I would like to review the steps that led to the development of our Quality Management Program, of which accreditation to ISO 9002/AS 3902 was but part.

In summary those steps were as follows:

1. In 1987 we introduced a loss control program which focused on identifying the potential for loss throughout our organization and implementing controls to manage that loss. In referring to loss I include loss of product, loss of material, loss of equipment, loss of productivity and personal loss.

2. The realization in 1990 that if we were to become truly world class then we needed to develop our loss control program further in order to add emphasis to the process of continuous improvement. This commenced our drive towards accreditation.

3. In 1991 we passed the responsibility for the control of quality from our QC Department to our operating staff. This led to the development of significant levels of employee participation in all aspects of our operation.

4. Finally in late 1992 we acknowledged that the traditional management structure that we had worked with for decades was no longer ideal and as a consequence we introduced self managing teams into our operation.

I would now like to describe in more detail each of these steps.

**Loss control**

Our winery, situated 30 km from Mildura in North West Victoria, employs 200 people and crushes 65,000 tonnes of fruit annually, sourced from both Victoria and South Australia.

I see my role as Packaging Operations Manager to assist in ensuring the maximization of returns to our company’s shareholders. In this respect the profitability of our organization is of primary concern. It is my belief that one of the most effective ways of improving profits is to reduce costs.

Cost reduction can be achieved in a number of ways, but none is more effective than the control of loss. Few managers realize the true cost of loss-producing events. Little do they realize that the systems failures that are creating production losses are also contributing to quality, safety and other cost problems.

If the control of loss contributes to the profitability of an organization, then how could that organization fail to implement a program that adequately addresses those issues? The application of the tools and techniques of a loss control program result not only in increased productivity but also measurable improvements in efficiency, quality and safety.

With this in mind the Karadoc operation embarked in 1987 upon a Loss Control Program that utilized the international safety rating system as its audit tool. This course of action resulted from a requirement to implement a more systematic approach to the management of the Karadoc Winery.

The framework of this program was the systematic evaluation of all the operations undertaken at Karadoc in order to eliminate or minimize all potential loss-producing and non-value adding activities.

The detailing of standard operating procedures was the basis for this exercise. Operators were charged with this task for three reasons:

1. They understood the processes and hence were best equipped to draft procedures.
2. By sharing the task we were able to spread the workload.
3. When it came to the implementation phase we would have total commitment because the operators would have ownership of the procedures.

These procedures were more than just descriptions of the manner in which the task was to be performed. They allowed us the opportunity at each step of the operation to evaluate the loss potential and therefore put in place control measures that would better manage those situations.

The establishment and implementation of these procedures then allowed us to systematically address training requirements, communication issues, remedial action, improvement processes, waste reduction, safety requirements and productivity related matters.

Whilst this was happening we noticed a subtle change occurring within our workforce. The management strategy was not only reducing lost time hours and waste levels, improving productivity and increasing the participation of our workforce but also we saw a level of trust developing that had not existed before. Our employees saw that the management team were committed and were prepared to put time and effort into improving operating systems within our organization. In addition, this emphasis on loss control was providing our employees with benefits—clearly defined operating procedures and standards improved communications, allowed for participation in the decision making process, provided for a safer work environment and, last but not least, fewer problems due to system failures or systems out of control.

You might ask, ‘What does this have to do with accreditation to the quality standard ISO 9002/AS 3902?’

**Accreditation to AS 3902**

When we introduced our loss control program little did we realize that we were establishing the culture and management strategy that would facilitate achievement of accreditation.

In 1990 we recognized that our loss control program focused primarily on the operational aspects of our winery. We undertook a study in the early part of that year in order to identify the next step on our road to continuous improvement.

It was at this time that we experienced significant growth in our international markets and the emphasis of our organization shifted from one where the domestic market dominated sales with surplus volumes being exported, to one where we vigorously cultivated the international market as an integral part of our marketing strategy.

As a consequence we committed ourselves to the achievement of accreditation to AS 3902, as we saw that this could
assist our quest for international recognition.

We also set ourselves the objective of being the first winery operation in Australia to achieve this status. But more importantly we acknowledged that our quality management program required further development and focus. We saw in accreditation the focus for this the next step in our drive to become world class.

The decision was consciously made not to employ a consultant in our drive for accreditation. Our achievement at that time of a 5 star rating in the International Safety Rating System was testimony to the fact that we had the necessary commitment within our organization to achieve this new objective.

By going it alone we understood that the task was going to be more difficult, but we wanted the program to be ours. Its success or failure would rest squarely on our shoulders. In other words we wanted total ownership—this I believe has been one of the strengths of the program. All our employees have supported the program and that is because it has provided them with significant benefits, some of which are:

1. It has provided a more challenging work environment.
2. It has improved employee participation in the decision-making process.
3. Our employees have more control over their own work-related activities.
4. There are fewer unexpected crises.
5. The program allows for recognition of employees’ input and achievements.
6. The work environment is safer.

When we commenced the accreditation program we were surprised to find that the framework for the program was already in place. Our loss control program had effectively covered the basic requirements of the quality management program. This confirmed our belief that the methods of most value in a loss control program are analogous with methods for the control of quality, cost and quantity of production.

What has accreditation meant to us at Karadoc? A accreditation is just another piece in the jigsaw that will see us becoming a world class operation. It is crucial to our program of continuous improvement, for without the operational strategies that will continually drive an organization to review, challenge and improve its systems it will find that with time it is not able to maintain its competitive edge with regard to quality, cost and service considerations.

A accreditation, per se, means little. We all know of organizations which are accredited and receive little benefit from the exercise apart from the publicity. Unless an organization is prepared to use the quality management system to drive its continuous improvement program; unless it utilizes and mobilizes the resources of all its employees in the achievement of that goal then it is not obtaining value from the program.

I must also make mention of the importance of a quality management program in the management of change. One of the greatest threats to an organization today is change. Change is an important element in an organization’s improvement process and hence must be subject to control.

It is imperative that a process of ongoing review be an integral part of any management system such that the system reflects what is actually happening.

For example there is little purpose in having standard operating procedures if they do not accurately reflect what is actually happening. If this is occurring then either the procedure should be changed or retraining should be undertaken to ensure personnel are thoroughly familiar and comply with that procedure.

So important are procedures to our operation that we have a procedure detailing how to change a procedure. This details who should be involved in redrafting the procedure, the manner in which potential loss situations are identified, who is required to review and authorize the new procedure and how the information is conveyed to all who need to know of that change.

More importantly the process of change must be managed in such a way that the organization is deriving a positive benefit from the change process. In this respect it is imperative that the change process be managed in order to systematically identify the potential for loss in all aspects of new or revised systems and that controls are put in place to manage that loss.

A accreditation assists in formalizing the manner in which an organization controls the process of change and imposes a regime of review in order to identify where systems failures either could or are occurring.

The control of quality
It is my belief that quality should be controlled at source. This assumption has significant ramifications for both suppliers and all employees of a manufacturing or service industry.

Firstly, suppliers—for too long I believe we have been providing a free quality control service to our suppliers. For too long we have been prepared to accept materials for our operations which do not meet specification and result in significant cost and quality implications.

Fortunately, a large number of our suppliers have sufficient vision to realize that it is more cost effective to implement systems which control the quality of their product at source rather than it is to attempt to inspect in quality (either at their plant or ours).

We must also acknowledge that the same principles apply to our very own operations. We will never effectively control quality if we are relying on systems of inspection. We must get it right the first time—in other words ‘zero defects’.

It is interesting to look at the dictionary definition of the words ‘control’ and ‘assurance’. Control is defined as ‘restraint, check, means of checking’; assurance is defined as ‘positive declaration, certainty’.

With this in mind we have changed the focus of our quality control laboratory. We have moved away from the role of policeman where periodic checks were made on product to one where we provide training to enable operators to perform their own quality control. They also assist operators to cope with material related problems, liaise with suppliers in order to improve the quality of materials arriving on site, undertake trial and developmental work and maintain specifications.

We now provide our operators with the skills, resources, materials and expertise to undertake their own control of the process. The benefits of this approach are many-fold:

1. We have a better informed and skilled employee who is therefore better able to control the process.
2. The control process is happening all the time in all areas of the operation so that if a process moves out of control it is identified quicker.
3. The corrective action applied is more responsive and immediate.
4. We have a more harmonious work environment. The quality assurance department is seen as an ally, a resource to be called in when help is required rather than a police force.
5. And finally, because we allowed our operators to participate in establishing what the standards should be they have

ASVO Seminar • Sparkling Wine & Quality Management
greater ownership of those standards and are more com-
mited to ensuring that the standards are achieved.

The fourth and current stage in our program is the develop-
ment of self-managing teams. Our objective is to ensure even
greater commitment and involvement of our employees by
removing the first level of supervision in our organization
and allowing the teams to assume responsibility for the oper-
ation of their unit. Whilst we are still learning about this
method of operation we have been impressed with the results
to date.

The enthusiasm displayed by our employees towards this
approach has been overwhelming and has not been dampened
by their need to absorb new skills in order to accommodate
their new roles. We have seen both efficiency and quality
improvements as operators take on ownership of the process-
es, but more importantly we have seen the development of
employee self esteem and personal satisfaction; it has given
them a cause, and that alone is sufficient to suggest that it is
a worthwhile development.

We see the establishment of self-managing teams as being an
integral part of our continuous improvement program.

Cost is a consideration that arises whenever one talks about
accreditation. It is difficult to quantify all the costs associated
with the introduction of a quality management program. The
costs for registration, auditors, etc., are simple to calculate, but
there are also the costs associated with the implementation of
the management systems, and these are more difficult to
determine.

But when one considers that there are benefits associated
with productivity improvements, quality improvements and
wastage reduction, as well as safety considerations, then the cost
of the program becomes insignificant when compared with the
potential benefits. It should be considered as an investment.

The question we should be asking is not what a program such
as this would cost but rather what is the cost of not imple-
menting a quality management program. One product recall
situation with all of its associated ramifications would pay for
several such programs.

I have not dealt with how an organization goes about
achieving accreditation. There is considerable literature on this
subject, and there are numerous organizations ready to consult
and advise.

What I have tried to emphasize is that there are several basic
requirements necessary for the achievement of accreditation
and an effective quality management system. They are:

1. A management structure committed to the goal of accred-
   itation.
2. An operational strategy that embraces the philosophy of
   continuous improvement.
3. An organization that is not threatened by the idea of
   change, but which effectively manages change in order to
derive maximum benefit from that process.
4. A systematic approach to the establishment of standard
   operating procedures which evaluate at each step the
   potential for loss (loss of product, loss of quality, loss of
   equipment, loss of productivity and personal loss).
5. A means of reviewing the loss potential identified in an
   operation and effectively applying controls to manage that
   loss.
6. A level of trust in an organization that allows all employees
   to work together co-operatively to achieve agreed goals.
7. Finally, acceptance by management that employees must be
   more involved in the decision-making processes of an orga-
nization in order to increase the level of commitment of those
   employees and improve the quality of the resulting decisions.

---

continued from page 37 - HOURIGAN

Munce, B.A. (1984). Hazard analysis critical control points and
the food service industry. Food Technol. Aust., 36 (5): 214–7,
222.
National Advisory Committee on Microbiological Criteria for
Foods. (1990) HACCP principles for food production. Food Safety
Inspection Service of the U.S. Department of Agriculture,
Washington, D.C. 8 pages.
World Health Organization/International Commission on
WHO/ICMSF meeting on hazard analysis critical control point sys-
tem in food hygiene. VPH 82.37. World Health Organization,
Geneva.