THE CLAUSE COMPANION

A plain-language field guide to ISO 9001, IATF 16949 and the improvement engine behind them

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Qlause

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A Qlause field guide

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CHAPTER 1

The Binder on the Shelf

There is a binder in your plant right now that nobody has opened since the last audit. You know the one. It has the company logo on the spine, a revision table nobody fills in honestly, and a quality policy signed by a managing director who could not quote a line of it with a certificate on the table. Every certified factory I have ever walked into has this binder. The interesting question is not why it exists. The interesting question is why the plant runs anyway.

Because it does run. Orders ship. Complaints get fixed, mostly. Machines get maintained by the fitter who knows their moods, materials get checked by the receiving clerk who can spot a bad batch through the shrink-wrap, and when something goes badly wrong, the people who actually understand the process gather around a table and sort it out. There is a system running your plant. It is just not the one in the binder.

That is the open secret of manufacturing quality: most certified companies operate two systems. The real one — undocumented, personal, carried in the heads of your best people — and the audit one, which comes down off the shelf twice a year to be dusted, sampled and re-shelved. The real one makes the product. The audit one makes the certificate. And the gap between them is where every expensive quality failure you have ever had was quietly born.

Which plant do you run?

You can find out which kind of plant you run in an afternoon, without opening the binder once.

Walk to any workstation and ask the operator to show you how the job is done and where it is written down. In the two-system plant one of two things happens. Either the operator describes what he actually does and then points, a little apologetically, at a document that says something else; or he cannot produce the document at all, because the controlled copy lives on a server he has never had reason to log into. In the one-system plant he describes the job and the paper beside him says the same thing, because the paper was written from the job.

Then ask the managing director, without warning, for the three quality objectives and how they are doing this month. Fluent numbers, given in ordinary business language, mean the system reaches the top of the building. A reach for the folder, or a glance at the quality manager hovering in the doorway, means it does not.

Neither test takes ten minutes, and between them they tell you more about your quality system than a week of internal audits usually does. They are also close to what a good external auditor does on the first morning of a visit, which is the subject of Chapter 3.

The two-system tax

Running two systems costs more than most managers ever total up, because the costs never appear on one invoice.

You pay it when your best supervisor resigns and takes twenty years of undocumented judgement out the gate with her, and the night shift spends six months rediscovering what she simply knew. You pay it when the customer auditor asks an operator how he knows the torque setting

is right, and the operator — an excellent operator — gives an answer that contradicts the work instruction pinned above his station, because the instruction was written for the auditor, not for him. You pay it in the week before every audit, when the quality manager becomes an archaeologist, back-filling records that describe a plant that does not exist. And you pay it in the finding you eventually cannot talk your way out of, because two systems always drift apart, and one day an auditor stands in the exact spot where the gap is widest.

I want to be precise about whose fault this is, because the standard blame — lazy managers, box-ticking quality people — is wrong. The people running two systems are usually the hardest-working people in the building. The two-system plant is not a moral failure. It is what happens, reliably and predictably, when a company is handed a management standard and told it is paperwork.

Let me put a number on it, because the tax stays abstract until you total one bill. A mid-sized plant I knew lost its longest-serving incoming inspector to retirement, with no successor lined up, because everyone had assumed the system lived in the documents. It did not. The documents recorded that incoming material was inspected. They did not record the forty small judgements she made a day: which supplier's certificate could be taken on trust, which batch to open and physically check despite clean paperwork, which delivery simply looked wrong before she could say why. Within three months the plant had passed two out-of-spec deliveries into production, scrapped most of a shift's output, and spent a fortnight arguing with a supplier who kept pointing, correctly, at his own conforming certificate. None of it was logged under quality. It surfaced as scrap, as overtime, as a freight bill for replacement material, as a customer's cooling patience.

Added together, that quarter's hidden bill ran past what the plant spent on its entire quality department. The inspector had been the system. When she walked out the gate, the system walked with her, and the binder on the shelf did not so much as flinch.

There is also a cost that never reaches the ledger at all. The quality manager who spends the week before each audit back-filling records knows exactly what he is doing, and knows it is theatre, and a person cannot do that twice a year for long without it souring how he sees the whole enterprise. The operator told to work to a method he can see is worse than his own learns a lesson: the written word here is for visitors, not for us. Once learned, that lesson spreads, and it is corrosive, because a plant runs on people believing that what is written down is worth following. Teach them that some of it is fiction and you have not lost one instruction. You have devalued all of them. Part of the two-system tax is paid in money. The rest is paid in the slow conversion of your most conscientious people into cynics who have concluded, on good evidence, that the paperwork is a game.

How the second system is born

Nobody sets out to build two systems. It happens in small, reasonable steps, each of which made sense on the day.

A customer asks for a procedure, so you write one, and because the customer will read it you write it in the customer's language rather than the operator's. A consultant paid by the document recommends a form, and adding the form is easier than arguing about it. An auditor once raised an eyebrow at a gap, so a policy grew to cover it, and the policy outlived the auditor by a decade. Every addition is small. Every one is defensible. And every one nudges the paper a little further from the practice, because

the paper is being written for people who will read it rather than for people who do the work.

Meanwhile the real system is improving in the way the paper never does. Your best setter finds a better sequence and passes it to the next setter by standing beside him, not by revising a document. The receiving clerk learns which supplier to distrust and adjusts, with no form to show for it. The plant gets steadily better at making the product and no better at describing itself. Practice rises, paper hardens, and the two pull apart year on year until an auditor stands where the gap is widest and everyone acts surprised.

This is why the hardest-working plants are so often the worst offenders. A lazy plant's paper and practice are both mediocre, and mediocre things sit close together. A plant full of people who care improves its practice quickly and its paperwork never, which opens the widest gap of all. Effort, left unexamined, is not the cure for the two-system problem. It is the engine of it.

FIELD NOTE

A customer's auditor stopped at a packing station and asked the operator how she knew a seal was good. She explained her method without hesitation: she flexed each pouch, watched for the corner that lifted, and set those aside. It was a sound check, and a better one than the plant had written down. Then the auditor read the work instruction taped to the shelf above her head. It described something else entirely — a setting from a sealing machine two revisions out of date, which the operator had never run and could not have run. Two systems, a metre apart on one bench: the real one in her hands, the audit one over her head. The auditor, to his credit, wrote it up not against the operator but as a question for the plant to answer. Which of these two do you actually run?

The misreading

Somewhere between Geneva and your goods-in door, ISO 9001 got translated into a documentation exercise, and almost everything companies hate about it flows from that one mistranslation.

Read the standard cold — actually read it, which almost nobody selling you services has — and the striking thing is how little paperwork it demands. A handful of documents. A set of records that any competently run plant is keeping anyway. What the standard mostly asks for are decisions and behaviours: know your context and the people who matter to you; put leadership's fingerprints on quality; plan against risk instead of reacting to it; give people what they need to do the work; control the work itself; measure honestly; and when something breaks, fix the cause, not the symptom, and check the fix held.

That is not a filing system. That is a description of how a well-run factory operates — written, admittedly, in prose only a committee could love. Clauses 4 through 10 are a management loop: understand, lead, plan, support, operate, evaluate, improve, and around again. The famous Plan-Do-Check-Act cycle is in there, filed under clause numbers. When people tell me their plant runs fine and the QMS is just admin, I tell them what I will spend the rest of this book showing: the things your plant does well are the clauses working under an assumed name. The binder was never meant to be a second system. It was meant to be a mirror of the first, and a mirror is useful because it shows you things you cannot otherwise see.

People do not believe how little the standard demands until they count. The requirements of ISO 9001, as opposed to the guidance wrapped around them, run to only a couple of dozen pages, and a fair share of those cover scope and definitions. Strip out the repetition and the number of

documents the standard forces on you by name is surprisingly small. Everything else in your binder, you added. Some a customer demanded, some a consultant recommended for safety, and a great deal because at some point "we should probably write that down" hardened into a procedure nobody has opened since. The eighty-page manual was never the standard's idea. The standard asked something harder, which is exactly why the manual felt like the easier answer: it asked you to decide how the place is really run, and then to be able to show it.

What the one-system plant looks like

I have stood in plants where the binder and the shop floor are the same thing, and the experience is almost eerie. Ask the MD for the quality objectives and she gives you the same three numbers that are painted on the board at the end of Line 2, because they are the business's numbers — the QMS did not invent them, it adopted them. Ask an operator what happens when he finds a suspect part and he tells you, in his own words, exactly what the procedure says — not because he memorised the procedure but because the procedure was written down from what the best operators actually do. The audit takes two days, produces two useful observations, and nobody lost a weekend preparing, because there was nothing to prepare. The system on paper and the plant in motion are the same machine.

Let me take you into one, because they are rare enough to be worth the trip. I arrived at a small components plant braced for the usual pre-audit theatre and found none of it. A Tuesday was running as a Tuesday, because for this plant an audit was a Tuesday with a visitor and nothing more. The morning meeting lasted eleven minutes at a whiteboard beside the line, and it was plainly the same

meeting they held every day: yesterday's numbers, today's plan, three problems with a name written against each. Nobody had dressed it up for me. When I asked how they controlled a critical dimension, the supervisor did not reach for a document. He walked me to the machine, showed me the check, showed me the log the operator had filled in that morning in her own hand, and then showed me the two days that month the log had gone red and what they had changed each time. The record was not spotless. It was truthful, which is worth far more than spotless. A fortnight later their certification auditor found what I had found, because there was only one thing there to find. Two days, two observations worth acting on, no lost weekend, no back-filled record. The plant showed the auditor how it worked, and how it worked was good enough.

Here is the part that should annoy you: the one-system plant is *cheaper to run* than yours. Not cheaper than having no system — cheaper than running two. Every hour your people currently spend maintaining the parallel audit world is an hour of pure waste, spent buying findings. The one-system plant spends that hour running the business, and the certificate comes along for free, a by-product of how the place works — which is the only thing a certificate was ever supposed to be.

Getting there is not a documentation project. It is mostly a merging project: closing the gap between what you write and what you do — sometimes by changing the writing to match your genuinely better practice, sometimes by conceding the practice has been coasting and the discipline in the clause exists because plants without it hurt people and ship rubbish. Deciding which is which, clause by clause, is the real work of a quality system. It is also, chapter by chapter, the work of this book.

How this book works

Part I — these first three chapters — makes the argument: the standard is an operating system, the audit is an instrument reading, and both have been misread into rituals. Part II is the field guide, and it is built to be raided, not recited. Its chapters mirror the standard's own numbering — Chapter 5 here is clause 5 there — and every clause gets the same six honest treatments: what it is about, what it is really asking, what auditors look for, what evidence satisfies, how to make it work in a real plant, and where companies stumble. Automotive suppliers will find the IATF 16949 extras marked in red bars throughout. Part III is the engine room: the daily meeting cadence, the discipline that finds the one machine whose output is the whole plant's output, the problem-solving that makes fixes permanent, the charts that let a process talk to you, and the unglamorous habits that keep improvement alive after the kick-off posters fade. It exists because clauses 9 and 10 are only theory until something on the floor turns them.

One warning before we start. Nothing in this book will help you run the binder-world better. If what you want is a smoother audit for the plant you already have, there are consultants who will happily sell you thicker paper. This book has a different aim: one plant, one system, described honestly on paper because it is worth describing — with a certificate that means what it says.

You already own the operating system. It came with the certificate. Let's learn to run it.

CARRY THIS

• Most certified plants run two systems: the real one and the audit one. The gap between them is where failures breed.

• ISO 9001 is a management loop misread as paperwork — your plant's strengths are clauses working under an assumed name.

• The goal is not better documents. It is one system: the plant and the paper describing the same machine.

8.7 Control of nonconforming outputs

WHAT THIS CLAUSE IS ABOUT

Bad product must not travel: identify it, control it, decide its fate deliberately, verify the corrections, and record what was found, what was done, and who decided.

WHAT THE STANDARD IS REALLY ASKING

Physical control first: nonconforming output identified and controlled so unintended use or delivery is prevented — the quarantine that actually quarantines. Then deliberate disposition from the menu the standard offers: correct it, segregate it, contain it, return it, suspend supply, inform the customer, or use it under concession with proper authorisation. Whatever was corrected gets re-verified against the original criteria — rework that skips re-inspection is just optimistic scrap. And the record captures the nonconformity, the actions, any concessions, and the authority who decided — because disposition is a decision, and decisions have names.

WHAT AUDITORS LOOK FOR

The quarantine area first, always: controlled access, everything tagged, the log matching the contents — the cage that cannot pass its own stocktake fails the clause at a glance. Then sampled NCRs: disposition authority defined and honoured, re-verification after rework, concessions properly authorised, customers informed where delivery was touched.

EVIDENCE THAT SATISFIES

Quarantine controls and log; NCRs with dispositions and named authority; re-verification records; concession documents.

MAKING IT WORK IN PRACTICE

Physical discipline first, paperwork second: one quarantine area, controlled access, everything tagged and logged, and a hard rule that nothing leaves without a disposition signature from a named role. Make the rework form enforce re-inspection against the original criteria before stock can move. And watch the quiet failure mode: quarantine overflow migrating to "temporary" floor locations, which is how suspect product ends up sharing a lane with despatch. This clause hands its unfinished business to clause 10 — containment answers today; corrective action answers why, and Chapter 10 takes it from here.

WHERE COMPANIES STUMBLE

Quarantine by intention rather than by lock; dispositions made by whoever was nearest; rework without re-inspection; the concession that became a standing arrangement; and the customer told late, or told nothing.

IATF 16949 — 8.7.1.1/8.7.1.2 CONCESSIONS AND CUSTOMER PROCESSES · 8.7.1.6/8.7.1.7 CUSTOMER NOTIFICATION *(AUTOMOTIVE CERTIFICATION ONLY)*

WHAT THIS CLAUSE IS ABOUT. Deviating from specification requires the customer's written authorisation before further processing, with the deviation bounded by quantity and expiry — and the customer must be notified promptly whenever nonconforming product may have shipped.

WHAT THE STANDARD IS REALLY ASKING. That a concession is a bounded exception, not a standing arrangement: authorisation obtained *before* the product moves on, records showing the authorised quantity and the expiry date, and compliance with any customer-specified process for requesting it. And that when suspect or nonconforming product has left your premises, the customer hears it from you, quickly, rather than discovering it themselves — which is a commercial reflex as much as a compliance one.

WHAT AUDITORS LOOK FOR. Concession records with the customer's written authorisation attached, and the quantity and expiry actually respected rather than exceeded. Then the notification trail on any recent escape: when

you knew, when they were told, and what the gap between those two was.

EVIDENCE THAT SATISFIES. Customer concession or deviation approvals with quantities and expiry dates; records of product shipped under concession; customer notification records with timing; evidence of compliance with customer-specified nonconformance processes.

MAKING IT WORK IN PRACTICE. Log concessions with their expiry in the same place you track open problems, so an expiring authorisation surfaces before it lapses rather than after. And define the notification rule in advance — who calls, how fast, with what containment plan in hand — because the decision quality on a bad morning is entirely a function of the decision made on a calm one.

WHERE COMPANIES STUMBLE. Concessions renewed informally past their quantity; product shipped under an expired deviation; notification delayed while the plant establishes certainty the customer would rather have helped establish; and internal concessions granted for characteristics the customer owns.

IATF 16949 — 8.7.1.3 SUSPECT PRODUCT · 8.7.1.4 REWORK · 8.7.1.5 REPAIR *(AUTOMOTIVE CERTIFICATION ONLY)*

WHAT THIS CLAUSE IS ABOUT. Suspect product is treated as nonconforming until proven otherwise, and both rework and repair run on risk-assessed, documented processes with traceability and disposition records.

WHAT THE STANDARD IS REALLY ASKING. The suspect rule removes a category plants rely on more than they admit: "probably fine". If its status is unknown, it is nonconforming until evidence says otherwise. On the other two, the distinction matters and drives the requirement — **rework** returns product to full specification; **repair** makes product usable without fully conforming, which is why repair leans harder on the customer's written agreement and on records of what was accepted. Both need a documented process, risk analysis (FMEA-style) before use, customer approval where required, and traceability of every part that went through them.

WHAT AUDITORS LOOK FOR. Suspect stock physically identified and controlled, not merely intended to be. Rework instructions with re-inspection defined against the original criteria. Repair processes with the customer's

approval on file. And traceability: can you identify which parts were reworked or repaired, after the fact?

EVIDENCE THAT SATISFIES. Documented rework and repair processes with risk analyses; customer approvals where required; work instructions with re-verification steps; disposition records; traceability records identifying reworked and repaired product.

MAKING IT WORK IN PRACTICE. Give reworked product its own identity through the process, so it can be traced later — the day a field issue turns out to correlate with reworked units is the day this record pays for every hour it cost. And write the rework instruction to enforce re-inspection against the original acceptance criteria rather than against "looks right now".

WHERE COMPANIES STUMBLE. Suspect product parked in a lane and forgotten; rework performed to an undocumented method by experienced people; repaired product shipped without customer agreement; and reworked units losing their identity the moment they rejoin normal stock.

FIELD NOTE

Saturday, 01:40, a plant running weekend overtime to catch a backlog. The quarantine cage had overflowed on Thursday — a suspect batch of housings, tagged and logged — and the surplus pallet stood in a "temporary" spot that happened to be the end of the despatch lane. The forklift driver loading the 02:00 truck stopped with the pallet on his forks and asked the only question that mattered: "This one too?" The tag had gone missing somewhere in the double-handling. One question, one radio call, one very quiet supervisor later, the pallet went back — and on Monday the plant repainted the quarantine area twice its size, moved it away from despatch entirely, and added tag-checks to the loading checklist. The customer never knew, which is the point: the system's last line of defence turned out to be a man on a forklift who felt entitled to ask. Every control in this chapter exists so he never has to be.