

# What? Your Auditor Never Told You!

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# HELLO

- Let's hope an audit does not start with the two biggest lies where the:
  - Auditor says; "I am from headquarters – I am here to help you"
  - You say; "I am glad your are here"
  
- How many of you are now, or have ever been, an auditor?
  
- How many just want to know what auditors REALLY think?
  
- I try not to be a talking projector head (forgive me if I do)
  - You can read a lot faster than I can talk (are you done yet?)
  - I can talk fast so; use your fast listening skills (just like in an audit)
  - I am going to wander a bit and throw in stories (I have literally hundreds)
  
- The slides are in no particular order (like some organizations I've audited)
  
- Today time is going to limit answering all your questions – but I will try
  
- SO... let's begin

## It IS about the quality policy:

- Auditees know the vacation and sick leave policy
  
- Auditees know the ATF policies (Alcohol, Tobacco and, Firearms)
  
- So: tell me the quality policy
  - In your own words
  - Without opening the quality manual
  - Without reading the banner (you know what Deming said about banners and slogans)
  
- Without a policy everyone knows (in their own words) I know quality is not a focus item
  
- By The Way – what is the S.M.A.R.T. goal for quality

## Quality defined as effectiveness and efficiency:

- ❑ Effective means your customers were happy yesterday – what about tomorrow?
  
- ❑ How long is that going to last without a QMS (Quality Management System)
  - Directed by: you guessed it - - the Quality Policy
  
- ❑ Efficiency means you will have enough profit to afford to be here tomorrow
  - Resource reinvestment: Facility, Tools, and Personnel
  - Many folks easily tell me what they spent last year on facility and tools
  - Only about 2% have any idea what they spent on personnel re-investment

# What is a Quality Management System?

**Q** = What the customer wants (VOC)

- Do you ever really know?
- Or can your customer clearly tell you?
- How do you know? (no news is good news)

**M** = Equals the org chart (If so we have a problem) - It is about how is responsible!

**S** = Interrelationship of what happens here

- Not just what - but how
- Is the system learning and growing?

➤ **P – D – C – A** Is the basis for every system (my opinion)

- Do they have any plans?
- Are working the plan?
- Show you how you check plan effectiveness? (data Vs. opinion)
- What are they doing now? - - (quality goal with a documented CIA)

## Every system / organization uses resources:

- ❑ I can buy a facility (always there)
  
- ❑ I can buy the latest tools (eventually they will wear out but: not for awhile)
  - A poor craftsmen blames his tools - sometimes that is right (wrong tools)
  
- ❑ The most valuable resource can leave at anytime:
  - Are they coming back after break? Tomorrow? After pay day?
  
- ❑ A system doesn't change UNLESS management makes, or lets, a change happen
  - Management action (invest time / money – what was the quality goal?)
    - Why does management think their time is more valuable?
    - Why does management let the CFO make decisions that impact quality?
  
- ❑ Management lack of action will always change the system (Entropy / Decay)

## Let's start with the quality / business manual:

- ❑ It is YOUR manual
  - Is it alive and well? - If not your business has stagnated
  - When did it last change?
  - Why did it get changed?
  
- ❑ It is NOT my manual
  - Don't dump it on the conference room table for me to read and try to understand in a couple hours / days
  - I only need to know that you have it, follow it and... love it?
  
- ❑ I will listen to your stories
  - If it is short: 3 - 5 minutes at most
  - Then I will move on

## What's the purpose of an audit:?

- So you can hang a certificate on the wall?
- To verify and / or validate you follow a standard (pure malicious compliance?)
- To provide customers with an error free (yeah sure) product / service they want (really?) at a price they can afford (yes; they all whine about price)
- To verify you have a management system (P – D – C – A)
- LEARN & GROW
- If you just did your internal audit just last week
  - If you say you did not have any findings - “was it really an audit or a fire drill”
  - I will look at managements plans (CIA's – looking for names and dates)



## We've been so busy:

- ❑ Congratulations for coming out of the great recession
  
- ❑ If you tell me that you have been “Too Busy to keep up with record keeping”
  - I want to ask “What have you been too busy doing?”
    - Fixing problems
    - Answering customer complaints
    - Tracking down late shipments from bad suppliers
    - Telling employees, one more time, “the correct way” to do things
    - Scolding employees (Putting “On Notice” is not CIA)
  
  - I will probably just be polite and say: ““Does that mean you have been too busy to deliver a quality product on time to your customer?””
    - Then give you two minutes to try and explain – perhaps I write another CAR

## Please go easy during this audit:

- If you ask me to “Go Easy” on this audit
  - I really really want to know why
  - What is your definition of easy (Remember: findings are findings)
  
- If I were to go easy on you now -- it will only be harder for you later  
(if you are still in business)
  
- The reason for an audit is to find what needs to be fixed

AND

- For YOU to focus on improving YOUR system!
  - Don't you want to improve?
  - Don't you want to lower your risks?
  - Don't you want to be competitive?
  
- If you want me to go easy so you can keep your job – sorry about that  
(This is a process audit not a people audit)

## Lot's of changes:

- ❑ When I arrive and find major changes (address, management team, whatever)
  - And you didn't tell me before I arrived - I might understand - I might not
  - I might wonder what you are hiding  
(I may use a magnifying glass to give you a 'good finding')
  - If the changes were all managers – I kind of already know what is going on
  
- ❑ If the changes were in the manual then:
  - Did you do some last minute fire drill to try and get compliant?
  - Did you hire a new consultant because past audits were a mess?
  
- ❑ When you tell me “We just changed that”
  - Why? effectiveness – I ask for documentation, why and how you made the change, who was responsible, how are you measuring effectiveness, etc. etc.
  
  - YES; I will audit to the 'brand new' changes and compare to the QMS (finding?)

## You say / I hear during an audit:

- If you say - "Well .... To tell you the truth"
- I will ask you - "Have you been lying to me up to this point?"
  
- If you document one thing in the quality manual and you do something else
- I hear you are lying to yourself?
  
- When you say: - "I can explain that"
- What I hear is - "I have an excuse for that."

## Auditors are human too:

- We have a problems just like you
- We do have a sense of humor
  - It's wonderful to have a some fun during the audit (it's not an inquisition)
  - We like a good, clean, non-ethic, mixed company joke
  - We can laugh at ourselves — but prefer you don't laugh at us (at least out loud)
- There are good and bad auditors – we know that (please no whining about the past)
- We drink: coffee, tea, soda and, water – Not while on duty (P.S. where's the bathroom?)
- We need lunch – did you plan for that? (special needs)
- Auditors are a guests - please treat them as such  
(Guests and auditors are best when they leave within 3 days)
- Please don't take it out on us when we YOU have 'Findings' (Don't shoot the messenger)
- I will treat you with respect – I would like the same please

## What are you being audited too?:

- ❑ Let's start with some kind of Standard and your System
  
- ❑ Then I wander through your business and audit to the house of DIOR and PDCA
  - **D** ocumentation: the quality manual and anything written (including post-it notes)
  - **I** nterviews: I am going to believe three people instead of your manual
  - **O** bservations: I am looking and watching even if I don't tell you (right away)
  - **R** ecords: what are you going to show judge Judy as proof?
  
- ❑ I think that covers the requirements but: I am auditing your business
  - Does your business work?
  - For your customer? (effective)
  - For stakeholders? (efficiency)
  
- ❑ When I audit I am always thinking about P – D – C – A (is the system working?)

## I am an auditor:

- Not an inspector – I am not here to approve your product / service
- Not a consultant – I take pictures of today - not tell you how good it will look later
- I don't care if management has deep pockets and short arms
- You tell management - I am not going to feed your monkey
- I am here to review your system of processes
  - I want to hear it from your mouth – not your consultants mouth
  - I want to hear it from more than one person
  - Then show me that processes are owned by management

## Why a guide?

- ❑ Safety, who, where, where and, probably not why
  
- ❑ I need an interpreter – I talk ‘auditor’ and you talk ‘auditee’ – I only speak American
  - If it takes four paragraphs to translate my question  
AND
  - One paragraph to answer – I wonder
  
  - If it takes one paragraph to ask my question  
AND
  - I get a four paragraph answer – I wonder who is really answering (guide or auditee)
  
  - Mostly I wonder; "how in the heck do they every get any work done around here when they take so long to communicate with each other?"
  
  - I will ask how processes / procedures are documented AND who translates
  
  - If the auditee doesn't understand my question but; understands my joke - Hmm



## I do not know:

- Phil, Sue, Ralph and, Jane – I just got here
  - I don't know who does what – please explain
  - An org chart is titles and chains of command – I audit processes
  - Please use job roles and responsibilities with names attached
  
- Where I am going - that is why I need a guide
  
- The acronyms of your business (I know that TLA's are just BAU and SNAFU's happen)
  
- I have CRS (Can't Remember Stuff) so please remind me when I get that look on my face

## Not everything is critical:

- The standard only provides a path to compliance
  - I am a heretic – I focus on your business first
  - However: if you don't comply you don't get the certificate (until you do)
  
- What is critical for this business – at this point in time – for customers – for survival
  
- What has management deemed critical? Now and for later? – Show me!
  
- This was a random audit so maybe something was skimmed over
  
- Auditor judgment does end up playing a role in the final audit report

## The audit report:

- ❑ It is a snapshot taken at a given point in time
- ❑ It is not a proclamation of the entire business story (tip of an iceberg)
- ❑ If you get a “Strength” don’t take your eyes off the ball
- ❑ If you get an OFI (Opportunity For Improvement) listen up the auditor is trying to help
- ❑ If you get a CAR do not
  - Cry, Whine, Groan, Roll your Eyes
  - Verify it, fix it, then validate the fix
- ❑ If you “bombed the audit”
  - pick yourself up and move on down the road
  - OR
  - Go out of business – it’s your choice
  - I don’t care – when I hand in my report I am done – you are not

## Audit report and the Closing meeting:

- Is a system level report -- I write about your business system of processes
- Is NOT a report about particular people
  - That is what your 'guide' is for – they work for you -- ask them
- I hope you took your own notes during the audit (no everything I say is in the report)
  - They will mean more to you that way
  - It will make the audit report easier to understand
  - Get you started on **Continual Improvement Actions** faster
- The number of findings will not change – the verbiage and spelling will get better
- I'm leaving the **Corrective Action Requests (CARs)** with you today
  - Start working them now
  - They are due in 30 days
  - If you don't do anything with them you **WILL** lose your certification
- We will follow up on the report – just like I followed up on the previous reports
- The audit report is a quality record for judge Judy to read at your trial

## Root Cause Analysis – RCA:

- ❑ It is YOUR job - NOT mine
  
- ❑ If I can guide you to a possible Root Cause Analysis
  - I might
  - But I am not here for that
  - I really don't have time for that
  - Besides: if I told you how to fix something I would be consulting not auditing  
(P.S. consultants charge more and stay longer – your choice)
  
- You NEED to learn how to do RCA and CIA – or you are going out of business

## Pass / Fail an audit:

- If you ask me “Did I pass the audit?” I will ask you; “Did you tell me the truth?”
  
- Listen to the auditor
  - Read, digest, meditate and, then act upon the audit report
  
- What is your definition of Pass and Fail?
  - CARs?
  - OFI’s
  - Know your ranking in relationship to competitors (sorry Code of Ethics conflict)
  
- Audits are NOT about Pass or Fail
  - It is just a snapshot of the current timeframe AND what you do about it
  
- I don’t care if your “Pass” or “Fail” it is your business not mine
  - I Want your business to succeed – do you? (if not I WILL NOT come back)

## Remember - I am not here to manage your business:

- ❑ Well sort of – per the standard
  
- ❑ However: what is in your QMS should be how you run your business – if not then:
  - You need to pry it open, change it, document it and, teach everyone
  - Everyone should know and understand their roles & responsibilities on the processes
  
- ❑ I was here to audit - not manage your business
  
- ❑ If you want me to manage – “Show Me The Money” (remember consultants get paid more)
  
- ❑ Let me tell you where to spend your money (nobody likes somebody else's fingers in their wallet)

## Everything is a CIA:

### ❑ Continual / Cost / Customer / Corrective Improvement Action

- Where do you spend 80% of your time? - - If doing correction you are going out of business you just don't know it
- **P**lan = Do a thorough RCA, assign a champion with a target date
- **D**o = Change something
- **C**heck = Verify & Validate then report to management
- **A**ct = Update the quality goal – by being S.M.A.R.T.



## Escalate / Appeal the audit report:

- YES: You can escalate / appeal my findings
  - Here is a copy of the process (please follow it precisely for quality results)
  
- What evidence to you want to show me now? -- That you did not produce during the audit!
  - None? - Then: what are you appealing?
  
- As an internal auditor: (1<sup>st</sup> party)
  - I follow a code of ethics but if you try to punish me when I return to my daily duties I will invoke the whistle-blower law
  
- As your Customer: (2<sup>nd</sup> party)
  - Remember who holds the check-book
  
- As your External Auditor: (3<sup>rd</sup> party)
  - I wish you luck
    - I follow a process
    - I do a pretty good job of documenting what you didn't do

## No more lying during an audit:

- ❑ Grandma was right
  - Winners never lie
  - Liars never win
  - Lying to yourself means you will never get better
  - Lying to the auditor rarely, if ever, works

**I am not really from headquarters**

**I hope this helped provide some insight**

## This Presentation:

- My opinion and not those of the management of this organization (disclaimer)
  
- Based on facts – not fiction
  - If you can not tell the difference then it **MUST** be a fact
  
- I will happily provide you a copy if you so desire – leave me a business card
  
- If you don't have a business card put your Email on a \$20.00 bill
  
- For an additional \$20.00 you can take my name off the front page and simple say “I heard it somewhere – I don't remember where