Consistency of mission, vision, strategy, policy and objectives of quality

Miroslav Drljača, dipl.oec./B.S.B.A.
Velika Gorica, Croatia

Professional paper
UDC 330.12

Adjustment of quality system of certified companies according to models ISO 9001/2/3:1996 to the model ISO 9001:2000 is an important project for each company wishing to adjust its own management system with the request of process oriented management systems, and at the same time maintain the certificate after passing of transition period of three years from the date of normative ISO 9001:2000 coming into force. In the system adjustment procedure towards model ISO 9001:2000 it is necessary to keep in mind the differences of this model in relation to the previous. One of the differences to be respected is also the difference of defining of types of business system. This article will illustrate this very problem at the same time initiating timely opening of adjustment project of the existent quality management system by new requests of ISO 9001:2000.

1. Introduction

One of the basic differences between model for the set up of quality system ISO 9001/2/3:1996 and model ISO 9001:2000 is the type of their definition. Starting points of quality system construction in accordance with models ISO 9001/2/3:1996 lie in the definition of quality system within the company through starting definition of strategy, policy and objectives of the quality, as well as other structural elements of the system. Apart from starting definitions of quality systems according to models ISO 9001/2/3:1996, model ISO 9001:2000 requests defining of mission and vision of the company. In fact, the stress is put on the necessity of placing the company into wide social frame, and on defining of its role to be realised in correlation with the surroundings.

In order to show the intentions of model ISO 9001:2000, the comparison survey of types of definition is given below in table 1.

<table>
<thead>
<tr>
<th>ISO 9001/2/3:1996</th>
<th>ISO 9001:2000</th>
<th>Type of definition</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mission</td>
<td>Definition of the</td>
<td></td>
</tr>
<tr>
<td>Vision</td>
<td>company</td>
<td></td>
</tr>
<tr>
<td>Strategy</td>
<td>Strategy</td>
<td></td>
</tr>
<tr>
<td>Policy of quality</td>
<td>Policy of quality</td>
<td></td>
</tr>
<tr>
<td>Objectives of quality</td>
<td>Objectives of quality</td>
<td></td>
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<td></td>
<td>in the company</td>
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Table 1.: difference of types of definition between models ISO 9001/2/3:1996 and ISO 9001:2000
According to the “List of ISO 900X certified companies in the Republic of Croatia”(1) on 15 May 2001, there were 335 certificates in the Republic of Croatia and 329(2) certified companies with reference to some of the models ISO 9000ff, only two of these referring to model ISO 9001:2000. It can be foreseen that these two companies, apart from its defined strategy, policy and objectives of the quality, have defined mission and vision as well.

Since literature and practice define the notions of mission, vision, strategy, policy and objectives of the quality very differently, we shall try to determine their meaning and function in the management system.

2. Mission

We define mission as order or task(3). In broader terms we can define it as social role or purpose of existence. “It is a task of broader significance and of general interest.”(4)

At establishment of a company, its owner or promoter assigned it specific social role or a task. The company is established with specific purpose. Therefore, the company will exist as long as it performs its social role, i.e. its tasks. When it is not able to perform it any more, the company will cease to exist.

Its owner or promoter assigns mission to the company in the moment of its establishment and in accordance with foreseen needs and law. The role of the company management is the obligation to realise this mission.

Economic and social aspects determine the mission of the company. The economic aspect of realisation of the mission is being performed in case the company maintains and develops infrastructure and other resources, executes its activities, creates possibility for own development, and through this development gives its contribution to this branch of activities. By its existence the company generates its own economic stability, develops new technologies, as well as specialised knowledge.

Significance of the social aspect of the realisation of the company mission is specially emphasised in companies that are entirely or in major part owned by state or local administration units. The type of ownership determines the level of social aspect of mission realisation.

![Diagram of Mission and Business Principles](image)

**Picture 1.: interactions in the process of company mission realisation**

Efficiency level of economic aspect of realisation of the mission directly and strongly influences the social aspect. The social aspect also represents institutional frame within which the company must perform its mission.

With profitable companies, both aspects of company mission realisation should be

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1 http://kvaliteta.inet.hr
2 Number of certificates is bigger than number of certified companies because several companies changed certification houses, and some has parallel certificates.
executed on the basis of principles of the profitability, because only in that way it is possible to satisfy needs and requests of all interested parties, which is the point of quality system. Thus, during defining of the company mission, we stepped into the area of managing the quality system in accordance with model ISO 9001:2000, recognising its basic philosophy in this early stage of company definition.

Example: On the basis of research of requests and needs of interested parties in a local community, an entrepreneur decided to establish a construction company. He defined his company's mission as satisfying of requests for quality, fast and cheap construction and upbuilding of one-family houses.

In order he could carry out the economic aspect of company mission, he purchased necessary technical equipment needed for performance of his activity, defined necessary organisation of the company and elaborated his business plan. He executes the works in accordance with the highest standards of the trade and laws regulating this activity. He employed several highly skilled artisans for individual specific works.

He realised the social aspect of company mission since he satisfied the need of the community for such sort of activities. He employed several craftsmen, who, until then, were unemployed, and more unskilled workers, in such way contributing to the improvement of social status of the local community.

He performs his activity per principles of profitability and makes profit. He pays to his deliverers within agreed time, he also respects contracted terms and conditions of contract with his clients, pays taxes and contributions to narrow and broad social community, pays his employees regular wages and other contracted fees.

This is the way that the mission of this company is defined.

3. Vision

We define vision as “... far-reaching thought about desired and foreseeable development of event or enterprise.”

Far-reaching thought about desired and foreseeable development of the company is an important factor for survival of every company, specially looking from aspect of realisation of its mission. Far-reaching thought, i.e. vision of the company, is an area of interest for the company's owner. However, the task of vision elaboration in the form of a document, is mostly in the domain of top management. This responsible task is almost impossible to carry out unless the company mission has been understood and defined.

Two significant directions determine elaboration of the vision of the company:
- long term, and
- forecast of development of events.

![Diagram of Vision Process]

**Picture 2.: approach to elaboration of the vision of the company**

3 Ibid: p. 1166
Due to such definition, the vision of the company is elaborated within planning part. Therefore, prior to start of elaboration of the vision, it is necessary to define starting point, i.e. make detail analysis of the situation. Definition of starting point will facilitate our forecasts. Institutional and economic frames have to be taken into account - the present, as well as the future frames. Changes of institutional frame are frequent, especially in transition countries, which directly influence the changes in economic frame. Therefore, once defined vision need not be permanent solution. It has to be understood dynamically. It has to be done more work on, so that it would be more clear and realisable as much as possible.

The vision belongs to the area of company definition.

Example: The owner of construction company (from our example) has given the management the task to elaborate a long-term plan of company development, i.e. its vision. The analyses of market and level of current development of the company have been done. Then the elaboration of vision of the company began. The assessment of surroundings has been made and it was discovered that there was an interest for building of family houses. Formulation of the laws which would speed up the procedure for obtaining of all documentation necessary for individual house constructing is in progress. Its decrees are going to come into force next year. Local community brought necessary town-planning designs. It is estimated that during the next ten years the institutional frame will be beneficial for construction activities development.

Estimation of the economic frame brought up the fact that local community has large areas of buildable land and that interest for its purchase was growing. There is a tendency of interest rates decrease at the capital market. By foreign sources of investments in this local community, unemployment rate would significantly decrease in the next five years, which will improve life standard of this population.

The management estimated that institutional and economic frames in the next ten years will agreeably influence our company development. The vision of the company foresees: - that income will grow at approximate 20% rate annually in the next decade, - that each year 50 % of the profit will be invested into assets and personnel training, - that in a decade's time it will have: triple number of employees, basic assets at average age of three years, new business building in the city centre, - and that by its financial strength and capacities it will outgrow the frames of local community.

4. Strategy

We define strategy as way of goal achievement (development plan). From the standpoint of quality system management it is more appropriate to speak about functional strategy or mission supportive strategy, which is directed towards operationalization of business strategy, while in broader terms to speak about application of all other strategies (company strategy, corporative strategy). Functional strategy is divided on the level of separate business functions or more significant company divisions.

We differ economic functional strategies from managing functional strategies. Level of successfulness of managing functional strategies is in great measure determined by realisation of economic functional strategies. On the other hand, efficiency level of economic functional strategies will determine modalities of managing functional strategies. Cause-and-effect relationship of these two kinds of functional strategies will impact the realisation of the strategy which is generally established objective set up in the context of business system management, and will also impact the quality system of the company.

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6 Ibid; p. 994.
Strategy represents an important segment of quality system definition in the company. Realisation of strategy as a general objective, as well as functional strategy in the company, is the area of responsibility of top company management.

**Picture 3: presentation of functional strategy**

Example: The company management from our example determined (general) strategic objective: to be the best in local community in providing of qualitative services and execution of works.

However, it was understood that this (general) strategic objective is real and achievable if managing functional strategies are studied. They primarily refer to: actual and methodological planning; process oriented shallow organisation; application of own original technological solutions and control of its impact; made, generally known and accepted system of additional motivation for achievement of more than average results; developed and recognisable culture of the company; and decentralised way of making decisions. Acceptance and implementation of these managing strategies enable the following: definition of actual and foreseen needs of the customers through realisation of marketing and managing of market research process, use of market research results as input to new technologies development, resources management (personnel, finances, infrastructure, information, work environment, natural resources). The management has therefore decided:

- to build constructions exclusively of the most qualitative and ecologically acceptable materials with international certificates,
- that all works will be performed by highly qualified craftsmen,
- that all works will be performed in accordance with the law and professional standards, within contracted periods,
- that all works will be under control, as well as the finished construction,
- that during work performance special attention will be put on observance of safety and environment protection related normatives and laws,
- that it will enable the customer to finance the building under most fair market conditions,
- that it will inform the customer of application of chosen solutions, and of results of their control.

The management decided for this functional strategy in a belief that it supports realisation of the mission and vision of the company.

5. **Policy of quality**

Policy of quality (8) must be determined and documented by top company management, including its objectives and obligations relating to quality. The policy of quality must be in adjustment with company objectives, expectations and needs of its users. The company must ensure that the policy is understood, implemented and maintained at all company levels.

Task of the top management is to ensure that policy of quality:

- will suit the needs of the company

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- is willing to meet the requests of interested parties and constant improvements
- provides frame for determination and inspection of quality objectives
- is transferred and understood on appropriate company levels
- is revised in order to be always updated
- is subject to control.

Policy of quality is made in accordance with defined strategy. It must comply with the vision and other policies of the company. The policy of quality specifically must stress the elements which would satisfy the customer and expectations of interested parties, as well as the path towards achievements of the objectives.

While defining the policy of quality within a company, it is of greatest importance to define:

- that success of the company depends on quality (everyone must decide in favour of quality)
- what is the minimum quality level in a company
- where and how quality is produced
- responsibility for quality and safety
- means of guarantee of quality and safety, in accordance with expectations of interested parties – total ability of the company and partners
- ensuring that business partners, employees and the owner are satisfied
- the significance of training and specialisations of management and employees
- significance of safety and environment protection
- analysis of risks and possibilities
- analysis of competition
- occasional inspections of quality and safety, and its evaluation by top management
- obligation to observe regulations from Quality Manual and defined policy of quality.

The bearer of the activity of elaboration, bringing and adoption of policy of quality is the top management (director). The policy of quality is considered adopted when signed by director. The date should also be included.

In case of changes in the top management (director), the new management (director) must sign the existent policy of quality as a sign of its adoption. If this new management make some alterations of the policy of quality, such new policy of quality must be signed by new top management (director). If a policy of quality is not signed, it would mean that policy of quality is not adopted, i.e. that it does not exist. The same applies in the case when top management does not sign altered policy of quality. It must be done because any modifications of the policy of quality imply on all other elements of the quality system. Not signing of the policy of quality will be interpreted as not accepting, i.e. non-existence. It would mean that quality system is not in compliance with ISO 9000ff, and fall of the whole system.

Many certified companies make copies and visibly display the adopted text of the policy of quality on areas in the company accessible to employees and business partners.

Policy of quality is the second significant segment of quality system definition.

6. Objectives of quality

The objectives of quality are defined on the basis of defined policy of quality. Top management must define the objectives of quality on all company levels. While defining it, the following must be concerned:

- define long-term (general) management objectives and short-term (separate) management objectives of quality
- objectives of quality of safety must be in compliance with policy of quality
- take into account the results of company quality system reinspection, and level of satisfying the interested parties
- the objectives must be concrete and measurable
- interested parties must be informed about objectives of quality, and it must be duly recorded
- interested parties must be regularly informed about the achievements of objectives
- responsibility for objective achievements must be defined on all management and company levels on the principle of diagonal responsibility
- objectives are defined in accordance with defined company and processes
- the proof must be ensured that all employees, management, subcontractors and partners are informed of company's objectives of quality
- there must exist a plan of reinspection of achievement of objectives
- objectives of quality obligatorily integrate safety and environment management.

Objectives of quality are part of quality system in the company. Examining of objectives achievement level and reporting about it is a planned and permanent activity of the company.

Picture 4: Consistency of mission, vision, strategy, policy and objectives of quality
By defining the mission, owner or founder of the company defined its social role, i.e. purpose of its existence. It is a given frame on the basis of which company top management creates vision of the company within present and future institutional frame, as well as within present and foreseeable economic frame in which company should act. On the basis of clear and realisable vision top management defines the strategy, emphasising functional strategy as a support for realising the mission, through the realisation of economic and managing functional strategies, by composition of their inter-effects.

From the aspect of management of quality system in the company, the defined strategy is qualitative base for definition of the policy of quality. By such strategy the company proves to all interested parties its decision for building of quality system in accordance with model ISO 9001:2000.

Policy of quality is implemented by realisation of clearly defined and measurable objectives, both general and individual managerial objectives, i.e. objectives of the quality.

Vision, strategy, policy and managerial objectives of the quality are defined by top management, which is strategic management level of the company.

Operationalisation of objectives of quality is carried out on tactic level in all company units, considering specific qualities and tasks of certain company units.

Implementation of operationalised managerial objectives is performed on operative company level, practically in the entire company, on every working post. On quality of implementation of operationalised managerial objectives the following depends: the implementation of defined policy of quality, realisation of strategy as general objective through functional strategy, vision, and realisation of company's mission. The efficiency level of realisation of these tasks will determine the confidence that the owner will have in top management of the company.

The efficiency of quality system management in the company will be under permanent evaluation of top management and all interested parties. By the act of deciding for implementation of quality system in accordance with ISO 9001:2000 model, the company willingly gave right to clients, owner, social community, partners, employees and trade unions, to express judgement about how much does the quality system of the company meet their requests and needs. This judgement from the company is very useful and important. Therefore it has to be approached with maximum sincerity and responsibility. It has to be respected.

7. Conclusion

In accordance with ISO 9001:2000 model, the mission, vision, strategy, policy of quality and managerial objectives, i.e. the objectives of quality, are all stated in the Quality Manual, and therefore are on the top of hierarchy pyramid of documentation regarding quality in the company.

The mission has been assigned in the moment of founding of the company since the owner or founder has established it with certain purpose, i.e. definite social role which the company should fulfil. Vision, strategy, policy of quality and objectives of quality are documents under responsibility of top management of the company. This responsibility cannot be transferred to anyone.

Difference between quality system implemented in accordance with ISO 9001/2/3:1996 and ISO 9001:2000 models, is, among other things, that ISO 9001:2000 model by definition of mission and vision acquires the definition of a company, and by strategy, policy of quality and objectives of quality acquires the definition of the quality system in the company. Previous models had required only definition of the quality system in the company.

In the forthcoming period, the companies which have certified quality system per ISO 9001/2/3:1996 models, will meet the adjustment of the system to the requests of ISO 9001:2000 model and achieving of consistency of mission, vision, strategy, policy of quality and objectives of quality. All interested parties will assess the measure of consistency achieved. Their assessment, i.e. the level of their satisfaction with products and services rendered by the realisation of
company's mission, will determine the company's position on the market.

Reference literature:


4. HRN EN ISO 9001:1996

5. http://kvaliteta.inet.hr