



# NEWSLETTER JULY 2018

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Dear reader, please take 5' of your time. It is worth ...

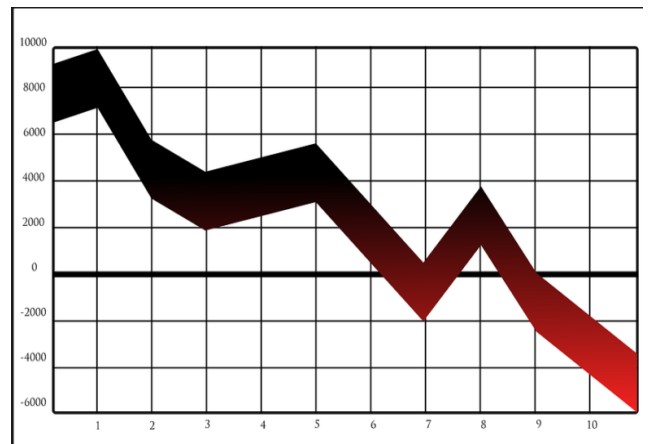
## 1 Strategy change of the European railway operators

from Andreas Heinzmann

This time I will start with a quote from Reto U. Schneider from the editorial board of "NZZ Folio":

**«Standards are stronger than laws: those who disregard them will be punished by the market».**

In May 2006, I presented the IRIS standard to the railway industry at the UNIFE General Assembly in Geneva. That was the birth. It took 12 years for rail operators to **actively** support this standard. Gordon Falk - **DB** Chief Procurement Officer of rail vehicles - in an interview "Participation in the competition for DB awards requires the certification to a new quality standard from 2019. ... From 01/01/2019 the DB Group accepts only certified companies in accordance with the new standard IRIS Rev. 03 to participate in the competition." Source: [ETR / January-February 2018](#). Dietmar Gessner from the Swiss **SBB** - Head of Fleet Procurement & Strategic Purchasing has also made clear statements. He mentioned at an information event, organized by the SwissRail, on June 25<sup>th</sup> 2018: *SBB recognizes IRIS certificates; this norm will form part of the supplier evaluation and approval and becomes a pre-condition for the tender and offer selection processes; and SBB will actively participate in the International Rail Quality Council (IRQB).*



At the InnoTrans in September it will be officially announced on the occasion of the launch of the IRQB (= Consortium of the worldwide rail industry + the members of the Railway Operator Quality Council: SBB, DB, NS, SNCF, SNCB, FMB, RZD ...). This means that rail operators are now discovering the benefits of the rail standard and embed IRIS Certification as an integral part of their supplier management systems.

In the future, there will be a mutual recognition, and in some cases even a cross acceptance of supplier audit results. In Russia, China and India, the railway operators go in the same direction of recognizing and demanding IRIS Certificates.

However, it needed the transition to an ISO pre-norm. This move from an industry initiative to an ISO/TS 22163 standard, recognized worldwide in the railway industry, was right and necessary. Whether this will last forever depends primarily on how the worldwide ISO committees will further develop the requirements to an ISO 22163 over the next 3 years. They could either support the goals of better product safety and quality, or seek the lowest common denominator, thereby mitigating requirements. What can happen was seen in case of ISO/TS 16949 ... today it is an IATF 16949 (back in hands of the International Automotive Task Force). Hence, it is good that the certification rules and IRIS assessment sheet remain firmly in the hands of the rail sector (future IRQB).

But what does this mean for your business?

**The IRIS certificate becomes an admission ticket for the railway business.**

If one wants to stay in the market, one should make a strategic decision as soon as possible and invest in more prevention (risk management) to meet the IRIS requirements. However, an existing certificate will not play a major role in the direct comparison of offers. Usually, also in future, the one with the best price/performance ratio will win the award. The IRIS certificate becomes a basic prerequisite to enter or to stay in the rail business. This applies primarily to



companies with direct contractual relationships to operators, e.g. to System integrators or to spare part suppliers. But it could also reach companies at lower tiers along the supply chain as soon as one is ranked as a key supplier from its customer's point of view. So far, the operators have not specifically stated whether the claim affects all or only some selected strategically important suppliers yet. I'm guess on the latter. Now we must wait until the railway operators have defined their target groups.

And that's probably not the end yet. It could be exciting again, if the European Parliament decided to refer in the TSIs (technical specification interoperability) to the IRIS standard as a prerequisite for product approval. In that case, IRIS would get additional a legal character in Europe.

**Conclusion:** Anyone who had hoped that the IRIS would eventually disappear from the market, is now looking bitterly disappointed. Worldwide, the train with industry-specific quality standards in its luggage can no longer be stopped. Now you can complain about it for a while, but it would be better if you would try very pragmatically to make something useful for your company out of it (see topic 3).

## 2 Help to help yourself – our seminar calendar in the 2<sup>nd</sup> half 2018

Not every company has larger budgets for consulting or would like to take things into their own hands. Nothing speaks against it, if sufficient resources are available. Missing skills can be built up through good training. And for this purpose, we are there for you! If you want to place your trust in our IRIS Academy, we will not disappoint you. We measure customer satisfaction at the end of each seminar and are on average at 95,8%. True to our motto "only the best for the best of the railway industry", we have sought and found the best teachers for our seminars.

The plan covers the English language seminars only (offers in Chinese and German languages are separated). To list here all the training details would go a too far. Please follow the links (please click on a particular seminar or on the seminar description) to find more details. We do not shy away from comparing our offers with others. Therefore, we give you openly and fairly all the figures, data and figures that you need for a fact-based decision.

	August	September	November	EN-Description
<b>certified Internal IRIS Auditor (5-days IRIS Basics)</b>	EN 30.7-3.8 Boston CRRC-inhouse	EN 10 - 14 Berlin C169	EN 12 - 16 New York C174	This seminar explains all mandatory and optional requirements of TS 22163 as well as the Certification Rules:05/2017 + auditor behavior rules ... <a href="#">please read more</a>
<b>certified RAM / LCC Manager (4-days)</b>			missed in 1st half 2018? next will be in 2019	The course provides application notes, information about execution of RAM/LCC-requirements in acc. with the EN 50126, FRACAS and much more. ... <a href="#">please read more</a>
<b>certified IRIS Projekt Manager (4-days)</b>			missed in 1st half 2018? next will be in 2019	The course contents are designed in accordance with iapm-guide2.0 and deepen all the requirements of ISO/TS 22163 regarding Project Management ... <a href="#">please read more</a>
<b>certified Supplier Performance Manager (4-days)</b>			missed in 1st half 2018? next will be in 2019	This new seminar provides all the supplier QA - and supplier performance management methods and tools that you can use immediately ... <a href="#">please read more</a>

for registration please go to <https://www.cc-rail.info/en/academy/>

Certainly, there are also cheaper and/or shorter offers. These providers will surely not have invested 600 hours in the development of their training packages and are not able to provide so much detailed information on practical examples and implementation proposals. Each hour of our training session saves you a lot of time during the introduction of your learnings.

**Preview:** The IRIS Group is expected to publish the requirements for the SILVER level at InnoTrans in September. We have already started to prepare a workshop which is aimed to help your implementation of the higher requirements. This workshop builds on the basic course (internal IRIS auditor). We urgently recommend visiting this seminar prior to the workshop, because without the right fundament and with a lack of necessary information you could get in trouble during the construction of the "upper floors". Appointments for workshops are expected to be announced with the next newsletter in September.

### 3 *Stop the bleeding!*

*from Andreas Heinzmann*



Can a quality standard help to improve a company's financial performance? **Yes, it can!**

Certifications are often seen as a necessary evil. Often one hears: "The quality manager should take care of the ISO certifications and the management system alone ... We are under the gun due to too tight schedules and too high cost

pressures to allow only a few resources to maintain our management system...; we wait with the introduction of the ISO/TS 22163-requirements until customers ask for ..." Still today, it seems sometimes that QULITY is an island, disconnected from the (operational) rest of the organization. In other cases, they are very operational, but only good for firefighting (corrective).

**Only few companies recognize the opportunity.** It is not just about the certificate on the wall! Properly understood, the ISO/TS 22163 (IRIS) standard serves primarily...

- to strengthen the management and leadership of the CEO and all process owners,
- to create a simple structure for the business processes, in particular to provide clarity at the interfaces and to motivate employees to adhere to well-organized meaningful business processes,
- to continuously optimize the business model and streamline processes significantly; if necessary, not to shy away from restructuring the business processes, starting with a simple and easy-to-understand process landscape,
- to create user-friendly documentation; sometimes also to eliminate the existing bureaucracy and excessive complexity; **KISS** - keep it simple and short!
- But above all, to increase the efficiency of daily operations and to improve the company's financial results by reducing the costs of poor quality, mainly due to poor management or due to poor design outputs, and thus **stopping the bleeding!** (see following special topic: QDC).

If one understands the IRIS requirements correctly, one will quickly realize that it is not about half-hearted solutions to satisfy the auditors. Your own benefit should always be a prime target. Then one understands that the old silo-mentality must be disposed, to provide room for more customer orientation and team work of all stakeholder involved. The IRIS certificate only marks the goals at annually recurring milestones. If the standard was correctly implemented, after years, a cultural change will lead to a true culture of quality.

Those companies that recognized this are playing in the Champions League. They are also willing to invest a decent amount in the best coaches because they know that success will pay off. All others will continue climbing up and down within their league and complaining about cost and time pressure, "daily firefighting" and major margin losses, without ever getting back their investment in in the IRIS certificate.



Qualify your company for the Champions League!

## ***4. special topic: Quality Deficiency Cost (QDC)***

We already had the 1<sup>st</sup> special topic "Risk and Opportunity Management" in our last newsletter in June 2018. Now the "QDC" fits in well, as it is the measure to evaluate the effectiveness of the risk management (QDC = cost of incurred/materialized risks; low QDC = good effectiveness, and vice versa). Unfortunately, thinking about this KPI, often it comes the considerable effort in mind first, and it underestimates the benefits by far. It is just the opposite. Properly introduced, its benefit exceeds its effort by several orders of magnitude. The referenced presentation ([link for download](#)) will explain this in more details. Dealing with this KPI isn't a matter of blaming others, but about transparency in losses and supporting a failure-culture that allows open discussions about the best problem solving. Everyone will realize quickly that we are not talking about peanuts. And the language of money provides the most compelling arguments for improvements. Although, it isn't a KPI for "everybodys darling", since QDC does not open the hearts, but the more the ears.

However, beware! In my opinion, the IRIS working group made a number of flaws in the IRIS Assessment Sheet, leading to significant discrepancies. The definition of the KPI can be found in TS 22163 under §3.1.34: "additional costs resulting from nonconforming products (or services), processes or equipment". In section 9.1. 1.1 m) it is required as a mandatory KPI. Hence, there shouldn't be any doubt that all resulting costs (labor hours, material costs, other direct costs) due to incorrect tender or project management, development results, purchasing- or production- & commissioning results shall be mandatory included in a QDC analysis. The data for the KPI are usefully captured in the technical change process (§8.3.6), in the project change process (8.1.3.1-2 in conjunction with 8.1.5, applicable to changes in scope of the project, schedule 8.1.3.3-3 or cost/budget 8.1.3.4-2) as well as in the process of controlling nonconforming outputs (§ 8.7.1-1, applicable to production, commissioning, warranty service). This is so not reflected in the Assessment Sheet. The requirements have been set either incorrectly to the optional level "qualified" (see 8.7.1-1) or completely omitted (see §8.1.3, §8.1.5, §8.3.6). This weakens the requirements considerably. If you strictly adhere to what the working group calls for in the Assessment

Sheet when implementing the QDC, you would get a KPI that would cover only a small share of the total QDC. Then one would only analyze the consequential costs of failure resulting from nonconforming production processes. But that is where you often already have the greatest transparency and focus anyway. Unfortunately, this part represents on average only 15% of the losses. The greatest potential therefore remains unaffected in the tender process, development process, procurement process and project management. And that really would not be worth the effort! Make it better! Stick to the full scope of the QDC definition (in the interest of your company). This is the only way to gain all the benefits of this valuable KPI!

## 5. We also implement!

INTERNATIONAL  
COMPETENCE

CENTER RAIL GmbH is a small Swiss consulting company that specializes on topics around the IRIS certification. Today, it is the undisputed leader in this niche segment



*Andreas Heinzmann: is a founder of the IRIS system and was the first president of the IRIS Group. Under his leadership, the certification system has been developed. Hence, he has been and still is a major contributor to all previous revisions of the IRIS standard. Among other things, he was also a member of the five-member team of experts, which has worked out the draft of the new ISO/TS 22163 standard. He provides you first-hand information that hardly anyone else could deliver.*

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worldwide, customer-oriented, efficient and knowledgeable in all areas of the IRIS standard. Our training and consulting services complement the portfolio of the IRIS Group with two very important building blocks.

Good advice need not cost the earth. However, what is often expensive is the lack of the right competence in your own ranks and the resulting long search for solutions. We enable in particular small and medium-sized enterprises to gain access to specialized knowledge in the field of IRIS Certification, thereby helping them reach their goals in the most optimal and cost-effective manner and without any detour.

Our customers are global leader in their business segments. Not only System Integrators such as CRR, Bombardier, Siemens, Alstom or Stadler Rail are on our records, also mid-sized companies, or even small sites belong to our customers. In total we received orders from more than 400 rail companies and rail operators around the world. Each order was a recommendation for the next one. Hence, daily we are confronted with the operational reality and often come up with solutions that have already proven themselves in practice. With our knowledge, we ensure our customers a competitive edge and protect them from quality over-engineering or wrong interpretations.

***We hope that our newsletter could provide some useful suggestions to you.***

*best regards,  
Your CC-Rail Team  
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