



## BUSINESS ASSURANCE

# CERTIFICATION IN PRACTICE

## What benefit does certification produce?

When reviewing the many years of research into the benefits of certification, as stated by the end-user, four clear categories emerge;



**Operational  
results**



**Financial  
results**



**Benefits related  
to customers**



**Benefits  
related to staff**

Breaking this down further, the reported benefits of certification include;



### Operational results

- Better supplier relationships
- Decreased logistics costs
- Increased inventory turnover
- Decreased nonconformities
- Meeting deliver dates
- Decreased lead times
- Fewer customer audits
- Increased resilience to disruption
- Greater flexibility, more capable of responding to change
- Reputational boost and market differentiator
- Easier to demonstrate compliance with regulatory requirements



### Financial Results

- Increased sales
- Increased market share
- Reduced costs/ wastage/ landfill costs
- Increased ability to bid for contracts
- Access to international markets



### Benefits related to staff

- Improvements in morale and attendance
- Improved health and safety leading to reduced staff absence
- Improved suggestions, participation and willingness to innovate



### Benefits related to customers

- Improved customer service leading to increased customer satisfaction
- Increased loyalty and repeat business
- Fewer complaints

## The DNV GL client survey

When we asked our clients about the results they were seeing from certification, the cited benefits were fairly evenly spread across the following headings;

- we have saved money
- we have better process visibility
- senior management know the future requirements of customers
- continual improvement is embedded
- there are benefits to the company's reputation
- we now have access to new markets
- we have increased resilience and quicker recovery from disruption
- certification has changed internal attitudes to quality

Initially, cost reduction was not mentioned as a reason for getting certification, yet several clients identified savings as a result of the process.

Safety & Technical Hydraulics said that certification had 'notably' reduced their labour costs. This was a consequence of using KPIs and data analysis to rationalise their operations. Gapuma, who were certified quite recently, set themselves targets to reduce energy, materials and waste costs. Stadius Management Services saw an initial cost reduction when they were first certified to ISO 14001 and OHSAS 18001 four years ago. The internal benefit of better process visibility was seen by several clients as a reason to become certified, and it proved a valid one. Gapuma, for example, - which works with customers in many parts of Africa and with UN agencies - felt that certification gave them more traceability, as did Stadius Management Services. SFF Services agreed that process visibility contributed to a more efficient and agile business.

Brymarts felt that process visibility ultimately benefitted their customers because the company has now been able to put in place specific targets, for instance all customer enquiries are now dealt with within two weeks. Brymarts also reported that problems and complaints are now logged and lodged with staff. The aim is that in time, the issues that gave rise to complaints will be identified and prevented from recurring. Complaints can thus be minimised and customer satisfaction will increase. Similarly, Safety & Technical Hydraulics have created a feedback loop by getting customers for projects and large orders to flag areas for improvement, increasing customer satisfaction.

In addition Safety & Technical Hydraulics also believe that a certified quality management system has enhanced their ability to grow organically.

*"We can now assemble hydraulic systems and certify them in accordance with the requirement of the Machinery Directive. Our customers want a one-stop shop and we can now offer them a service above and beyond what we did before. All this is due to certified systems."*

Among the businesses that DNV GL approached, several also spoke about the benefit to their company's reputation, the value of the certification as a marketing tool and in giving them access to new markets.

Stadius Management Services, for example - with ISO 9001, ISO 14001 and OHSAS 18001 - saw certification as providing a clear market advantage where they are in competition with other, uncertified consultancies. Brymarts, whose certification is fairly recent, hope that the certification will give them access to new markets. Gapuma - who, as noted above, work with UN agencies - reported that certification 'adds credibility to the relationship' even though it's not a requirement.

SFF Services felt their reputation was enhanced. They also felt that the single biggest gain from the certification was the ability to tell clients that they met the requirements of ISO 9001, although they were also aware of continuous improvement in their business.

Safety & Technical Hydraulics believed that having a certified quality management system 'has opened doors for us', in addition to giving the company credibility and an increased reputation. Darcy Technologies was able to point to specific new clients in Norway and the USA who have been gained as a result of certification, in addition to receiving good feedback from clients on their processes and systems and said; "As a small company, we can demonstrate our management systems are equivalent to, if not better than, much larger competitors. This has helped us penetrate our target market."

Certification can also make businesses feel more confident about their ability to bounce back more quickly from disruptions. Gapuma agreed that they felt more resilient; Safety & Technical Hydraulics thought that because they have documented processes, they are now less reliant on individuals, which has the effect of making them more resilient. They also noted a change in attitude internally - that being certified and audited makes their staff take quality more seriously.

## Conclusions: Competitive advantage and certification

So, does certification contribute to competitive advantage? It certainly seems so having listened to the market and our clients. It contributes to;

- differentiation
- efficiency
- competitive pricing
- consistent quality in products and services
- giving confidence to customers and
- meeting customer requirements

Certification can improve competitiveness by making a business more cost effective, more visible in the marketplace and a business which more organisations will want to work with.

Importantly, certification also provides businesses a world-class framework as to how best manage their company. While large organisations have the resources to develop in-house standards, almost invariably, smaller businesses do not; but they can still access management systems standards.

As to our survey, the evidence suggests that customer pressure is often the driving force behind certification, but this is by no means the only driver. Just as often businesses want process improvements and a reputational boost from certification as well.

Once certified, organisations experience a number of benefits. We find that even businesses can uncover efficiency improvements, they can benefit from systemised processes, and they can increase their resilience using management systems.

They can also certainly benefit from the value that experienced auditors add. Auditors bring sector knowledge into the business. They're also always looking to identify potential business risks that are not being managed, as well as potential opportunities for improvement.

Certification also brings clear reputational advantages. Undoubtedly, certification means businesses can compete on a level playing field when they can be proud of having the same certifications as their much larger rivals. Not least, it opens the way for businesses to compete for contracts that would otherwise be out of reach.

