



AWAKENING

NQAQSR NEWS LETTER

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From the Editor

Never mind the Quality, feel the width

The curse of cut price quality certification in India

We have all been witness to the erosion of confidence in third party certification process especially in India. With ISO 9001/ ISO14001 certificates being traded at Rs.2500 a piece, it does not need rocket science to show that quality instead of going up is going down.

Whilst we all look for cut price products, cut price cars, cut price computers, cut price clothes there is nothing like 'cut priced certification'. You simply cannot have cut price quality. Either you have quality or you don't have quality. The progress of certification therefore in India has been of great concern to NQAQSR who has been an evangelist for an independent impartial certification to ISO standards. As it is well known NQAQSR was established in 1992 as the first indigenous certification body in India with a view to improve quality standards in the country. NQA is proud that the 3,000 odd companies that it has certified since its inception had benefited considerably from the business model used by NQAQSR in not just certifying the company but ensuring that the process is linked to the improvement of customer service and thereby adds value to the company's business objectives.

It is NQAQSR who lobbied with the government of India first to establish QCI in 1997 and soon thereafter an association of certification bodies. It was at the 7th World Congress on Total Quality sponsored by NQAQSR that Mr Karunakaran, the then Minister for Industries announced the setting up of QCI. Soon thereafter, at the subsequent World Congress on Total Quality held in Mumbai the NQAQSR promoted establishment of an Association of Certification Bodies in India to ensure self regulation of quality certification. This is how the Business World, 22 April 1998, described the efforts of Dr Madhav Mehra, the then Chairman of the NQAQSR:

"First, there was the World Quality Council. Now there's a Quality Council of India. And guiding the new council the person best equipped for the job: World Quality Council chairman Madhav Mehra." The Quality Circle, Business World, 15 November 1997.

Dilution of Certification Process in India.

It was because of this dilution of certification process that compromised India's competitiveness that NQAQSR has had the long standing battle with some of the accrediting organizations such as JASANZ whose greed has thrown overboard all the sacrosanct requirements before accrediting organizations. Their pursuit of grandeur by becoming an accreditation body with highest number of certified companies by indiscriminately accrediting one man consultants/auditors to become certifiers led to proliferation of certification bodies and diluting the quality of certification in India in a way that has given bad name to ISO9001 itself. It is with the sense of deep regret that NQAQSR felt helpless and had to finally disassociate themselves from JASANZ. Even worse was to find that one of its own employees who was put incharge of certification to continue its tradition of evangelism in quality stabbed his own employer in the back by trading accreditation with the same JASANZ, whom he condemned for lowering quality.

As such the year ending 2009/2010 has been an extremely challenging year for NQAQSR in its mission to make quality certification a hallmark of India. In view of the increasing ferocity of competition when companies have been boasting of quality, environment protection, social responsibility, corporate citizenship and their fight against climate change, third party certification has assumed even greater importance. NQAQSR has equipped itself to offer integrated certificates to be 7in1 certification that includes ISO 9001, ISO 14001, OHSAS 18001, SA 8000, ISO 14064(GHG), Corporate Social Responsibility and Corporate Governance with its evangelistic approach it is moving company cultures from "Never mind the quality, feel the width" to "never mind width, feel the quality".

Editor

NQAQSR has been sponsoring the Annual World Congress on Total Quality for the past 17 years. Here is the report of the 20th World Congress on Total Quality held in Bangalore on 15th-17th January 2010 on improving the Quality in the Boardrooms.

A report on
20th World Congress on Total Quality
15th - 17th January 2010, Hotel Lalit Ashok, Bangalore (India)

Sponsored by NQAQSR

Board directors urged to realign Their Moral Compass

"Corporate Governance is flawed because companies keep appointing directors as showpieces with no training to deal with a constantly turbulent world" , says Dr Mehra, President of UK based World Council for Corporate Governance

A three-day International Summit on Corporate Governance got off to a start on Friday, 15 January 2010 at Hotel Lalit Ashok in Bangalore, with a call from all speakers to improve the quality of boardrooms.

Lt General J S Ahluwalia , CEO, IOD addressing the World Congress on Total Quality gave an account of the origin, mission and objectives of IOD. With great appreciation he recalled the role of Dr. Madhav Mehra the founder of IOD and said that without his vision, dedicated hard work and leadership, IOD would not be what it is today.

Justice M.N Venkatchaliah former Chief Justice of India and national chairman, Institute of Directors in his welcome address remarked that the role of corporations has changed vastly in the new world. With 64 billionaires having as much wealth as the rest of the world, bridging the sharpening income disparities was the biggest challenge of our times. He called for corporate introspection regarding concentration of wealth lest it lead to revolution and destruction and to realize that the concept of quality would include truth.

Dr Madhav Mehra, President of World Council for Corporate Governance citing examples from the Silicon Valley said "Innovations that have changed the world would not have been possible without recognizing failures as badges of honour. In the turbulent environment where the very nature of change is changing by the hour risk was endemic whatever you do. There was no way you could hit the bull's eye every time. The glory lies not in succeeding every time but rising every time we fail."

In his theme address Dr. Mehra said that "markets are the best human innovation but like parachutes they can function only when open, the only way to prevent financial scams is to reward transparent behaviour. Transparency is easier to talk about but difficult to implement. We need training programmes on being transparent."

Dr. Mehra added "Never before in human history was there so much opportunity to create wealth through clean and green agenda. Boards have to be involved in the change agenda and to secure company brand.

Lamenting the poor record of independent directors Dr. Mehra said that independent directors are still being appointed as decoration pieces not on what they can do but who they are. Board meetings continue to be rituals with no effort to involve independent directors. He expressed concern that despite the Satyam episode, many corporates were yet to have any independent directors. The country had to move from rule-based corporate governance to principle-based governance with a focus on "diversity, dialogue and disclosure" to improve the board's performance. Dr Mehra pointed out that corruption was high in India, it was observed that even as India had made its place in the global arena, the country's growth would be affected if corruption was not controlled.

Karnataka Governor HE H.R Bharadwaj who inaugurated the Congress set the scene by underscoring the need for realignment of the moral compass by corporate boards. He said "Indian corporate boards do not realize that if their

integrity is besmirched nobody will deal with them. He referred to the insider trading as the biggest evil that deters new entrants in the stock market.

He stressed the need for protecting environment, green cover and forests as that would play a key role in attracting investments. Several investors were coming to Karnataka because of its pleasing climate conditions, he said. He called upon corporate world to develop an efficient dispute-resolution mechanism.

The theme of the Congress and the summit was “**Enhancing the quality of the boardroom by realigning its moral compass**”.

The experts felt the basic reason for the financial mayhem was the absence of risk management committees. The boards should have many more committees than the three mentioned in Cadbury report. Risk Management, CSR and environment are candidates for additional committees. Each independent director should be a member of at least one board committee.

The former Director-General of Police R. Srikumar and E-Governance Principal Secretary M.N. Vidyashankar were honoured on the occasion with IOD fellowships for their best services in administrative field.

T. Ramachandru IAS joint secretary, Ministry of defence production Govt. of India said that the election manifestos created aspirations but the efforts to meet these aspirations are not enough. Our entire system of governance must be based on a value system derived from ethics. This value system should be the foundation of policies and action right from the gram panchayats to the cabinet.

Ashok Soota , Chairman, MindTree emphasized that we are looking at a globally connected world which has a positive side as well as a negative side. It must be clearly understood that local problems can have far reaching global implications.

V.P Baligar, IAS , Principal Secretary , Industries stated that culture and brand were both very important. A culture of innovation has to be created and emphasis placed on inclusive growth. He laid stress on the idea of having Right to Information (RTI) – in a bid to bring about transparency in the corporate world. This would be done by empowering shareholders to seek any information. He said “Transparency is very essential to prevent violation of code of conduct,” he urged the corporates and industrial bodies to introduce a system of boycotting the companies which violate code of business practices. Pointing out that Medical Council of India had prescribed the code of conduct for doctors asking them not to accept gifts and free air tickets from pharmaceutical companies, he wondered if it was not the duty of the pharmaceutical companies too to have similar code of conduct to ask its members to desist from giving such gifts to doctors.

Ulric Fayl Hentaller of European Academy of Science and Arts set out clear roles for boards and management. The role of boards was to develop the strategy which is a long term plan of operations and management must execute the strategy. He said that there was a sharp distinction between strategy and tactics. According to him tactics is the conduct of an engagement that is how to fight.

Mr Hentaller suggested that international members and women must be on the corporate boards. He said that we are currently forced to make choices with profound and lasting effects on our futures; not choosing was also a choice but where control was relinquished. The role of the boards was to work closely with management and instill confidence in management. They must let management do its work but also hold management to account. He said further that disclosure was essential but there cannot be an optimum level of disclosure that can be mandated

Prof. Colin Coulson-Thomas of University of Greenwich, UK and Chairman, Bryok Systems, Cotoco, UK spoke on the Governance Challenges of Health Care Boards. He said that the boards of health care organizations function in a complex and regulated environment and face a variety of pressures and a combination of challenges that include increasing patient expectations, rising drug costs, , increasing and aging populations, a higher incidence of chronic conditions and areas of social deprivation.

He said that health care managers tend to cite the complex and fragmented nature of the Health care system as reasons why changes are difficult to implement; however many health care problems and governance challenges could be addressed by the systematic use of support tools Experience elsewhere suggests significant reductions in health care costs could be achieved without compromising patient safety, standards of care and patients expectations.

Jeremy Pearce of World Bank said that to be a successful board , it requires a highly focused and driven board that represents the best interests of the company and tackles the tasks with maximum entrepreneurial courage and flare.. This needs to operate within the confines of law, with strong ethical awareness and disciplined culture. He suggested a two board system. One board is committed to the best interests of the company with a focus on entrepreneurial flair. The other acts as a balance and is entirely made up of independent directors who are solely concerned with what the company ought to do from an ethical governance perspective.

J. Crasta, President of Karnataka Chamber of Commerce said laws could be a driver of change provided they were clear and understandable and there was no confusion. There is no politics in law but there is corruption. It is necessary to have laws that tell us what to do and there must be efficiency, transparency and accountability. When talking about enforcement it is necessary to understand that changes are required in law also and police is the agent of law not government.

Ashok Kapur, IAS, Secretary General of IOD, said that every institution is a shadow of man. IOD is a shadow of Dr. Madhav Mehra. Mr. Kapur informed the delegates that an international Academy of Law has been set up to give concrete shape to the relationship between law and good governance. It was important to understand that economic issues have a legal dimension. The integration of economics with law could lead to all round development which in turn would lead to inclusive growth

Dr. Madhav Mehra was concerned that the law as it stands today takes a lot of time. Law should promote justice and inclusive growth. The law we need is the law of a new economy; for example we have Competition Law which is directed towards creating free and fair competition. It is now becoming increasingly difficult to hide money in Swiss banks. Referring to Law on Climate Change Dr. Mehra said it cannot be restricted to one state. It is necessary to look for companies that have prepared comprehensive CSR reports particularly in view of the fact that shareholders cannot get any value unless corporate governance takes care of stakeholders.

Justice Arijit Pasayat, Chairman of Competition Appellate Tribunal referred to the several Committees that have been formed on corporate governance such as the Cadbury Committee and Kumaramangalam Committee and posed the question have things changed as a result of these committees? He was of the view that there was no need for more laws but what was required was better enforcement.

Dr R K Khatri, IAS, Commissioner for Industrial Development, Karnataka said that there must be a balanced team to harness diversity. The effectiveness of Boards depends on quality, diverse capabilities as well as business codes. The board must focus on substantive issues and be able to allot sufficient time for important issues

Pradip Shroff, President & Managing Director, PRS Permacel wanted criteria for defining performance. The emphasis needed to shift from shareholder to the needs of all stakeholders. The Boards should be composed of diverse disciplines and the independent directors need to be appointed with the help of a professional advisor. Mr. Shroff was of the view some process of certification of directors should be taken up and suggested that IOD may consider accepting this responsibility
In addition to Directors the media also need training to ensure that their reporting is done after going into the depth of problems

Ajit Rangnekar, Dean, Indian School of Business (ISB), Hyderabad asked the question what do you mean by trust? How can trust be expressed in markets which are unpredictable? Can we create trust at the micro level in different sectors of society? The next question asked was who are the players? The direct players are the investors such as investment banks and corporations and the indirect players are the academic community. The investors are neither rational nor perfect in an imperfect society.
Referring to the education system he said that the education system is completely distorted. There are two specific issues (1) the technical aspect of education and (2) ethical and social values. These should be inculcated basically by the parents. He finally asked two questions How do we incorporate sustainability? How does one handle moral dilemmas?

B. Mukherjee, Director Finance of HPCL said that when we consider stakeholders the question of the triple bottom line comes up. He further said that when a public sector company changes from a department of government to being a company the entire perspective changes

Dr S L Rao, Chairman, Institute of Economic & Social Change, Bangalore highlighted the fact that the image of a company was extremely important and hence transparency was absolutely necessary the products must be clearly advertised because business has no meaning if the customer does not know about the products

Dr. Rekha Jagannath was of the view that organizational effectiveness and managerial effectiveness are important aspects of corporate governance. The organization must be healthy; growth oriented, and must function as an effective tool in the commitment to society. Organizational effectiveness involves satisfying the diverse and conflicting interests and managerial effectiveness leads to integration of the skills and capabilities.

S.S Bhaduria said that at Cavincare Pvt. Ltd there was a total commitment to social responsibility. The customers are absolutely satisfied with the products manufactured. The workman are recruited from class twelve and then trained. The company is aware of consumer risk as well as operational risk.

Jatinder Peters, Group General Manager, HR of ONGC emphasized that the stakeholders go beyond shareholders; it is essential to cover the interests of all stakeholders. Benefits will accrue to a company after a careful integration of the interests of all the stakeholders.

Amitabh Saxena CEO of Anexas Denmark said that compliance is no longer an option but one has to go beyond it. Effective communication with the stakeholders is very important but it is generally missing.

Dr Jija Harisingh, IPS Director General of Police & Home Guards, Karnataka underlined the need for teamwork for effective results but it also requires process in place for effective results. The teams must be prepared for emergencies because things can go wrong. An effective crisis plan must be in place and the teams prepared for unforeseen circumstances. It was necessary to prepare long term plans among departments. Plans of social

relevance need to be drawn up with courage, confidence and skills to implement them. A green code must be adopted and there must be a zeal for innovation

M N Vidyashankar, IAS, Principal Secretary, e-Governance laid stress on the fact that a company is owned by stakeholders and not shareholders and it was imperative that the foundation of corporate governance should be ethics.

K.R Girish President, Bangalore Chamber of Industry & Commerce was concerned that it takes 20 years to build a reputation but just about five minutes to lose it. The greatest challenge was sustainable management but the significance of culture in management should be recognized. It is absolutely essential to understand risk and build it into strategy and the foundation of strategy should be ethics. An important question is: how is strategy geared to supply chain, climate change and customer satisfaction. Recognizing that transparency was the order of the day the question he posed was Re prosperous companies responsible or are responsible companies prosperous?

S Z Pasha , Managing Director , Bangalore Metropolitan Transport Corporation focused on the need for transparency and sustainability as essential requisites of corporate governance.

Shailesh Haribhakti, Managing Partner & CEO, Haribhakti Group strongly underlined the need for corporate boards to focus on ethics and ecosystem services. Accompany may have a code of ethics but internal and external pressures create the temptation to engage in unethical practices. He stated that risk in India is regulated but it is not regulated in the European Union and USA. He called for the need to integrate governance with risk, compliance with legislation and fraud management

Sameer Kakar, Vice President – Finance & COO , Comviva Technologies said that the focus areas of corporate governance were risk, strategy, sustainability and performance. Elaborating on these areas Mr. Kakar said that that there were four kinds of risks: business risk, technology risk, currency risk and technology risk. Strategy involved thought leadership, innovation and talent management. Sustainability required new products, management efficiency, cost efficiency and international focus. Performance required vision and financial reviews.

Dr. Usha Dar speaking on leading sustainability through PROACTIVATE arranged the model PROACTIVATE according to the key elements of sustainability.

Saving of Resources

P-Price natural capital

R-Radically increase energy efficiency

O-Opt for minimalist life styles

Reduce Environmental Impact

A-Adopt closed loop and zero waste systems

C-Capture and sequester CO₂

T-Turn to renewables

I-Invest in green issues

V-Vigorously pursue market mechanisms

Human Development

A-Activating women and children to drive change

Science and Technology

T-Train to eco-innovate

She further said that the next step would be to establish the linkages among the different constituents

Case study presentations by leading organizations on CSR:

Corporate Social Responsibility and its inalienable connection with corporate governance were at the heart of case studies presented by India's various leading companies on the second day of the Corporate Governance Summit and the 20th World Congress on Total Quality on Saturday in Bangalore.

This year Golden Peacock Awards secretariat received an overwhelming response for the Golden Peacock Award for Corporate Social Responsibility and the Jury felt that the finalists for the award would be better off to make a presentation to the Jury to highlight major CSR Initiatives and substantiate their application in the presence of members of the jury and provide any clarifications, if any thereof. The 16 companies were TATA Power ,Mahindra and Mahindra, Bharti Airtel,TATA Motors ,Coca- Cola India, DLF, Steria (India) ,Ispat Industries ,Cairn India ,Bhilai Steel Plant, SAIL ,IBM India ,Kirkoskar Brothers ,Chambal fertilizers & Chemical ,Birla White ,Hindalco Industries & Chennai Petroleum Corporation.

The Jury was chaired by Justice P N Bhagwati , former Chief Justice of India and Chairman, Golden Peacock Awards and Vice Chairmanship of Lt Gen Surinder Nath, PVSM (ret'd), former Chairman, UPSC & Director, L & T. Other Jury members included Arvind Jadhav , IAS , Chairman and Managing Director , Air India, D V Rao, IAS , Principal Secretary , Department of Public Enterprises , Govt of Karnataka,T Ramachandru, IAS, Joint Secretary, Ministry of Defence Production, Govt of India, U S Jha , Chairman & MD , RCF Ltd, Dr Mrs Jija Hari Singh, IPS, Director General of Police & Home Guards, Karnataka,Prof Colin Coulson-Thomas, University of Greenwich, UK and Chairman, Bryok Systems, Cotoco, UK, Jeremy Pearce, MBA, Faculty, RMIT International University, Vietnam Consultant to World

Bank on Corporate Governance ,Ulric Fayl Hentaller, Advisor to the President, European Academy of Science and Arts , Pradeep Chaturvedi , Chairman , Golden Peacock Awards Assessment Board.

Golden Peacock Awards presented

Medical Education Minister Ramachandra Gowda lamented the lack of quality consciousness in the manufacturing sector in the country on Saturday.

A special function was also organized to present the 'Golden Peacock' Awards instituted by the Institute of Directors on 16 January 2010 in the evening and the chief guest Mr Gowda said that under such circumstances an initiative to present awards, to honour excellence need to be appreciated. The Minister presented the 'Golden Peacock' awards to the following:

National Quality Award 2010: Reliance Infrastructure Limited, Dahanu Thermal Power Station, Rajashree Cement, Aditya Birla Group. HPCL Visakha Vijayawada Secunderabad Pipeline, HLL Lifecare Limited, Larsen and Tourbo Limited, Electric Standard Products, SAIL, Bhilai Steel Plant, Hindalco Industries Ltd, Renukoot and HSIL Ltd.

Innovation Management: Rail Wheel Factory, Indian Railways, BEML Ltd, Jindal Steel and Power Limited, Durgapur Steel Plant Headquarter technical group - EME and Indian Army.

Innovative Product and Service: Karnataka State Road Transport Corporation, Karnataka Home Guards and Civil Defence, Punjab National Bank, ONGC, Birla Sun Life Insurance, Mazagon Dock Limited,

Kansai Nerolac Paints Ltd, Comviva Technologies Ltd, Tata Consultancy Services, Fullerton India Credit Corporation India, Titan Industries Limited - Watch Division, Mahindra and Mahindra Limited - Farm Equipment Sector, ONGC , IGOPT and Mazagon Dock Limited.

Technology Leadership: Ashok Soota and Women Business Leader: Vinita Singhania.

Justice P N Bhagwati, former Chief Justice of India chaired the jury which selected the winners.

The Air India Chairman and Managing Director Mr Arvind Jadhav and Mr Shailesh Haribhakti of Haribhakti Group were also conferred with IOD Distinguished Fellowships for their best services in administrative field and contribution to the society.

Studies presented at the conference showed good corporate governance can add 22-30% premium on the company valuation. This is the surest way for India to catch up with China. Corporate governance needs to be principle-based and not rule driven. Rules trigger defiance but principles encourage compliance. It means holding all decision makers to account in a transparent and ethical manner. Dr Mehra enunciated the seven principles all starting with D - Diversity in board composition, encouragement of Dissent, Dialogue, Disclosure, Dispersal of authority and Development of directors.

It was asserted that no amount of legislation can bring ethics in the boardroom. Ethics has to be internally driven. Our educational system and especially business schools must move away from the syndrome of success at all cost and focus on building character by invoking inner pride. Business schools should be rated not on the pay package their alumni can get but the quality of their education.

There was a consensus that training of directors is most critical for maximizing effectiveness of the boards. It is strange that while nobody would go to a dentist who is unqualified, companies who have so much at stake keep appointing directors with no qualifications relating to directorship. Participants appreciated the role of Masterclass for Directors was playing in fulfilling the training gap for directors and recommended government legislate this as a prerequisite for director appointment. They also called for recertification of directors at regular intervals.

While speaker after speaker lamented on the state of corporate governance in India, the session on the presentations by the winners of the Golden Peacock Awards on last day lifted the spirits as it showed how large Indian companies are shining because of their commitment to quality, innovation, environment and CSR.

In the closing remarks to the 300 strong audience comprising business leaders, bureaucrats, policy makers, civil society leaders and directors from India's leading corporate houses at the 3 day Corporate Governance Summit and 20th World Congress on Total Quality, that concluded in Bangalore , Dr Madhav Mehra, a corporate evangelist and as President World Council for Corporate Governance , the brain behind the event, urged participants to ensure transparency in the boardroom. He said, "under the strobe -like glare of constant public scrutiny, directors have nowhere to hide. Referring to the "3 Idiots", a recent Bollywood block buster film that has grossed record \$70 million in the first fortnight, he exhorted: "Wear your embarrassments as badges of honour. Instead of putting a gloss on quarterly reports , turn them into case studies of in depth analyses of how your company handled its failures and turned them into virtues."

The event was supported by many national and international organizations. Oil and Natural Gas Corporation was the Principal Sponsor of the event and Platinum & Gold Sponsorship were shared by SAIL, Comviva , Karnataka Ind Dev Corpn & Karnataka Food and Civil Supplies . The Gold and silver Sponsors of the event include Punjab National Bank , HPCL, Mfar , BHEL , JK Tyres , Hindware , Reliance Infra , Hutti Gold Mines , Bangalore Metro, Bangalore Metropolitan Transport Corpn , Jungle Lodges and Resorts , KSFC , Antrix , Mysore Minerals, Karnataka Soaps & Detergents . Kingfisher Airlines was the official Airline and Deccan Herald as official Media partner for the event.

Flashback to 1997

BUSINESS STANDARD CALCUTTA
SATURDAY NOVEMBER 15 1997

WQC urges govt to step up quality standards drive

Our Bureau, CALCUTTA

World Quality Council (WQC), an organization of 50 countries dealing in quality standards, has called for government initiative to step up information technology infrastructure in order to hasten the implementation of quality standards in country.

A quality council body was announced 18-months ago to coordinate all quality affairs in the country.

But this has failed to take off. Also, the number of companies which have received ISO 14000 certification till date are less than 20.

Addressing a seminar organized by the Institute of Directors (IOD), Calcutta, which is observing World Quality Week currently, WQC, Chairman, Madhav Mehra, said, "Rapid strides in telecommunication have made virtual organisations possible through on-line links like the internet."

He said, nearly 25 percent of the world's population at present are in the urban cities. This will increase to 50 percent in the 15 years and the pressure on the cities will be immense.

Only virtual organizations can reduce this pressure by interlinking offices and work places through interactive technologies.

He said, the organizations of tomorrow are going to be vastly different with a service intensive workforce.

In 15 years, 80 percent of the workforce, currently engaged in manufacturing, will become service oriented and only 20 percent will engage in manufacturing activities.

This will usher in a world where a basic level of IT environment will become indispensable for meeting quality standards.

The WQC feels the government should take a proactive view in setting up a new breed of waste recycling industries.

That is industries, which would have the wastes of other industries as its basic input or raw material.

"This would help reduce pollution, which is an index of lack of efficiency, and also ensure optimum resource utilization," Mehra said.

"Primary focus of quality management will not be technology but human issues. In India we have made significant progress in increasing incremental improvement but we have now reached a point of diminishing returns as most organizations are failing to address the human issues" Dr. Mehra said.

He said, the competitive edge in future markets will not come from incremental improvements but through quantum leaps which is not possible unless the human issues are addressed.

The primary focus of total quality management will not be technology but the human issues which have so far remained on the periphery, he said.

In our effort to create a path to become 'world class' it is important for us to benchmark against the best practices in the industries. Unfortunately companies which focus on benchmark against the best practices in the industry. Unfortunately companies which focus on benchmarking have also now shown significant results because while it may be easy to benchmark a process, but identifying the competitive gap and reducing it to a great extent depends on the government's ability to provide enabling environment.



NQAQSR

CERTIFICATION

Your Internationally Trusted
Name for Credible Certification

NQAQSR Offers 7 in 1 Certification

- **ISO 9001:2008 for Quality Management System**
- **ISO 14001:2004 for Environmental Management System**
- **OHSAS 18001:2007 for Occupational Health & Safety Management System**
- **ISO 14064:2006 for Green House Gases**
- **SA 8000 for Social Accountability**
- **Corporate Social Responsibility**
- **Corporate Governance**

In This Issue...

We welcome you onboard with the June '2010 Issue of NQAQSR News Letter to share the Global progress on Quality/ Environment/Occupational Health and safety Management Systems for the benefit of the IMS community in Particular and Society in a sustainable mode and on broader space.

The main focus of the News letter from NQAQSR has been on creating the awareness on the new developments and motivating the Trainers/Auditors in institutionalizing the Management systems by Training of the organizations core team.

The focus Points of the current Issue of the NQAQSR News Letter of June 2010 are:

1. NQA QSR has been working very closely with the Major public/private sector organizations for the IMS certification for themselves, their suppliers and supporting service sector organizations.
2. Accreditation and Scope Extension by NABCB (Quality Council of India) – Further to the successful renewal of accreditation the Scope for certification has been extended for all the major IAF sectors.
3. NQAQSR WEBSITE: (www.nqacertification.com) has been upgraded to address the Latest certification Requirements, with Appeals and complaints and feedback procedures.
4. Most of the Auditors/Associates with NQAQSR have been trained to follow the revised guidelines and IMS audits.
5. Focus on integrated management system (IMS) for reducing the operating cost and optimizing the benefits to be derived from various management systems.
7. NQAQSR is proposing to start conducting LAC –QMS under NRBPT approvals soon.
8. Aggressive marketing for training and certification is being focused in the new service sectors such as hotels, education, film studios, film industries, traders, construction organizations, insurance banking, health care, Rail and Metro, Logistics organization, Retail Trading and so on.
9. NQAQSR is the 1st certification body to offer 7 in 1 integrated certification (ISO9001, ISO14001, OHSAS 18001, SA 8000, ISO 14064(Green House Gases), Corporate Social Responsibility and Corporate Governance Certification).

I again provoke all NQA QSR certified clients, Associates/Auditors /Experts and its management team all over the country, to become a part of the News Letter activities and participate aggressively by giving articles and sharing the knowledge and experience for the benefit of society and community as a whole and establishing the benchmark in management system certification with the customer focused approach in enabling them to attain the sustainable growth and development in quality way.

Certification Schemes Provided by NQAQSR:

1. **ISO 9001:2008 Quality Management Standards:** ISO 9001: 2000 provides a set of standardized requirements for a quality management system, regardless of what the user organization does, its size, or whether it is in the private, or public sector. While providing a systematic approach to managing an organization's processes so that its products satisfy customers' expectations, the ISO 9001 quality standards framework does not dictate how the standards should be met by any particular organization. An organization may choose to engage the services of an independent quality system certification body to obtain an ISO 9001:2000 certificate of conformity.
2. **ISO 14001:2004 Environmental Management Standards:** The set of ISO 14001 EMS (environmental management standards) provide a framework for an organization of any size or type to identify and control the environmental impact of its activities, products or services; to improve its environmental performance continually;

and to implement a systematic approach to setting environmental objectives and targets, to achieving these and to demonstrating that they have been achieved. The ISO 14001 standards do not lay down levels of environmental performance and can be implemented by a wide variety of organizations, whatever their current level of environmental maturity. However, a commitment to compliance with applicable environmental legislation and regulations is required, along with a commitment to continual improvement – for which the EMS provides the framework.

3. OHSAS 18001:2007 standards: OHSAS 18001-1999 standard for Occupational Health and Safety, has been revised and reissued As OHSAS 18001-2007. It is better aligned with ISO9001:2008/ISO14001:2004 and focus is on Extending Participation, Investigation of Incidences, Developing Programmes, Effecting controls, Accountability and Authority etc . NQAQSR Offers cost-effective system to certify requirements of occupational health and safety (OH&S) legislation can present a real challenge. This is especially true if you decide to develop Health and Safety Management Systems that are aligned or integrated with Quality, or with Environmental Management Systems.

4 SA 8000: SA 8000 is a global social accountability standard for decent working conditions, developed and overseen by social accountability international (SAI)

SA 8000 is an auditable certification standard based on the UN Universal Declaration of Human Rights, Convention on the Rights of the child and various International labor. Organization (ILO) conventions. SA 8000 covers the following areas of accountability.

- | | | |
|----------------------|---------------------------|----------------------|
| a. Child Labor | d. Freedom of Association | f. Discipline |
| b. Forced Labor | and right to collective | g. Working hours and |
| c. Health and Safety | Bargaining | compensation. |
| | e. Discrimination | |

5. 7 in 1 Certification : NQAQSR has equipped itself to provide 7 in 1 certification Covering QMS, EMS, OHSAS, SA 8000, ISO 14064(Green House Gases), Corporate Social Responsibility and Corporate Governance together.

THE POWER OF THIRD PARTY CERTIFICATION

Third party certification is an assessment carried out to ensure compliance with a publicly available technical specification. Importantly, the assessment is carried out by an independent, third party organization that is qualified and licensed to issue certification when the assessment is successfully completed. Third party certification helped bring standardization and market growth to the different industries.

This means that rather than an organization or company claiming to comply with industry standards, they have taken their commitment to quality further and invited in an external third party to verify that their product or service does indeed comply with the industry standards.

While organizations strive to cut costs, reduce liabilities and internal dependencies, they are veering aggressively towards outsourcing in every sphere of their business activity. While necessary protection is given to information assets within the organization.

Third party assessment helps organizations develop 'Minimum Acceptance Criteria' when it comes to selection of products or services being offered to them. Third Party Certification we use ISO standards as the basis of Quality of Product and Services check.

ISO standards:

ISO (International Organization for Standardization) standards ISO are a NGO (non-governmental organization) that is the world's largest developer and publisher of International Standards. The ISO network comprises the national standards institutes of 157 countries, one member per country, with a Central Secretariat in Geneva, Switzerland, that coordinates the system. The member institutes of ISO are either a part of the governmental structure of their respective countries, or are mandated by their government, or have their roots in the private sector.

There is a worldwide clamor for external verification of claims made by parties in regard to adherence to quality, environment, climate change, CSR, corporate governance standards. This means greater role for third party certification. But this cannot be legitimately done unless auditors are impartial and independent. This is where cut price quality certification can seriously damage the institution of third party certification and must be condemned by all right thinking people. Any accrediting organization whether JASANZ or others are, therefore, doing a disservice by lowering standards of certification by permitting greed to overtake quality.

ISO 9001:2008 Approach

The salient points are:

- ISO 9001:2008 has been developed in order to introduce clarifications to the existing requirements of ISO 9001:2000 and to improve compatibility with ISO 14001:2004. ISO 9001:2008 does not introduce additional requirements nor does it change the basic intent of the ISO 9001:2000 standard.
- No new requirements were introduced in this edition but, in order to benefit from the clarifications of ISO 9001:2008, users of the former version will need to take into consideration whether the clarifications introduced have an impact on their current interpretation of ISO 9001:2000, as some changes may be necessary to their QMS
- Validity One year after the publication of ISO 9001:2008(i.e. from 15-11-2009) all accredited certifications issued (new certifications or re-certifications) shall be to ISO 9001:2008. Twenty four months after publication by ISO of ISO 9001:2008(after 14-11-2010), any existing certification issued to ISO 9001:2000 shall not be valid. That means the certificates issued against the ISO9001:2000 will be valid up to 14-11-2010 only.
- ISO 9001 has "famously" transitioned into the new "2008" version, and despite the prophets of doom predicting a mass "drop out" virtually all certified organizations have made the transition. So the question is now ISO 9001:2008 does indeed add value to an organization. Below is a summary of some findings:
 1. Successful companies are those who are driven by quality from the way they operate to the customer service standards they set and the products they deliver. Focusing on quality makes for a leaner, fitter organization. One that is better equipped to win new opportunities in an increasingly competitive global marketplace. Certifying an organization to ISO 9001 offers a proof of the commitment to quality from that organization. Certification also acts as a benchmark - allowing organizations to measure their progress towards continual improvement of business performance.
 2. Organizations that were certified to ISO 9001 generally performed better than competitors who are not certified. We find that if an organization really implements ISO 9001 properly then genuine progress is made.
 3. It is immediately at the "bottom line" level that ISO certification makes the biggest contribution to companies, but in other areas that are far more difficult to measure. Main areas where significant progress has been made are identified as below,
 - a) As soon as the decision has been taken to go ahead with certification a company project must be set in place and people must be made aware of it! Everything must then be done to ensure success; without proper communication the project cannot succeed. A quality system of this kind cannot be implemented by a single small group; all parties must contribute their knowledge effectively within the company. The simple principle 'write down what you are to do and do what you wrote down' still makes a lot of sense. That is the way to guarantee a credible quality assurance system. After certification has been obtained, communicating information (upstream, downstream and across sectors) allows for genuine transparency thereby avoiding rumors and hearsay. It also creates a new perception of quality and the realization that quality concerns everyone.
 - b) Confidence refers simultaneously to the confidence of the client towards the supplier and to confidence within the company as a result of improved relations which have become more transparent and direct. It allows individuals to have self-confidence because their area of responsibility is suitably defined in ways they understand. The net result is that people become empowered to take responsibility for their own area and thus customer performance further improves.
 - c) The overall amount of thought and consideration required for the proper implementation of a quality system (ISO 9001, the dynamic created by such a project, the accumulation of knowledge and the need to involve everyone inevitably leads to efficiency, even without specifically seeking it out.
 - d) Knowledge accumulation can result from certification. By taking the time to understand key processes, knowledge is gained, and in future can be used to further improve those processes. At this level, ISO certification undoubtedly 'stimulates company knowledge management.

Certification Updates by NQAQSR:

- **Total Certified Clients till date since the inception of NQAQSR : 3000+ [Annexure A Enclosed]**
- **Total Certified Clients under NABCB (QCI) Accreditation in previous quarters of 2010: 62***

NQAQSR Accreditation Updates

- **Accreditation by NABCB:** NQAQSR Certification is fully Accredited by NABCB(National Accreditation Board for Certification Bodies), QCI(Quality council of India) Since 20th December 2006 itself
- **NABCB Accreditation Renewal:** NQAQSR Accreditation is successfully Renewed for the validation period Of 19th December 2013.
- **Scope Extension for QMS and EMS by NABCB:** In the Recent Scope Extension assessment NQAQSR has been recommended for all the major IAF Sectors with their subheads for both QMS and EMS schemes. Details of Scopes as Follows:

SCOPES OF ACCREDITATION FOR QMS REF.:QM 029

IAFCode Description

04 Textiles and textiles products DB
12 Chemical, Chemical Products and Fibers
14 Rubber and plastic products DH
16 Concrete, cement, lime, plaster etc. DI
17 Basic metals and fabricated metal products
18 Machinery & Equipment DK
19 Electrical & Optical equipments DL
22 Other transport equipment D
24 Recycling DN
28 Construction F
32 Financial intermediation. real estate. renting

SCOPES OF ACCREDITATION FOR EMS REF.:EM 011

IAFCode Description

02 Mining and quarrying
15 Non-metallic mineral products
16 Concrete, cement, lime, plaster etc.
17 Basic metals and fabricated metal products
28 Construction

Office Assessment for Extension of Scopes for QMS & EMS was carried out by a team of auditors from NABCB on 22 April 2010. The following scopes were included for accreditation:

ADDITIONAL SCOPES OF ACCREDITATION FOR QMS RECOMMENDED BY NABCB

IAF Code Description

02 Mining and Quarrying C including 8 sub heads
03 Food Products, Beverages and Tobacco DA
08 Publishing Companies DE
09 Printing Companies DE
10 Coke and Refined Petroleum Products
12 Chemicals, Chemical Products and Fibers DG
13 Pharmaceuticals DG
19 Electrical and Optical Equipment
22 Other Transport Equipment DM
23 Manufacturing Not Elsewhere Classified DN
25 Electricity Supply E
29 Wholesale and retail trade; repair of motors, motorcycles and personal and household goods G
30 Hotels and Restaurants H
31 Transport, Storage and Communications)
32 Financial Intermediation, Real Estate,
33 Information Technology K (72.1 to K 72.6)
34 Engineering Services K
35 Other Services K
36 Public Administration
37 Education M
38 Health and Social Network N
39 Other Social Services

ADDITIONAL SCOPES OF ACCREDITATION FOR EMS RECOMMENDED BY NABCB

IAF Code Description

04 Textiles and textile products
12 Chemicals, Chemical Products and Fibers
14 Rubber and plastic products
18 Machinery and equipment
19 Electrical and optical equipments
24 Recycling
25 Electricity Supply E
30 Hotels and Restaurants H

Auditors

Expanding its business NQAQSR is urgently looking for QMS/ EMS/ OHSAS/ SA8000/ ISO 14064/ CSR/ Corporate Governance Auditors in all over India to be a part of the NQAQSR's rigors certification process.

Auditors having In-depth Analytical Skills and ability for Critical Analysis.

Apply with the full details of your Qualifications and Experience marking your email subject "Auditor Ad"

To: info@nqacertification.com

Status with JASANZ:

NQAQSR Certification has finally decided to disassociate itself with JASANZ. Over the past 1 year NQAQSR has been advising JASANZ not to dilute the standards of certification by proliferating accreditation to unqualified parties but JASANZ has paid no heed. As you are aware, established in 1992 NQAQSR is the oldest and the most credible certification body in India. It is the first indigenously established certification body in India and has some of the most experienced auditors working for it in India. Over the years NQAQSR has earned a unique international brand because of its proven competence, integrity, transparency, impartiality and objectivity in audit. Consequently NQAQSR certificates had been prized even before these were accredited by JASANZ in 2001.

Over the past few years NQAQSR has witnessed the devaluation of certification by JASANZ lowering the rigors and standards of accreditation and accrediting a few small bodies including some established by NQAQSR staff who had been removed because of incompetence and questionable integrity. This action of JASANZ has resulted in proliferation of incompetent certification bodies which has given a bad name to ISO 9001. NQAQSR took this matter to the court and filed a suit for damages and injunction. NQAQSR decided that continuing its association with JASANZ will spoil its image and credibility as an impartial and independent certification body.

Meanwhile all the current JASANZ accredited Certificates issued by NQAQSR are being accepted for transfer to NABCB (QCI), subject to the timely surveillance audits done to maintain the continuity of certification. NABCB has much greater respect for its quality, both in India and Abroad,

Focus Points for the Next Quarter :

NQAQSR would like to focus on the integration of the Management systems for the clients to give the following major advantages:

1. 7 in 1 certification
2. IMS (Integrated Management System)
3. Integration of documentation to reduce workload
4. Simultaneous Auditing to reduce cost and management time involved.
5. Single certificate where applicable.
6. Common documentation can be prepared after duly addressing the specific needs of the various standards. And NQAQSR can plan and do a common audit and may issue IMS single certificate or number of certificates against various standards as per the Needs of the clients and norms of the certification schemes.

Assessors

For Golden Peacock Awards

Would you like to be an assessor of this most Prestigious Awards
Golden Peacock Secretariat is looking for specialists for processing
the following awards:

- Golden Peacock National Quality Award(GDNQA)
- Golden Peacock Innovation Award(GPIA)
- Golden Peacock National Environment Award(GPNEA)
- Golden Peacock Award for Occupational Health and Safety (GPAOHS)

Please send your details to: info@goldenpeacockawards.com

Action Plans for next quarter:

1. Development of more NQA QSR-IMS Auditors.
2. Minimize the Certificate issuance time
3. Promote IMS certifications(3 in 1 and 7 in 1)
4. Recertification -100% to be done before expiry
5. Surveillance Audits-100% done before due date

General Requirements and improvements:

1. NQAQSR is an independent certification body and is having no related organization or branch offices.
2. All Auditors empanelled with NQAQSR should give the details of the consultancy assignments handled in last 2 years to safeguard any conflict of interest.
3. All auditors' files have been updated; the current CV's and additional training qualification obtained by them sent to NQA office and their agreements, confidentiality and impartially fully committed.
4. NQAQSR website www.ngacertification.com has been updated with the information like certification process, cancelled – suspended – withdrawn certificates etc. Your feedback is essential to keep the information updated.
5. Usage of logo: Instruction for use of logo has been revised by adding NABCB for the respective certificate as issued. Logo should not be used on the test certificates, calibration reports etc.
6. Performance of audit team members needs to be given by team leader and performance of Team Leader will be witnessed by CEO, NQAQSR.
7. All management systems i.e. QMS/EMS/OHSAS have to follow the stage 1 and stage 2 methodologies and the time frame between stage1 and stage 2 depends upon the status and maturity of the management system and concerns, as viewed by the lead auditor
8. Recertification should be done before the due date otherwise stage 1 audit will again be required.
9. Surveillance audits should be done before the due date to ensure the continuity of the certification.
10. Technical Experts to be used for the specific industries where auditor is not having the NACE/SIC codes and experts notes to be enclosed with the audit reports. Performance report of experts is also needed (to be witnessed by another expert). It is also to be insured that the expert's CV is updated to ensure the knowledge updating in the respective area.

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