

Australian Standard[®]

**Quality management systems—
Guidelines for realizing financial and
economic benefits**

STANDARDS
Australia



This Australian Standard® was prepared by Committee QR-008, Quality Systems. It was approved on behalf of the Council of Standards Australia on 5 September 2007. This Standard was published on 14 December 2007.

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 - Australian Organisation for Quality
 - Bureau of Steel Manufacturers of Australia
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-

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PREFACE

This Standard was prepared by the Australian members of Joint Standards Australia/Standards New Zealand Committee QR-008, Quality Systems. After consultation with stakeholders in both countries, Standards Australia and Standards New Zealand decided to develop this Standard as an Australian Standard rather than an Australia/New Zealand Standard.

The objective of this Standard is to provide examples for top management of financial and economic benefits achievable by organizations in conjunction with the adoption of quality management principles derived from AS/NZS ISO 9000, and guidance on management methods and tools that are available to assist with the identification and achievement of those benefits.

This Standard is identical with, and has been reproduced from ISO 10014:2006, *Quality management systems—Guidelines for realizing financial and economic benefits*, and incorporates ISO Corrigendum 1 (2007).

ISO 10014 was prepared by Technical Committee ISO/TC 176, *Quality management and quality assurance*, Subcommittee SC 3, *Supporting Technologies*, with input from QR-008. It constitutes a technical revision of the Technical Report, ISO/TR 10014-1993, *Guidelines for managing the economics of quality*, which it cancels and replaces.

The title and scope of the 2006 edition of ISO 10014 were revised to reflect its aim and focus on performance improvement. The Standard emphasizes its relationship with the ISO 9000 series of International Standards by adopting a new structure based on the eight ISO 9000 quality management principles.

As this Standard is reproduced from an International Standard, the following applies:

- (a) Its number does not appear on each page of text and its identity is shown only on the cover and title page.
- (b) In the source text ‘this International Standard’ should read ‘this Australian Standard’.
- (c) A full point should be substituted for a comma when referring to a decimal marker.

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References to International Standards should be replaced by references to Australian or Australian/New Zealand Standards, as follows:

<i>Reference to International Standard</i>	<i>Australian/New Zealand Standard</i>
ISO	AS/NZS ISO
9000 Quality management systems— Fundamentals and vocabulary	9000 Quality management systems— Fundamentals and vocabulary

The term ‘informative’ has been used in this Standard to define the application of the annex to which it applies. An ‘informative’ annex is only for information and guidance.

Examples provided, and in particular the self-assessment questionnaires in Annex A, are intended for guidance, and should be adapted by users to suit each organization’s circumstances, objectives and priorities.

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INTRODUCTION

This International Standard is addressed to top management. It provides guidelines for realizing financial and economic benefits through the effective application of eight quality management principles derived from ISO 9000:2005. These principles are subsequently referred to as “management principles” within the body of this standard. The intent of this document is to provide top management with information to facilitate effective application of management principles and selection of methods and tools that enable the sustainable success of an organization. A self-assessment is included as a gap analysis and prioritization tool (see Annex A).

This International Standard builds upon these interrelated management principles to develop processes that facilitate the realization of the organization’s objectives.

The management principles are

- a) customer focus,
- b) leadership,
- c) involvement of people,
- d) process approach,
- e) system approach to management,
- f) continual improvement,
- g) factual approach to decision making, and
- h) mutually beneficial supplier relationships.

Adoption of these management principles is a strategic top management decision. It affirms the relationship between effective management and realization of financial and economic benefits. Deployment of appropriate methods and tools fosters the development of a consistent systematic approach for addressing financial and economic objectives.

Economic benefit is generally attained through effective management of resources and implementation of applicable processes for improving the overall worth and health of the organization. Financial benefit is the result of organizational improvement expressed in monetary form, and realized by cost-effective management practices within the organization.

Successful integration of the management principles relies on the application of the process approach and the Plan-Do-Check-Act (PDCA) methodology. This approach enables top management to assess requirements, plan activities, allocate appropriate resources, implement continual improvement actions and measure results in order to determine effectiveness. It allows top management to make informed decisions, whether they relate to the definition of commercial strategies, the development of a new product or the execution of financial agreements.

Financial and economic benefits that can result from the application of the management principles include

- improved profitability,
- improved revenues,
- improved budgetary performance,
- reduced costs,

- improved cash flow,
- improved return on investment,
- increased competitiveness,
- improved customer retention and loyalty,
- improved effectiveness of decision making,
- optimized use of available resources,
- heightened employee accountability,
- improved intellectual capital,
- optimized, effective and efficient processes,
- improved supply chain performance,
- reduced time to market, and
- enhanced organizational performance, credibility and sustainability.

This International Standard is applicable equally to organizations with products that include services, software, hardware and processed materials. It is relevant in both the public and private sector and can provide useful guidance regardless of the number of employees, diversity of product offerings, revenues, complexity of processes or number of locations. It also provides support to public and governmental organizations to facilitate sustainable economic growth and prosperity.

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STANDARDS AUSTRALIA

Australian Standard**Quality management systems—Guidelines for realizing financial and economic benefits**

1 Scope

This International Standard provides guidelines for realizing financial and economic benefits from the application of the ISO 9000 quality management principles.

NOTE These are herein referred to as “management principles”.

This International Standard is directed to top management of an organization and complements ISO 9004 for performance improvements. It provides examples of achievable benefits and identifies management methods and tools that are available to assist with the achievement of those benefits.

This International Standard consists of guidelines and recommendations, and is not intended for certification, regulatory or contractual use.

2 Normative references

The following referenced documents are indispensable for the application of this document. For dated references, only the edition cited applies. For undated references, the latest edition of the referenced document (including any amendments) applies.

ISO 9000:2005, *Quality management systems — Fundamentals and vocabulary*

3 Terms and definitions

For the purposes of this document, the terms and definitions given in ISO 9000 apply.

NOTE 1 In ISO 9000:2005, the term **product** (3.4.2) is defined as the “result of a process”, where **process** (3.4.1) is defined as “set of interrelated or interacting activities which transforms inputs into outputs”. The term product encompasses four general product categories: services, software, hardware, and processed materials. These terms are further described in ISO 9000.

NOTE 2 Documents referenced outside the ISO 9000 family of standards might have terms and definitions that differ from those of ISO 9000.

4 Structure of this standard

4.1 This International Standard is designed to assist top management identify and realize benefits by the application of the management principles. To achieve financial and economic benefits, relevant processes have been identified for each principle, and examples of methods and tools have been provided to assist in the application of the principles.

The added value from the expected benefits should reflect the interrelationships between principles, processes and a holistic view of the organization and its interested parties.