **Voluntary**
 - Product certification
 - System certification

Conformity Assessment - Mandatory Sector

- Information on requirements specified in technical regulations of the target market must be obtained
- WTO/TBT Agreement facilitates process through obligation on members to establish national enquiry points
- WTO/TBT Agreement aims to remove differences in national technical regulations and related conformity assessment procedures – not always possible

Conformity Assessment - Mandatory Sector

- **Common methods for demonstrating conformity**
 - Testing by independent or government recognized laboratories
 - Product certification from certification bodies acceptable to the regulator
 - Quality System Certification from certification bodies acceptable to the regulator
 - Consignment inspection by either government or acceptable third party organizations
 - Supplier's declaration of conformity

Conformity Assessment - Mandatory Sector

- Appropriate conformity assessment procedures are specified depending on the type of health, safety and environmental risk related to the products concerned
- Supplier's declaration of conformity (SDoC) – gaining popularity and most trade-friendly approach but only applicable if:
 - low risk product
 - well developed legal framework for product liability
 - effective market surveillance mechanisms

Conformity Assessment – Voluntary Sector

- **Product certification**
 - Certificate or mark to denote product meets defined requirements specified in a standard
- **System Certification**
 - Assurance that organization is able to consistently supply products conforming to customer and applicable regulatory requirements

Conformity Assessment – Voluntary Sector

- Many products traded not covered by regulations
- Suppliers have to ensure customer requirements are met
- ISO 9001 is globally accepted standard for providing assurance about quality in supplier-customer relationships

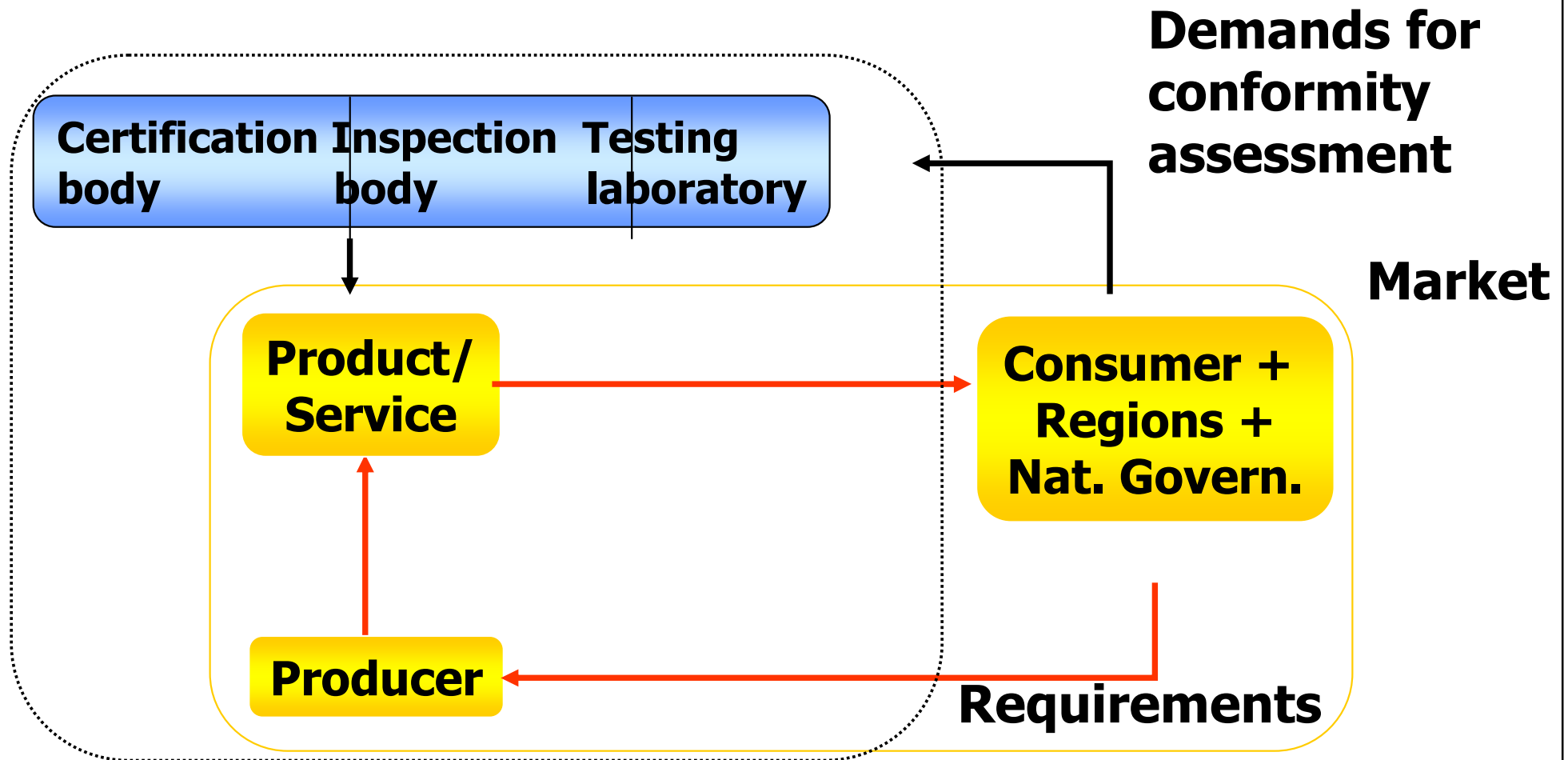
Conformity Assessment – Voluntary Sector

- **ISO 9001 standard is generic**
- **Applicability of ISO 9001**
 - Any product type
 - Hardware
 - Software
 - Services
 - Processed material
 - Any size of organization
 - Any industry / economic sector

Conformity Assessment and the Market Place - Who are the players

- Suppliers of goods and services
- Prospective buyer(s)
- National and regional governments
- Conformity Assessment Bodies

The market and Conformity Assessment



Other Market Requirements

- Apart from product requirements, other requirements increasingly imposed on suppliers
- Requirements ostensibly aimed at ensuring that economic activities are carried out in a sustainable manner, with adequate consideration for health, safety, environment and other issues

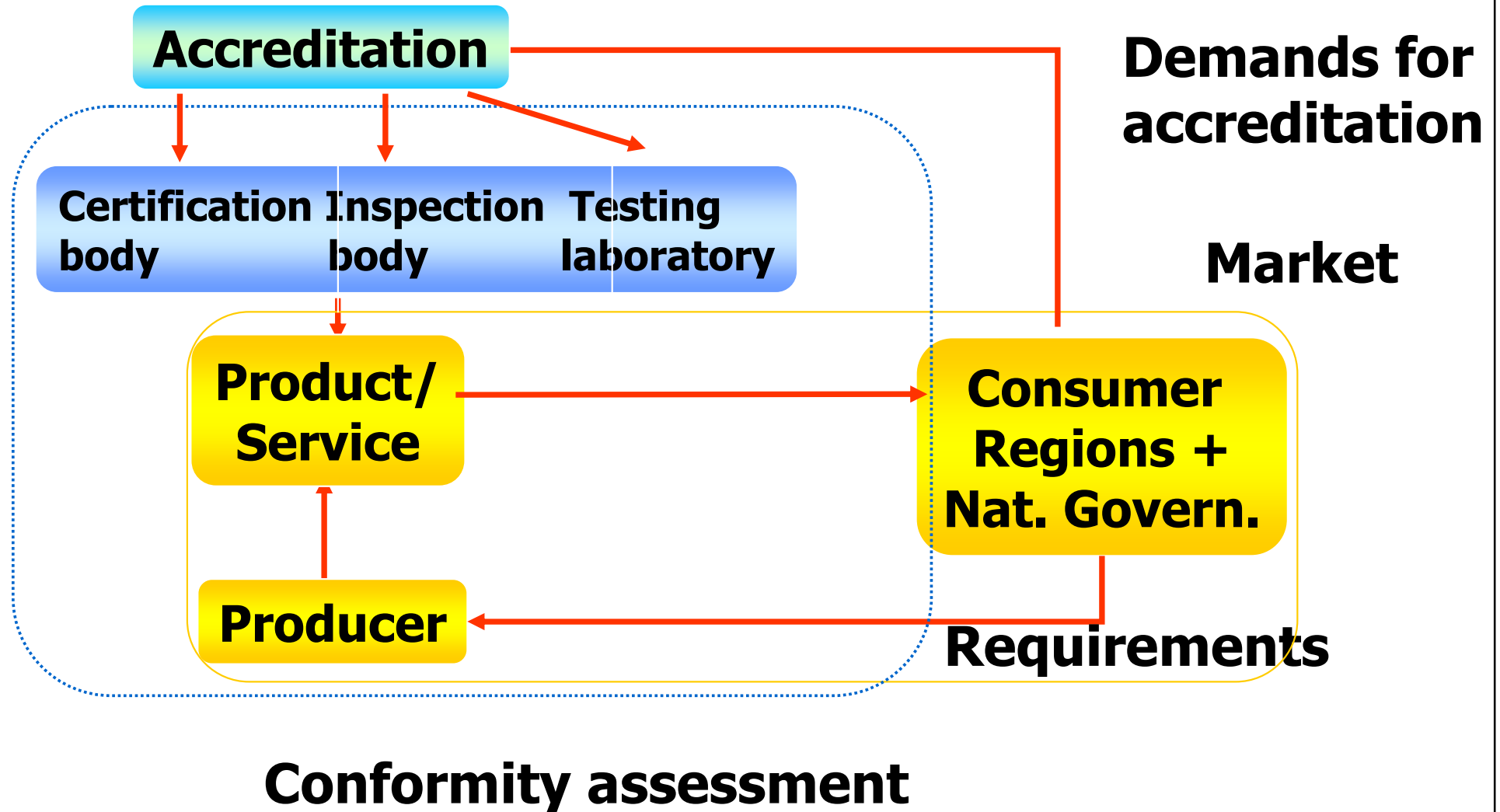
Other Market Requirements

- Common products
 - EMS
 - OHSMS
- Food products
 - HACCP
- Forest products
 - Forest certification
 - Chain-of-custody
- Farm products
 - EUREPGAP
- Palm oil & related products
 - Roundtable for Sustainable Palm Oil (RSPO)

Confidence in Results of Conformity Assessment

- Accreditation provides assurance that conformity assessment services are provided in a manner that is:
 - Consistent
 - Impartial
 - Competent

Accreditation



Enhancing Market Position of a Product

manufacturers may wish to:

- Consider which (if any) certification programs will advance their competitive position
- Analyze the costs and benefits, both short- and long-term, of compliance and certification
- If merited, pursue certification
- Market to customers with an environmentally preferable procurement policy and those pursuing certification of their own offerings

Meeting the challenges

- Suppliers have no choice but to meet
 - regulatory
 - market, and
 - individual customer requirements
- Suppliers face many challenges in terms of:
 - Understanding requirements,
 - Meeting requirements, and
 - Demonstrating compliance with requirements
- Many trade facilitation mechanisms / initiatives are in place or under development

Conformity Assessment Services by SQASI



Testing, Certification and Inspection
by SIRIM QAS International Sdn
Bhd for:

- Support Law Enforcement Agencies
- Commercial
- Overseas Certification Bodies

Conformity Assessment Services by SQASI

ACREDITATION



ENVIRONMENTAL MANAGEMENT
INFORMATION SECURITY MANAGEMENT



OSH MS
MS ISO/IEC GUIDE 62:1999 QS 02121999 CB 01
MS ISO/IEC GUIDE 65:2000 PC 05102004 CB 01
MS ISO/IEC GUIDE 66:2000 EMS 17122002 CB 02

RECOGNITION



IATF – FOR AUTOMOTIVE SECTOR

Certification Signs

PRODUCT CERTIFICATION



**PRODUCT
CERTIFICATION
MARK**



LISTED MARK



EMC MARK



**COMMUNICATIONS
EQUIPMENT
MARK**

MANAGEMENT SYSTEM CERTIFICATION



OH&S MARK



EMS MARK



HACCP MARK



**ECO - LABELLING
MARK**



**MODULAR
COORDINATION MARK**



QMS MARK



ISMS MARK

Testing Services



Emc Testing



**Communication
Equipment Testing**



Chemical Testing



Electrical Testing



Mechanical Product Testing



**Construction & Building
Materials Testing**



Fire Engineering Testing

Legal Metrology



Oil Measurement Tool



Smoke Metre



Breath Analyser



Parking Metre



Radar Gun



Water Measurement Tool

Final Thought



Standardisation and Certification provide the essential means needed to compete in today's complex environment.

Used strategically, both mean enable businesses to achieve market differentiation through innovation, cost leadership, access to new markets and seize new opportunities quickly and effectively

They are powerful strategic management tools for understanding and impacting the global market



Thank You

Dr Wan Abdul Rahman Wan Harun

SIRIM Berhad

wrahman@sirim.my

03 89926140

