

Death to ISO 9000: an economic disease

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In 1979, persuaded that it contained something of the 'Japanese miracle' and keen to improve British management, Margaret Thatcher pushed the button on what was British Standard (BS) 5750. Despite vociferous complaints from managers about bureaucracy, value and relevance, by 1987 the British Standards Institute and UK government convinced the International Standards Organisation to adopt BS 5750 as an international standard. We wrought an economic disease across the world. We should be ashamed.

The Standard had a plausible ring to it: write down what you do such that an external inspector can see whether you do as you say and this will form a guarantee to your customers. It spawned inspections agencies ('certification' bodies) that have grown by leaps and bounds in parallel with uptake of the Standard. Growth has been perpetuated by the Standard itself; it encourages users to insist their suppliers do the same. It has been a pyramidal sale of unprecedented scale.

Today we see a fall in companies using ISO 9000 in many of the countries that were first to jump on the bandwagon, in Britain, France and Germany ISO 9000 registration is in decline. But in the 'new' economies ISO 9000 is rampant. Growth in China is phenomenal; the Standard is regarded as essential for world trade. Despite their membership of the EU being years away, Rumania is on the up; officials have been persuaded it is an essential ticket to European trade. Even in Japan growth is phenomenal because of market-place coercion: 'you comply or we won't buy' is the rallying call. As growth has mushroomed around the world parasitical inspection organisations have exploited their opportunity.

Without market-place coercion ISO 9000 would have withered long ago, for it has little inherent value. The problems are deeper than the madness portrayed in early reports (Oxford City Council insisting Morris Dancers get registered to ISO 9000), the Standard contains bad management theory. It is about as far from the 'Japanese miracle' as it is possible to get.

Toyota, the home of the 'Japanese miracle' tried ISO 9000 in one of its factories and promptly ceased its use for they found it to be of no value. Toyota stands as a beacon of sanity in its own country where automotive component manufacturers, because they supply world markets, are registering in such numbers that by 2006 four out of five cars in the world will be built by ISO 9000 registered players. The other one will be a Toyota. The Toyota system out-performs all other manufacturers on measures of market value, quality and efficiency.

The Toyota system represents a fundamentally different way of thinking about the design and management of work. It remains the first challenge to 'command and control' management thinking and it remains beyond the knowledge of most managers. Rather than introducing managers to the secrets of the 'Japanese miracle', ISO 9000 has maintained and exacerbated management traditions that are the reason for our lagging behind. In spreading this disease around the world we have at least ensured others are dragged down to our level; but it is something of which we cannot be proud.

Who is responsible for determining whether ISO 9000 works, that is to say is of economic value? the answer is no one. The certification bodies have an interest in performing inspections – people say ISO 9000 is hard to get but even harder to lose. The United Kingdom Accreditation Service (UKAS), which gives authority to the certification bodies, inspects the inspectors; it has no interest in knowing whether the Standard is of value to the enterprise or its customers.

We should warn the newly adopting countries they are being duped. Leaders of UKAS, the Certification Organisations and the inspection community all accept there are problems, but none acts to stem the tide; they combine to form the institutional infrastructure for the disease hence to act would undermine their very existence.

In the name of 'continuous improvement' the standards community has revised the Standard four times since 1979, yet it remains a fundamentally flawed concept. Leaving aside the theoretical problems with the Standard, for the sake of not boring the reader, if one could write a perfect prescription of 'good management' would it be beneficial to write it down, tell managers to do it and then tell them they'll be checked up on by an inspector? The best you could reliably expect is compliance.

We do need managers to change. To achieve that we need the locus of control to be with the managers – they have to be interested, enthused, open and engaged. We should get their interest by telling them ISO 9000 is off – they know it has not served them well. We should tell them it is off because it is no more than a bad theory for the control of output; we should tell them ISO 9000 will not help them understand what is still the most important subject on the management curriculum. It has taken Toyota fifty years to reach an outstanding level of performance. We should enthuse managers by telling them if they don't make cars it won't take them fifty years; if they run service organisations they can make major changes in fifty weeks. But we should warn them they would have to be prepared to change the way they think.

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