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## **Quality Management System an ace in the sleeve of the SME to gain competitiveness on the international markets**

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### *Abstract*

*After the adhering of Romania at European Union, the level of competition became very high, so, it is vitally important for entrepreneurs know what helps company to be successful on an international market. There are many factors which can lead to be successful in the business, but quality is the real arm in the „battle” for gaining of competitiveness on international market. So that, obtaining quality products and services have to be the principal strategic objective and the SME have to do all the necessary efforts for this. Implementing of one efficace quality management system compliant with ISO 9001 requirements is a true „ace in the sleeve of the SME” for gaining competitiveness.*

Small and medium-sized enterprises (SMEs) account for over 95% of firms and 60%-70% of employment and generate a large share of new jobs in OECD economies<sup>1</sup>. They have specific strengths and weaknesses that may require special policy responses. As new technologies and globalization reduce the importance of economies of scale in many activities, the potential contribution of smaller firms is enhanced. However, many of the traditional problems facing SMEs – lack of financing, difficulties in exploiting technology, constrained managerial capabilities, low productivity, and regulatory burdens – become more acute in a globalised, technology-driven environment. Small firms need to upgrade their management skills, their capacity to gather information and their technology base.

Grouped in local systems of production, SMEs can often be more flexible and responsive to customer needs than large integrated firms. They can pool resources and share the costs of training, research and marketing. Clustering facilitates, exchange of personnel and diffusion of technology creates new possibilities for efficiency gains. Importantly, these local networks and support systems can help SMEs meet the challenges of globalisation. Whether alone or in clusters, SMEs are seeking international opportunities through strategic alliances, franchising and joint ventures.

Today, when the level of competition is very high, it is vitally important for entrepreneurs know what helps company to be successful. There are many factors, which can lead to be success of the business.

Firstly, it is external factors, such as political and social environment, technological development, and some demographic factors. For example, if there is economical recession in the country, for business it will be difficult to gain any profit, because people will not have enough money to pay for the products and services, and as a result company will be unsuccessful or in case of political unrest in the country the situation will be the same.

Secondly, it is company's management, since the strategy of the company, its brand image, working environment – all depends from the manager's ability to effectively run the business. In other words, company without good management will fail.

And the last factor that plays big role in the company's success is quality. Without quality nobody would buy their products and services and therefore the SME will not survive in a tight competition which is on the international market.

Those SMEs who do not constantly improve the quality of their product and services, will not only stand still, but fall behind. This is especially true for management. Product and service quality, customer satisfaction and time to market were once critical factors in building a competitive edge. Today, they are entry level requirements. Those who want to compete successfully in the future, have to go a step further: they have to balance all stakeholders' expectations and continually improve internal efficiency and anticipate future trends. They have to build up a real partnership

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<sup>1</sup> OECD Observer -Policy Brief – *Small and Medium-sized Enterprises: Local Strength, Global Reach*, June 2000

with their customers, which allows them to stay the leaders in the market, offering innovative products and services.

It is obvious that Quality is the real arm in the battle for gaining of competitiveness on international market. So that, obtaining quality products and services have to be the principal strategic objective and the SME have to do all the necessary efforts for this. Implementing of one efficace quality management system is a true „ace in the sleeve of the SME” for gaining competitiveness.

The requirements for implementing of an efficace QM system are laying in ISO 9001 (appeared for the first time in 2000), which is based on experiences of much enterprises.

The ISO 9001 type of Standards are applicable to all size enterprises but the large companies really adapted the system first. They have applied that Quality Management System over the past 10-15 years and have invested large sums of money to get that fully implemented. The small enterprise is eager to follow suit as the Quality Management Systems (usually indicated by QM) are now so widely applied and the advantages well proven. But the high cost in money and time does not make it easy to apply it.

The cost of not being ISO 9001 certified becomes very high for the SME, because:

- He risks loosing the large customers.
- It stops him from export business as the recall of defective products is prohibitive in cost.
- Using ISO 9001 QM Systems usually leads to cost savings.
- Last but not least, European Directive 85/374 puts the legal responsibility of defects on the producer when the product leaves the plant. This directive implies the use of ISO 9001 QM.

All this translates in risks and cost disadvantages for the Small and Mid-sized Enterprise. Hence the need to get a good quality management system compliant with ISO 9001 installed whatever the size of the company may be.

A Quality System approach has to be based on very defined, objective criteria. It is applied throughout the company, in each section of activity, so all employees must understand the company process and its quality arguments fully. They must be at ease in using Quality Management and so recognise quality issues in their area of competence. Usually it takes much education and considerable volumes of literature requiring QM specialists to apply it, a function not available within a few-people company.

The novelty of the SME Quality Management System approach is that all elements of quality are compiled in one single Quality Vademecum book. A Quality System Education based on this Vademecum gives to every employee of the company and on such a level that they can use that Quality System in a consistent way everywhere in the company. The wording and the paperwork have to be adapted to the size and the needs of such type of Enterprise. So everybody has a clear understanding of what is required and they achieve a perfect Quality Management, starting from to the part suppliers down to the shipper of the ready made products.

Quality will lead to success only if SME stops functioning as a separate entity. It has to be integrated into common business practices and change them from within. It have not to be discrepancies between business objectives and quality objectives. A real integration of Quality into business holds the highest priority.

What does the integration of Quality into business mean? Current QM strategies, aimed at optimizing and improving the “quality-cost-time” triangle, are necessary but seemingly no longer sufficient. The whole organisation should be able to continually renew itself, its procedures, its key competencies and capabilities, in order to preserve its ability to compete over time.

Managers should learn how to improve and renew the organisation, using quality concepts and quality tools in their daily activities. Quality management is the best companion on the road to business excellence. Quality concepts should pervade the entire organisational system and its processes. Learning to manage a “Plan, Do, Check, Act” cycle becomes of paramount importance. It can be the first and most significant move towards the integration of quality concepts into common business practices.