



## Chapter 4. Interested Parties & their Needs and Expectations

---

### Contents:

#### 0) Introduction

#### 1) 2.2 Fundamental concepts (ISO9001)

#### 2) 4.2 Interested parties and their needs and expectations (ISO9001)

#### 3) SIs & FAQs

#### 4) Supplementary Notes

#### 5) Exhibits

---

### 0) Introduction

There is only one applicable clause (4.2) in this chapter. Clause 2.2 is just a supporting clause to clarify the meaning of 'interested parties'. The reason why a whole chapter is devoted to this is because the Clause is not commonly misunderstood and poorly catered for.

### 1) 2.2 Fundamental concepts (ISO9000:2015)

(Clause Description-Paraphrase)

Clause 2.2.4 Interested Parties. The concept of interested parties extends beyond a focus solely on the customer. It is important to consider all relevant interested parties.

Part of the process for understanding the context of the organization is to identify its interested parties. The relevant interested parties are those that provide significant risks to organizational sustainability if their needs and expectations are not met. Organizations define what results are necessary to deliver to those relevant interested parties to reduce that risk.

Organizations attract, capture, and retain the support of the relevant interested parties they depend upon for their success.

(Highlights of the clause)

- (Ref to old Standards). This is a totally new clause.
- Interested parties are risks to organizational sustainability, if their needs and expectations are not met. (ISO9000:2015. Clause 2.2.4)
- Any of the interested parties can cause an interruption to the organization, thus affecting on-time delivery, and customer satisfaction.

### 2) 4.2 Interested parties and their needs and expectations

(Clause Description-Paraphrase)

Due to their potential effect on an organization's ability to consistently provide products and services that meet customer and applicable statutory and regulatory requirements, the organization shall determine the interested parties that are relevant to the quality management system and their requirements. The organization shall continue to monitor and review the analysis results.

(Highlights of the clause)

- (Ref to old Standards) This is a totally new clause.
- It talks about interest parties and their needs and expectations.
- The organization shall identify, study and manage the interested parties, in order to ensure smooth operations, achieve its objectives and avoid conflicts



- The organization shall continue to monitor and review the analysis results.

(Compliance Best Practice)

**4.2 Interested parties and their needs and expectations**

1. To fully comply with this clause, you need to:
  - a) identify who are your interested parties, for QMS
  - b) understand their needs and expectations,
  - c) assess to what extend these needs and expectations are being met,
  - d) decide which areas to improve,
  - e) ensure actions taken are effective
2. You can carry out the analysis on a single form, see **Exhibit 4-1**.
3. A annual review shall be conducted. See **Exhibit 2-9** for review method

**3) SIs & FAQs**

No SIs & FAQs for this Chapter

**4) Supplementary Notes**

Legend: HOC= Highlights of Clause, CBP= Compliance Best Practice, S&Q= SIs & FAQ, EXH= Exhibits

Clause	Section	Clarification Subjects
4.2	CBP	<b>SN4.1 Who are the interested parties? Why are they significant?</b>
4.2	CBP	<b>SN4.2 How do we know their needs and expectations? Do we run interviews, conduct surveys etc?</b>
4.2	CBP	<b>SN4.3 How do we know we are meeting their needs and expectations?</b>
4.2	CBP	<b>SN4.4 How do we determine what kind of actions we should take?</b>
4.2	CBP	<b>SN4.5 Do we have to agree to everything specified/requested?</b>
4.2	CBP	<b>SN4.6 How to know if the actions taken is effective?</b>
4.2	CBP	<b>SN4.7 Can I combine this exercise with risk and opportunity analysis (external and internal analysis)?</b>
4.2	CBP	<b>SN4.8 Why do we need to run reviews?</b>

**SN4.1 Who are the interested parties? Why are they significant?**

Interested parties are those that pose risks to organizational sustainability, if their needs and expectations are not met. They pose various degree of risks to this sustainability, depending on prevailing situations.

Generally, interested parties are: customers, regulators, suppliers, employees, neighbours and local communities. Depending on your situations, you may further break them up into finer entities e.g. suppliers can be suppliers of commodities, or onsite subcons, transporters etc. internal interested parties can be further classified as shareholder, management, departments, individual employees etc.

**SN4.2 How do we know their needs and expectations? Do we run interviews, conduct surveys etc?**

There is no rules written on how you collect data and info. ISO/IATF did not say you must objectively interview or survey the target groups. So you can do the whole exercise without the involving any of the interested parties. But do get the right sources or channels to give an unbiased and reliable picture. Example: employee sentiments should come from HR. Customer satisfaction perception is best from sales & marketing. Community relations can be judged by the admin person who is in contact with



them. ISO just wants you to be aware of these risks, and take reasonable actions to keep things under control.

#### **SN4.3 How do we know we are meeting their needs and expectations?**

From the sources and channels you use, see SN4.2. You can follow up with a meeting with interested parties concerned. Some organizations interpreted the clause in the reverse manner. They listed down demands on the interested parties! This is totally the opposite of the intent of ISO.

#### **SN4.4 How do we determine what kind of actions we should take?**

You need to run an evaluation of the expectations from you current offerings, and consider the feedback from your sources/channels. You also have to consider the nature of the threats, urgency and your own capabilities, before you make further commitments.

#### **SN4.5 Do we have to agree to everything specified/requested?**

The answer is yes and no. For some of the interested parties, their expectations are non-negotiable. Enforcement agencies, for example, expects compliance to the relevant laws. You comply or be litigated. Customers are almost in the same category. It is always their way or the highway. Other expectations are generally negotiable. Auditors will judge on your agreement or consensus reached with the interested parties. Once you have agreed, you need to deliver.

#### **SN4.6 How to know if the actions taken is effective?**

You get feedback from the interested parties directly, or via your sources or channels.

#### **SN4.7 Can I combine this exercise with risk and opportunity analysis (external and internal analysis)?**

This is quite common, presumably due to the creativity of some consultants. It saves them work, but that is not the intent of ISO. If it is, ISO and IATF would have used a single clause rather than two different clauses. Although there are common elements, their purposes are different. R&O analysis is a general analysis and provides a picture where the risks and opportunities are. Risks from Interested Parties, on the other hand, can blow up quite suddenly, sometimes without any warning. The next thing is your operations are interrupted. Therefore interested parties deserve another analysis from another angle. Lumping the analysis with other studies can lead to the danger of negligence.

#### **SN4.8 Why do we need to run reviews?**

Analysis is based on a particular point in time with a particular set of factors and conditions. Risk is obtained by studying the interactions of these factors and conditions. With the passage of time, things change, conditions change. Risk will automatically change. To be in control, review is needed. The frequency of review will depend on the dynamics of the changes. But for practicality, review of interested parties can be done once a year, to coincide with risks and opportunities, or when a big change occurs.



## 5) Exhibits

### Exhibit 4-1. Interested Parties Analysis

Interested Parties	Needs & Expectations	Counter Measures Provided	Degree of Meeting IPNE. Good/OK/OFI	Improvement Action	
<b>Customers:</b> Include Immediate Customers, and Final Customers	Good & safe Products, on-time delivery, reasonable pricing, good services	Ongoing control on quality and delivery. Pricing and costing is managed by Management, Finance, Purchasing and Operations. Services are overseen by Management. Customer visit annually to review business	Good	NA	
<b>Regulators:</b> Include Government Agencies & ISO/IATF	<b>Govt Agencies:</b> Comply to legislations, and regulations. <b>ISO/IATF:</b> Comply to the Standards	<b>Govt Agencies:</b> For our industry only environmental and OSHA apply for regulators. Our company has ISO14001 and we comply to government regulations on OSHA <b>ISO/IATF:</b> Audits for last few years showed we are generally complying	Govt Agencies: Good  ISO/IATF: Good	NA	
<b>Internal Stakeholders:</b> Include Shareholders, Department and Functions, and individual employees	<b>Shareholders:</b> Fair returns for investments <b>Dept &amp; Functions:</b> Smooth operation, not overly stressful for department staff <b>Employees:</b> Reasonable remuneration. Opportunities for career advancement. Job not overly stressful and low occupational hazards	<b>Shareholder:</b> Our company is a privately-funded company belong to a few shareholders. Our current returns rate had been acceptable by shareholders, in view of current business conditions <b>Dept &amp; Functions:</b> Our operations are systematic and procedures govern most things. If problem, depts should get back to QMS team to resolve. <b>Recently found QC inspectors workload getting too stressful due to customer demanding additional controls.</b>	Shareholders: OK.  Dept & Function: OFI.	NA  <b>IPNE-1</b>	
		<b>Individual Employee.</b> We provide package that are reasonable and fair. We are willing to listen to any request and respond accordingly. So far OK	Employees: OK	NA	
<b>External Providers:</b> Include material Suppliers, Onsite Subcon, Transporter and other service providers	<b>Material Suppliers:</b> reasonable profits, prompt payment <b>Onsite subcons:</b> similar to suppliers above, plus occupational safety on site, no illegal activities <b>Transporter:</b> Similar to suppliers above, and free of hazards from organization's products. <b>Other Service Providers:</b> similar to suppliers above, plus occupational safety on site, no illegal activities.	<b>Material Suppliers/Other service providers:</b> We allow a reasonable pricing to suppliers and pay them promptly according to the agreed terms, with some flexibilities. <b>Onsite contractors.</b> both parties are required to play a part to ensure safety and environmental care. The company has done its part. <b>Transporters:</b> Our products do not pose any safety, health nor environment risks to them in making the deliveries. We also provide training to these contractors on how to comply to customers' requirement on their sites, and hazards to avoid.	Material and other service providers. Good  Onsite contractors Good  Transporters: Good	NA  NA  NA	
<b>Communities:</b> Immediate neighbours	Free of harmful emissions from the organization's activities.  Village head recently requested RM10000 to help maintain the road system, due to traffic passing their areas on the way to our plant	Our ISO14001 handles this part of emission. Details are provided in our EMS.  Management met their delegation and agreed on RM5000/year until further notice, starting from next year.	Community. Good	NA  IPNE-2	
<b>Action Code</b>	<b>Risk</b>	<b>Opportunity</b>	<b>Action</b>	<b>Due date</b>	<b>Action Plan Locations</b>
IPNE-1	x		Increase 2 more QC inspectors as the current workload is getting too stressful. Job fatigue is setting in, leading to flow out of rejects to customers	June 2018	Manpower request/HR
IPNE-2	x		Financial controller to include this into next year budget	Dec 2018	Finance
<p><b>Remarks given in this section explain on the exhibit. Do not include them as part of the document</b></p> <ul style="list-style-type: none"> <li>The list given are the common interested parties. You can add bankers, hospital, fire brigade etc., if applicable. On the other hand, you can also cut off some of the irrelevant ones given.</li> <li>Some organizations provide a list, but stop short of telling how they satisfy these needs and expectations. The exercise has practically lead them to nowhere. Some conclusions must be reached, so that actions can be taken if not satisfactory</li> <li>Not all needs and expectations have to be complied. Some are non-negotiable (e.g. regulators) but most are. But once an agreement is reached between the organization and a particular interested party e.g. community, then compliance to the agreement is expected.</li> </ul>					

>>End of Chapter 4 <<