

The benefits of the PAC Multilateral Recognition Arrangement (MLA) to Business

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This presentation covers

- The objectives of an MLA
- How does an MLA work?
- Who are our MLA partners?
- The **direct** benefits of an MLA to business
- The **indirect** benefits of an MLA to business
- Conclusions

The objectives of an MLA

- A **Multilateral** recognition **Arrangement** should
 - Enhance government, industry and consumer confidence in regional and world trade
 - Support emerging industries and technologies by providing accreditation to certification bodies in the fields of management systems, products or services, persons and other similar fields

How does an MLA work?

- Accreditation body (AB) members are only admitted to an MLA after a stringent evaluation by an expert peer evaluation team.
- Signatories are then subject to four yearly re-evaluations.

How does an MLA work?

- Each MLA is described by its scope:
 - PAC and the IAF have MLAs covering QMS, EMS and Product certification
 - PAC has also launched MLAs in FSMS & GHG
 - PAC is currently developing MLAs for the Certification of Persons and ISMS

Who are our MLA partners?

- The International Accreditation Forum (IAF) is the peak body recognised by regional groups.
- The IAF MLA includes a mechanism for mutual recognition by all signatories to regional MLAs:
 - The Pacific Accreditation Cooperation (PAC)
 - the European co-operation for Accreditation (EA), and
 - the InterAmerican Accreditation Cooperation (IAAC)

The direct benefits of an MLA to business

There have been numerous studies:

- Aug 2006 – JAS-ANZ funded the Australian Supply Chain Management Research Unit at Monash University to conduct a detailed QMS ISO 9001 study from 1300 JAS-ANZ accredited certifications.
- 326 (25%) of the 1300 questionnaires were returned.

The direct benefits of an MLA to business

- The Monash Study found that the top three reasons for seeking accredited certification to ISO 9001 were –
 - Enhance company image
 - Meet customer demands
 - Provide a foundation for continuous improvement

The direct benefits of an MLA to business

- The Monash study also found that the most significant benefits of ISO 9001 certification were derived from improved –
 - Process management
 - Customer relationships
 - People management
 - Product management

The direct benefits of an MLA to business

- The impact of ISO 9001 on organisational performance included improved –
 - Product performance
 - On-time delivery
 - Brand image
 - Product innovation
 - Sales, and
 - Cost effectiveness

The direct benefits of an MLA to business

- JAS-ANZ is also currently funding a research project by the School of Management & Marketing at the Deakin University to look at the benefits of accredited Environmental Management Systems (EMS) certification to ISO 14001.

The direct benefits of an MLA to business

- The research was conducted in two parts:
 1. Initial email survey sent to all JAS-ANZ accredited EMS certifications on the JAS-ANZ register in Australia, New Zealand and India; and
 2. Semi-structured interviews with a selection of respondents

The direct benefits of an MLA to business

- The Deakin study found that the top three reasons for adoption of accredited EMS certification were:
 - To improve corporate image (71%)
 - To identify areas for improvement (63%)
 - To comply with regulatory requirements (56%)

The direct benefits of an MLA to business

- The Deakin study also found the top three benefits achieved from EMS implementation were:
 - Compliance to legislation (64%)
 - Reduction in organisational risk (54%)
 - Fulfilling customer expectations (54%)

The direct benefits of an MLA to business

- The Deakin study also found that savings attributed to EMS implementation ranged from:
 - \$0 - \$5,000 (36%)
 - \$5,000 - \$20,000 (33%)
 - \$20,000 - \$100,000 (15%)

The direct benefits of an MLA to business

- 2012 – UNIDO, ISO, IAF & Norad conducted a comprehensive survey covering quality management system (QMS) development, certification, accreditation and economic benefits.
- *‘over one million organisations worldwide hold accredited third-party certifications to ISO 9001’.*

The direct benefits of an MLA to business

- *'There are considerable differences in the level and maturity of ISO 9001 implementation in the Asian region' but...*
- *'in general... Certified suppliers perform significantly better than non-certified suppliers'.*

The indirect benefits of an MLA to business

- The MLA offers member accreditation bodies the opportunity to build capacity in key areas.
- Numerous capacity building programs flow through to the certification body level and trickle down to industry.

The indirect benefits of an MLA to business

- A great deal of preparatory work is done **before** launching a new MLA.
- Most of this work is capacity building.
- This work doesn't stop when the MLA is launched

The indirect benefits of an MLA to business

- Participating in the MLA provide the opportunity for member economies to engage with priority industries to enhance performance.
- As the level of maturity of ISO 9001 implementation develops throughout the region, certified suppliers along each supply chain will collectively contribute to overall performance.

Conclusions

- MLAs create an opportunity for regional members to develop their capacity to respond to regulatory, industry and community needs in priority areas.
- The direct benefits are derived from improved individual organisational performance.
- The indirect benefits are derived from the capacity building and maturing market capability.

Conclusions

- As industry systems become more mature they also become more effective.
- This is not just a continuous improvement journey for industry,
- Accreditation bodies, certification bodies and scheme owners all have significant roles to play and must themselves be on a similar continuous improvement journey to remain relevant and effective.