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Preliminary Findings Point to Green for ISO 14001 Certification

CHICAGO — Most of the ISO 14001 certificate holders that are responding to a landmark US national survey, report a relatively quick payback time on their investment.

The preliminary findings of the study, which is being conducted by the ANSI-ASQ National Accreditation Board LLC (ANAB) and QSU Publishing Company (QSUP) in cooperation with the University of Pennsylvania's prestigious Wharton Risk Management and Decision Processes Center, were released here at a March meeting of the National Association of Manufacturers.

"Very broadly looking at it from the inflow and the outflow, it looks like they are getting a reasonable payback, a relatively quick payback," acknowledges Peter J. Schmeidler, a Wharton senior research fellow, who is leading the research effort.

"We're expecting the results of the survey may show not just an economic payback for ISO 14001 but that they will also build a complete business case for companies to become certified to ISO 14001 and put the US in a better position



Haitao Yin of Wharton presents preliminary findings of the ISO 14001 survey to the National Association of Manufacturers in Chicago.

in relation to the rest of the world with respect to environmental management systems," explains Robert H. King, Jr., president of ANAB.

Customers Expect ISO 14001

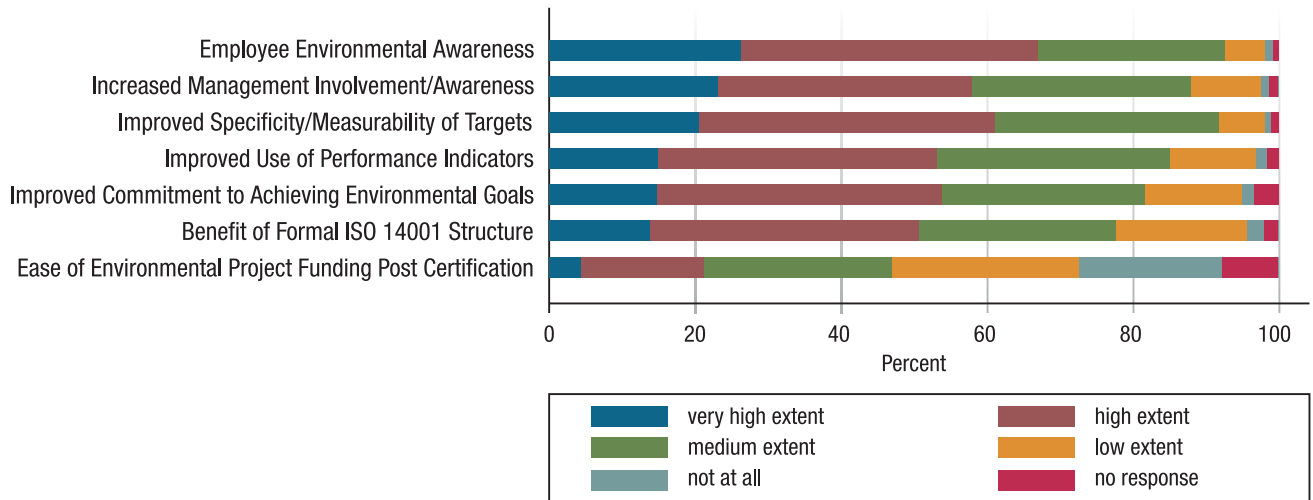
The preliminary findings also indicate that most of the respondents have been compelled to seek certification by their customer base or in response to a corporate mandate.

The research team began contacting ISO 14001 certificates holders in the United States to ascertain the costs, benefits and savings associated with accredited, third-party certification in

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Internal Benefits of ISO 14001 Certification

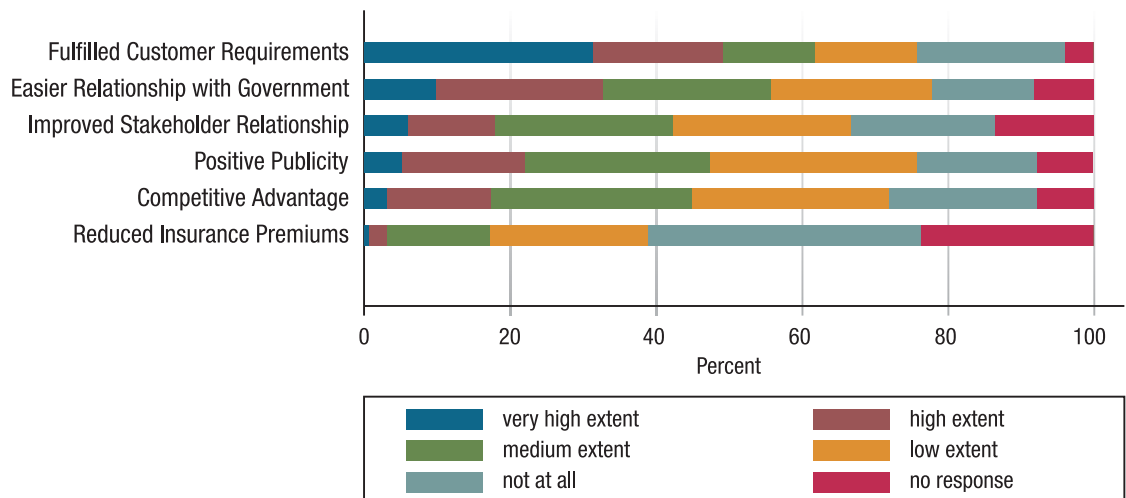
N = 180



Source: ISO 14001 Survey by the Wharton Risk Center, ANAB, and QSU

External Benefits of ISO 14001 Certification

N = 180



Source: ISO 14001 Survey by the Wharton Risk Center, ANAB, and QSU

late February. As of press time, some 412 respondents had visited a special web site that has been set up to collect data, but not all completed the survey instrument, which has taken some respondents as little as 15 minutes and others as long as 45 minutes.

Additional responses are still being collected and researchers also plan to begin contacting potential respondents by telephone in the near future to encourage additional certificate holders to participate. All but one of the

Big Ten Registrars for North America have cooperated in making client information available.

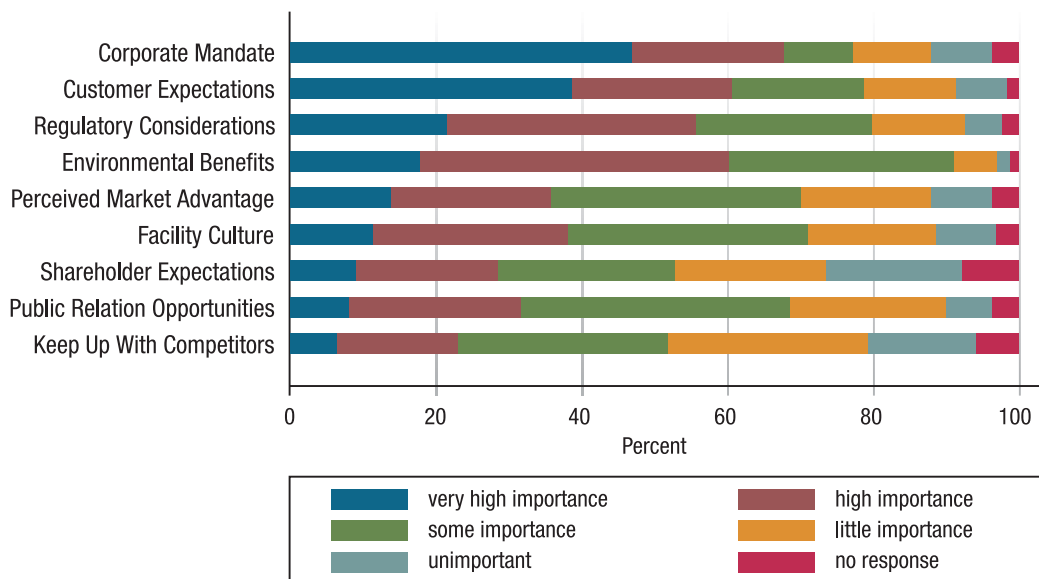
The fourth in a series of surveys conducted by QSUP and *Quality Systems Update (QSU)* since 1993, the current initiative is likely to result in a book and/or CD-ROM by the end of the year.

The present survey is the first to look specifically at ISO 14001, which was first published in September 1996 and revised in November 2004. In addition, the survey hopes to

(See **PRELIMINARY** on page 15)

Motivation for ISO 14001 Certification

N = 204



Source: ISO 14001 Survey by the Wharton Risk Center, ANAB, and QSU

Registration costs can vary widely depending on a number of variables, including whether companies use their system as a springboard for advanced quality practices, whether they incorporate audit findings into training and whether top management applies data to find solutions to problems.

capture data on RC14001, a sector-specific interpretation that combines ISO 14001 requirements with the chemical industry’s Responsible Care® program.

Positive Environmental Performance

Haitao Yin, a Wharton doctoral candidate, who has been culling through the responses, says that the early data shows a direct positive correlation between the environmental performance of certified facilities and the environmental aspects they target as part of their ISO 14001 implementation.

“If you really select one environmental aspect as your EMS goal, you really will do better on this aspect,” Yin observes.

Conversely, companies that do not tie a particular environmental aspect to an EMS goal do not report improvement in those areas merely from the presence of an environmental management system based on ISO 14001.

“To some extent you get what you put into your ISO 14001 certification program,” adds Paul Scicchitano, president and publisher of QSU Publishing. “Our survey confirms the importance of doing a thorough job up front in identifying environmental aspects and targeting them for improvement. This exercise, unlike any other, leads to the bottom-line sorts of benefits that organizations expect from their certification investment.”

Surprisingly, most respondents indicated that the cost of implementing ISO 14001 and becoming certified was \$50,000 or less while reporting roughly equivalent savings over the first two years. Consequently, many organizations are experiencing a two-year financial payback and some organizations may even be experiencing a one-year return.

Impressive Internal Gains

The internal gains, however, appear to be the most impressive findings, according to Yin.

“In terms of internal benefits it’s huge,” says Yin. “By doing ISO certification, the firm successfully raised up employee awareness, management awareness and management involvement in environmental affairs.”

Moreover, the internal benefits appear to extend further. “Our survey shows ISO certification successfully (See **PRELIMINARY** on page 16)

Preliminary

(Continued from page 15)

streamlines a facility's management system," he says. "This is a long-term thing. It's not only this year's benefit. It's next year's benefit and probably into the future."

As a group, ISO 14001 certificate holders also appear to be achieving a better relationship with regulatory agencies as a result of their implementations.

"They think of ISO 14001 certification as one way to show their environmental consciousness to the government," says Yin, adding that this was also one of the major reasons cited for attaining certification.

Barriers Not Significant

The main barrier to implementing ISO 14001 appears to be document maintenance, but no single barrier appeared to pose a significant obstacle for respondents, according to the preliminary findings. Similarly, companies reported no significant barriers in maintaining their certifications.

"It seemed like the people didn't feel there were significant barriers to maintaining certification," according to Schmeidler.

The last survey, released in the final days of 1999, found total average costs associated with ISO 9000 certification to be approximately \$156,000, down from \$187,000 in 1996 and \$245,200 at the time of the first survey in 1993.

Other Surveys

The first survey was conducted with Deloitte & Touche while *QSU* partnered with Dun and Bradstreet Information Services on the second survey and Plexus Corp. on the third. The last survey drew responses from 1,150 respondents representing nearly 4,000 certificate holders in the United States and Canada. The 1999 effort resulted in a 301-page survey analysis and CD-ROM published by McGraw-Hill (now published by *QSUP*).

Each of the previous surveys turned up both positive and negative findings with respect to quality management system certification. Registration costs can vary widely depending on a number of variables, including whether companies use their system as a springboard for advanced

quality practices, whether they incorporate audit findings into training and whether top management applies data to find solutions to problems.

The US accreditation body for management systems, ANAB, accredits certification bodies (CBs) for ISO 9001 quality management systems (QMS) and ISO 14001 environmental management systems (EMS) as well as a number of industry-specific requirements. ANAB is a member of the International Accreditation Forum (IAF) and a signatory of the IAF multilateral cooperative arrangements (MLAs) for QMS and EMS programs.

Through the IAF MLAs and a Multilateral Cooperative Accreditation Arrangement, ANAB cooperates with other accreditation bodies around the world to provide value to its accredited certification bodies and their clients, ensuring that accredited certificates are recognized nationally and internationally. The global conformity assessment system ensures confidence and reduces risk for customers engaging in trade worldwide.

From its headquarters located near Washington, DC, *QSUP* publishes authoritative journals, books and software on management systems, including *Quality Systems Update (QSU)*, *Environmental Systems Update (ESU)*, *WhosRegistered.com Global* and *WhoIsTraining.com*.

Respondents of the ISO 14001 survey will receive a six-month complimentary subscription to *ESU*, the journal for ISO 14001 professionals. In addition, they may request a free copy of the book, *Ford and ISO 14001*, written by Tim O'Brien, then the Director of the Environmental Quality Office of the Ford Motor Company. Everyone who completes the survey will also be entered in a drawing to win a \$250 shopping certificate for use on Amazon.com.

"I'm pleased with the results to date," adds King. "I've enjoyed the partnership that we've had with *QSUP* and Wharton. It's allowed us to stay at arm's length from developing and conducting the survey." ■



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