

Improving Management Review Meetings

Frequently Asked Questions (FAQs)

Questions from Conducting and Improving Management Review Meetings Webinar
Answers provided by Carmine Liuzzi, VP SAI Global Training and Improvement Solutions

Q: I take care of the quality system in my branch, but we have a quality manager for the region. I hold the management review and run the whole thing. My question is" shouldn't the quality manager attend the management review?"

A: The answer is really it depends. If the region is covered under the scope of your registration and if the Quality Manager for the region is part of the Top Management for the region, then I would suggest that there should be two levels of management review. The first at the site level which you would participate and then a second level for the region that would then review the information from all the sites within the region as input and then their own management review at the top executive level for the entire region.

If the scope of the registration is only your site, it would be proactive if he or she attended but since they would have no reporting relationship to your individual site, it would not be required. The Top Management team at your site should own this process. I am assuming that you do share the results with the regional quality manager regardless.

Q: What are some best practices for recording minutes and actions?

A: We have posted a "Management Review Checklist" on our website which is available for download. You should be able to take this document and modify to meet your specific needs. In our experience we have found that a simple tool such as this helps to organize the meeting, capture the discussion and decisions made and serve as a record of the event. The checklist is then placed in the folder for the meeting with all the other documentation, reports, etc. presented during the meeting. You can retype it for "wordsmithing" and distribution to the attendees and posting to the organization as you see fit. The completed checklist then serves as one of the key inputs into the next meeting.

The trap that many organizations fall into is tracking the progress of the action items. In our experience, the most effective management systems treat these

action items as corrective actions and track them through this process. In this way, there is only one place for everyone to go to determine the current status of any open items. They also will classify the source of the corrective actions (i.e. Management Review, Customer Complaint, Internal Audit, Suggestion System, etc). So they can sort them for data and trend analysis.

The most effective corrective action systems have an “Escalation” process. By this we mean that there is a defined period of time for the designated responsible person to provide a response or take action. For example, the organization defines 10 business days as the maximum time to respond to a corrective action with a timing plan, defined actions and responsible individuals for these actions. If at the end of 10 days, no response to the corrective action is received, an email reminder is sent to the responsible individual and also to this person’s manager.

If a response is still not received after another 5 days, then another notice is sent to the individual, their manager and the manager’s manager. If a response is not forthcoming after 3 more days, then a notice is sent to the same three individuals and to the top management person of the organization. If leadership of the organization is totally engaged and involved, they should be asking the question as to why no action is being taken. The escalation process provided for consequences if people within the organization do not take it seriously. This process is actually a great test to determine management commitment. Our experience has been that it only takes one corrective action to be escalated, handled properly and taken seriously by management and then everyone gets with the program. The escalation process provides for integrity of the corrective action system.

Q: What is ISO/IEC 27001:2005?

A: ISO/IEC 27001:2005 is the ISO standard for Information Security. The purpose of an Information Security Management System is to secure an Organization’s Information Assets by identifying, assessing and managing Risks which are presented by **Threats** and **Vulnerabilities**

Q: Are there any differences in management review from the Rev. B to the Rev. C per AS9100? Both revisions looked the same. I thought that the Rev. C would have included a specific line item to review for "Risk Management"?

A: There are no differences between the management review requirements in AS9100B versus AS9100C. It surprises some people that new requirements, such as status of the risk management program, are not included, but they were not. This of course does not mean that you could not or should review this important activity as part of your management review process.

Q. Do you recommend sending the MR inputs to management before the meeting?

A: Absolutely. But I also strongly recommend that each attendee has a role to play during the meeting. They should all be presenting something during the meeting. These are the Top Management folks and they actually own just about every business process in the organization. They should be able to speak to any and all processes, maybe not in the greatest detail but for each process they own, they should be knowledgeable about how well it is functioning and what if anything they are doing to improve it.

If you are responsible for gathering some of the reports and data used during the meeting, there is no reason not to share it. Hopefully the attendees will study it and be ready to discuss it. This should save time and make the meeting more efficient as everyone should be engaged.

The Top Management person at your company owns the meeting and the management system and he or she needs to be a highly visible zealot for the management system. If everyone sees that the top manager is on board, they will get on board as well. Then it just becomes what we do everyday as a business.

Q: How often should a Management Review be conducted?

A: Once a year as a minimum is fairly common. It is still going to be up to the organization to determine if this frequency is sufficient to control their business. It may be sufficient to review certain elements on an annual basis but critical process performance demands closer and more frequent attention.

Q: There are many that believe cost of quality should count only the raw materials wasted. I think a more accurate way to measure COQ would be the selling price of the item that was scrapped. Your thoughts?

A: The Cost of Quality always sparks a lively discussion. In its most basic state, what we are trying to determine is how much it costs to perform a task or activity correctly the first time and compare that cost to our actual cost to perform this task or activity. The bigger the difference between these two numbers, the greater the opportunity for improvement. The debate starts when we ask what should be included in the cost. We touched on this during the webinar for a bit. In our experience, many organizations neglect some of the bigger ticket items in their calculation. The Cost of Quality should include all the “losses” incurred by the organization because basically we have to do it over. The cost of the raw materials, the cost of the utilities (electricity, steam, air, etc), cost of labor (which is now duplicating its effort), cost of any repairs, cost of recycling or scrapping of

the materials, potentially the cost of expedited shipping (to the customer if required), expedited shipments to the organization from a supplier, any penalties charged to the organization by the customer. Management time is another component that should be included in COPQ but most organizations do not have a good tracking mechanism and hence this gets lost. It can very often be the largest component and have the largest negative effect on the organization. The resources that should be innovating and developing new products and methods to improve processes are now spending time working on problems that should have been solved if we were in a true proactive mode. As you point out, many organizations also include the sale price of the item as a lost sale because the revenue was not realized. You could go this route provided the sale price of the item includes the “fully loaded” cost of the item and that would include the list of components above. The good news is that if your organization has an Activity Based Costing system, much of this information should be easily obtained.

Q: One of the Questions our organization struggles with the most is 'how do we know we are getting there?'

A: Every business should have a strategic plan which identifies where they want to go and what they want to become as a business. Typically we would see a 1, 3 and 5 year plan although some industries undergo frequent changes and a 5 year plan would not be useful so they may only have a 1 and 2 year plan. Once we have established our longer term goals, then we need to establish intermediate milestones or points along the way to allow us to determine if we are on the correct path to achieve our longer term goals. These shorter term goals are what we should be reviewing during our Management Review process to ensure we are moving in the correct direction.

Q: How can we possibly review all of our QMS processes? Do you expect to see core processes being defined somewhere in the QMS to at least review those?

A: The requirement is that the entire management system be reviewed so only reviewing the core processes would not satisfy the requirement. As we discussed in the webinar, the Management Review process should be a review of all aspects of your business and its operations. Our QMS should be what we do each and every day. How could we provide confidence to ourselves and our stakeholders if we did not review our performance and plan for the future?

My take on your question is that you believe that the meeting would take too long. Since everything must be reviewed you have a few options:

1.) Divide the meeting into several parts and cover a portion in each meeting.

2.) Use your current “Operations Reviews” as a component of the management review process, keeping the necessary records and ensuring that the management team is attending these reviews. If you use some of your current business reviews, then you would only have to cover the items that are outstanding.

In either case, the process owners should be reporting on the adequacy and effectiveness of the processes for which they are responsible. You would need to modify your Management Review procedure to reflect the actual practice.

Q: How would you show that the review has taken place by Management and the effectiveness of the review?

A: Section 5.6.3 requirements state that a record is generated from the management review process so no matter what form it takes, there should be a record of the discussions, decisions and action items. The effectiveness of the management review process is really determined by the ongoing performance of the organization. If the QMS is functioning properly, there will be evidence of ongoing continual improvement projects and sustained and consistent performance improvement. The key to the process is to select meaningful goals and objectives that push the organization to raise their performance and then review your progress against them frequently.

Q: Knowing that PA/ CA are important for enhancing the overall performance, how can you empower people to use CA/ PA and become more involved?

A: There are a few main reasons why people will not use the Corrective Action System. They may have submitted something for consideration in the past and it was either ignored or dismissed without any discussion. If an organization treats these suggestions as bothersome or does not take them seriously, then people will not participate. If you want people to talk to us, we have to listen to what they are saying. Sometimes we may not like what we hear but it does not change the facts. We have to give them a reason to contribute and let them know that their contribution is appreciated and will be given due respect and consideration. The other reason is that people need to be able to identify problems without fear of retribution. The focus and energy should be on fixing the problem not on affixing the blame. This scenario happens far too frequently.

The type of suggestion systems that are the most effective allow people to identify issues they encounter. Some basic information is necessary including the magnitude of the problem and the potential benefits if resolved. The initiator should have a stake in resolving the problem so asking for their input is not a bad thing. These should go to a cross-functional group who meet and determine

which of the problems should be addressed with resources of the company. We cannot work on everything. Once the decisions are made, the initiator should be informed of the decision. If the decision is that we cannot work on their suggestion we should explain our reasoning for not pursuing it at this time. In this way, the person at least has a good feeling that their suggestion was considered fairly. We will be likely to get additional input in the future.

It will also be important to publicize the successes and identify the source of the suggestion. Some organizations also provide a “reward” for suggestions that provide savings to the company.

Give them a reason to participate and they will.

Q: Are there good examples of metrics of QMS effectiveness?

A: Most proactive organizations measure the cost of poor quality. They are looking for any deviations from standards they have established. So any rework, repair, scrap, additional processes, extra costs, expedited shipments, concessions are all ripe for measurement and hence improvement activities. Measurements such as First Time through Quality, Time per component assembly, and Cost per unit are typical metrics.

Q: Can we get a copy of this presentation for internal use?

A: Yes, you should have received an email with the necessary information on how to obtain a copy of the presentation.

Q: AS9100 management review is different than ISO?

A: The requirements of AS 9100 Rev C and ISO 9001:2008 are the same. It is still incumbent on each individual organization to relate the requirements to their specific circumstances to ensure they provide meaningful data back to the organization on how they are doing and what the current status is versus their longer term goals and objectives.

Q: Our KPI has different measure system, and we are having trouble with the frequency of the meeting, because sometimes we just review 3 or 4 KPIs and the Manager doesn't want to have a meeting with a short frequency.

A: A typical assumption that many organizations make is that they must cover the entire management system in one marathon meeting. Actually a

Management Review can be broken up into several meetings. The requirement is that each of the agenda items be reviewed and evaluated for adequacy and effectiveness. If you are going to use the more traditional approach of meetings, then you can designate certain topics to be covered. Be certain that the management team is present and that detailed minutes of the meetings are maintained. Remember you can utilize current operations review meetings as part of the management review process. If you choose this method, then all the meetings make up the management review process. You must be certain to define this as your process within your management system documentation.

Q: For Automotive companies, what would be acceptable KPIs?

A: I will assume that you are required to be third party registered to ISO/TS 16949:2009. The Technical Specification provides guidance on what KPI's are required. Under 5.4.1, we find that KPI's should be included in the business plan and should address customer expectations. So the first input any organization should look to is that provided by your customers. What do they require with regard to objectives and targets? Normally items such as Delivery Timing Performance, Quality Performance of the supplied product and instances of expedited delivery are typical. Section 5.6.1.1 states in addition to the established quality objectives, the cost of poor quality must be monitored and reported. Section 5.1.1 of TS requires the management team to measure the effectiveness and efficiency of the product realization process (How does each process owner know that his/her process is in control?) Section 8.2.1 requires the measurement of customer satisfaction. Section 8.4 refers to conformity to product requirements and characteristics and trends of processes. Section 8.4.1 requires the analysis of trends of operational performance.

It is obvious from the point of view of TS, measurements to demonstrate that the management system is achieving the desired results in a cost effective way are key. Scrap Rates, Rework percentages, First Time through Quality, Deviations from Standard Work Processes. These are the higher level measures. They do not only apply to our manufacturing processes, they must apply to all our business processes. Design and Development, Purchasing, HR, etc. In order to drive a culture of continual improvement throughout the organization, no function is exempt or claim to be excluded. From a Lean point of view 95% of the work an organization performs is non-value added meaning the customer is not willing to pay for it because it does not provide any benefit to them. Organizations normally focus on the 5% that affect the customer and neglect the rest.

Q: Regarding meeting alternates, how do you prove that reports are being reviewed, so an auditor can see that the review is actually happening?

A: No matter what form your management review process takes, a record of the review is still required. If the review is a report submitted to the management team to review and make decisions on direction of the organization, then the record of the decisions, and the go forward plan become the record. Remember the expectation is that there will be action items that are generated from the management review process. If there are no identified corrective actions required, then continual improvement of the management system is expected. Management Review also presents the opportunity to review and modify (as necessary) Strategic and Tactical Business Plans. Each organization's business environment is constantly changing and their plans and assumptions need to adjust accordingly.

Hopefully, your organization already had a strong business review process in place prior to the implementation of your management system that you were able to adapt to meet this key requirement.

Q: What about resistance to exploring Casual Human Factor Errors?

A: We would be the first to admit that human error is a component of any system. That being said, when we design our management system processes, we should design them to overcome the potential for human errors. In other words, with our knowledge of what has happened in the past, we should be anticipating these problems and "error-proof" our processes as much as possible (technologically and economically).

This does not exempt the people operating the processes from engaging their brains and properly operating the processes for which they are responsible. We believe that everyone comes to work each day and wants to do the right thing for the business. The defined work processes sometimes get in the way of this goal because they are too cumbersome or bureaucratic. An important part of the process is providing awareness training to all associates of the organization as to why we are implementing a management system and what their role is in the overall success of the business. This seems like an obvious step but unfortunately it is one that is often overlooked. People will give any new effort or initiative a reasonable chance if they feel they are being engaged. This engagement will provide a good foundation for building a functioning system.

If a problem occurs and a corrective action is required, the first evaluation should always be to determine if there was a problem of deficiency with the process itself. If a thorough evaluation reveals that the process is sound but it was not followed, then we would suggest that we provide additional training of some nature with the individuals or work group involved. Always err on the side of we

have not provided them with the appropriate information to understand why they must follow the processes as documented. If after you have made a good faith effort to bring everyone up to speed and the problem still exists, then you are facing a discipline problem and different measures may have to be taken at that point.

Q: If monthly "Operations" Meetings review KPI's, but almost all KPI's focus on productivity, Scrap \$, Customer PPM, Scorecards, but do not cover support processes of the Q. Mgmt. system (i.e. Internal Audit, Corrective Action, Purchasing, etc.) does this qualify as a Mgmt. Review meeting?

A: You are most of the way there. The good thing is that you are having meetings to review these key business objectives so the framework for the process is already ingrained in the organization. Add the additional items to the meetings and you will meet the intent of the requirement.

Q: If an organization is currently holding a regularly scheduled set of meetings that cover 50 to 60% of the QMS requirements; how do you recommend integrating the additional ISO processes into the current meeting schedule?

A: You can add the outstanding items to one or more of the meetings or have one meeting to cover these items. As we discussed during the webinar, the management system should be what we do each day to become and stay successful as a business. So the review should be those meaningful processes to sustain our success. It should not be something extra.

Q: Could you speak to the need for both tactical and strategic thinking within an organization?

A: Each business needs to have a long term vision or goal to set direction and work towards it. A great deal of research and planning should be part of this plan. Depending on the industry, long term or strategic plans can be anywhere from 18 months to 3-5 years out. No matter the length of time involved there should be interim milestones established. These are the tactical plans detailing the path of how we will achieve the strategic objectives we have set. None of these plans is set in stone so they should be reviewed on a regular basis and updated as required and as changes to the business environment warrant. Business continuity and sustainable business practices should be part of any plans.

Q: How does a Review Meeting differ for ISO 9001 versus 14001?

A: There really is no difference as far as the requirements are concerned. They are both focused on top management determining the adequacy, suitability and effectiveness of the respective management system. While ISO 9001 has a quality focus, ISO 14001 has an environmental focus. Because of the complimentary nature of the requirements, many organizations will conduct a Business System Review which covers the requirements of the entire business which has quality, environmental and health safety components. I have highlighted the differences between the two below for your information.

5.6 Management review

5.6.1 General

Top management shall review the organization's **quality** management system, at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. This review shall include assessing opportunities for improvement and the need for changes to the **quality** management system, including the **quality** policy and **quality** objectives. Records from management reviews shall be maintained (see 4.2.4).

5.6.2 Review input

The input to management review shall include information on:

- a) Results of audits,
- b) **Customer feedback**,
- c) **Process performance and product conformity**,
- d) Status of preventive and corrective actions,
- e) Follow-up actions from previous management reviews,
- f) Changes that could affect the quality management system, and
- g) Recommendations for improvement.

5.6.3 Review output

The output from the management review shall include any decisions and actions related to:

- a) Improvement of the effectiveness of the quality management system and its processes,
- b) Improvement of product related to customer requirements, and
- c) Resource needs.

4.6 Management review

Top management shall review the organization's **environmental** management system, at planned intervals, to ensure its continuing suitability, adequacy and effectiveness. Reviews shall include assessing opportunities for improvement and the need for changes to the **environmental** management system, including

the **environmental** policy and **environmental** objectives and **targets**. Records of the management reviews shall be retained.

Input to management reviews shall include:

- a) Results of internal audits and evaluations **of compliance with legal requirements and with other requirements to which the organization subscribes**
- b) **Communication(s) from external interested parties, including complaints**
- c) The **environmental performance of the organization**
- d) The extent to which objectives and targets have been met
- e) Status of corrective and preventive actions
- f) Follow-up actions from previous management reviews
- g) Changing circumstances, **including developments in legal and other requirements related to its environmental aspects**
- h) Recommendations for improvement.

The outputs from management reviews shall include any decisions and actions related to possible changes to **environmental policy, objectives, targets** and other elements of the environmental management system, consistent with the commitment to continual improvement.

For more information on Training and Registration Services or Improving and Conducting Management System Reviews contact us at **1800 374 3818** or email **training.us@saiglobal.com**

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