



INTRODUCTION

In the earlier chapters in this guide, you:

- Assessed your own suitability (and that of your business partners) for business and decided to proceed to the next stage
- Considered all the many factors that impact on the success of a start-up – from a Mission Statement and strategy, through marketing, finance and budgeting – and took these into account in developing your Business Plan
- Made use of the various documents and forms to set up your business.

This chapter covers topics whose importance only becomes apparent once a business is up and running. They have been touched upon in the **STEADY** chapter, but here they are considered in a little more detail.

However, most could fill a book on their own and so further research and reading is recommended, depending on your own specific circumstances.

Unlike the other chapters, there are no Key Questions here – just a genuine wish to see you succeed. Keep going!

OBJECTIVES

- Understand core topics relevant to the continued success and development of a business



QUALITY

OBJECTIVES

- Understand the importance of quality
- Be aware of quality standards

It goes without saying that your product is top quality.

HARRY CROSBIE,
on developing a brand

Quality is no longer a competitive advantage. It is a minimum entry requirement in any market.

BRIAN TRACY

Quality is in – big time! Quality has always been important as a means of differentiating products and delivering higher value-added but there is no escaping the current management focus on quality as a means of achieving higher profits through customer satisfaction.

What is quality?

Quality is an attitude of mind that results in everyone in a business working together towards:

- Eliminating (or minimising) errors and faults
- Meeting deadlines
- Mapping out clear lines of responsibility
- Continuous improvement.

Think about what quality means to you. What does it mean for your customer? What does it mean for your product/service?

Write your answers in the space below.

Quality systems

Quality systems help ensure that quality is delivered every time.

Quality certification provides independent assurance that the quality systems meets approved standards.

The value of quality certification was shown by a survey (Lansdowne Omnibus Market Research, July 1996) in which 82% of respondents stated that independent quality assurance marks/

logos give valued guidance when buying products and services and 71% said they would be influenced by the Q-Mark to buy at point of sale. However, only 2.5% of companies trading in Ireland have either the Q-Mark or ISO 9000 certification.

Quality standards

The key quality standards in Ireland are:

- **The Quality Mark** – Excellence Ireland's most successful programme to date and one of the most coveted brand marks on the Irish market
- **The Service Quality Mark** – Based on the ISO 9004 Part 2 guidelines and the Malcolm Baldrige Award criteria.
- **Hygiene Mark Certification**
- **The Triple Hygiene Mark**
- **ISO 9000** – The Quality Standard, the most successful international standard ever produced and currently in use in over 70 countries world-wide
- **ISO 14000** – The Environmental Standard.

The Quality/Service Quality Mark

Awarded by Excellence Ireland, the mark signifies to the consumer that the business has an approved system of quality assurance.

To qualify for Quality Mark certification, the

What does quality mean to you?

What does it mean to your customer?

What does it mean for your product/service?



business' quality system is assessed in a number of key areas to show that it is:

- **Adequate**—Conforms to international standards (for example, ISO 9000)
- **Optimum**—In order to satisfy customer requirements
- **Universal**—In application throughout the organisation
- **Uniform**—Consistently complied with
- **Effective**—Well managed for assurance and continuous improvement.

To apply for the Quality Mark, a business must complete a detailed questionnaire and submit it to the IQA for a preliminary evaluation of the adequacy of the quality systems.

If the questionnaire indicates an insufficient level of quality management to merit an initial audit, the applicant will be told where deficiencies exist so that improvements may be made. Otherwise, an in-depth audit is carried out to assess the adequacy of the business' overall Quality Assurance Programme.

Businesses are assessed on:

- **Manufacturing**—Quality system; Design and contract review; Materials management; Manufacturing control; Environmental factors; Personnel development; Service quality; Quality management
- **Service**—Management responsibility; Quality system; Operational elements; Support elements.

The Hygiene Mark

This mark provides recognition to hygiene-conscious firms within the Irish food and catering industry. It is an assurance to customers that the company pursues a rigorous and consistent hygiene programme based on an independent substantiation of hygiene standards.

A hygiene systems audit assesses (on a surprise basis):

- Structural hygiene
- Operational hygiene
- Food storage and protection
- Staff facilities and personal hygiene
- Hygiene management systems.

Successful companies can display the Hygiene Mark on their premises and use it to maximise marketing and promotional activities. They can also go on to try for the Triple Hygiene Mark and the IQA's National Awards scheme.

ISO 9000

ISO 9000 is a strategic management tool, facilitating effective control over design, manufacturing and service delivery proc-

esses. Applying an ISO 9000 system for Quality Management within an organisation can result in significant benefits including:

- **Management effectiveness**—Through structured, organised and defined authorities, responsibilities and reporting structures
- **Operating efficiency**—Through clearly documented practices and procedures
- **Cost reduction**—Through the identification and elimination of potential system deficiencies and product failures
- **Increased marketability**—Through the identification of a registered company with a quality philosophy and international standard
- **Customer satisfaction**—Through the receipt of enhanced service or product quality levels.

As ISO 9000 is a harmonised European and international standard, certification to the standard opens up international markets to companies where previously technical trade barriers may have been a major impediment.

The standard (in fact, there are four standards: ISO 9000, 9001, 9002 and 9003) requires an organisation to implement a documented quality management system addressing all organisational activities from the definition of its quality policy and objectives to the detailing of the various methodologies and controls applicable to its service delivery or product manufacturing processes.

This takes the form of a Quality Manual, supported by procedures manuals, work instructions, etc, defining:

- **What** must be done
- **Who** is to do it
- **When** it is to be done
- **How** it is to be done.

The business's Quality Manual is assessed to ensure that it adequately and completely conforms to the requirements of the relevant standard. The assessment is conducted on the applicant's premises by an experienced team of assessors. On approval, the business is awarded "Registered Firm" status and can use the mark on advertising material, letterheads and for other promotional purposes. Once registered, on-going inspections ensure that quality standards are maintained.

ISO 14000

ISO 14000 is a standard for the management of the environment and a business' relationship with it. It is applicable mainly to larger process and chemical industries.



ENVIRONMENTAL CONCERNS

OBJECTIVES

- Be aware of environmental trends
- Be aware of environmental management systems

As explained in “Developing a Mission Statement” in the **STEADY** chapter, customers increasingly expect companies to be concerned about their impact on the environment, both socially and physically. At the same time, EU regulations on environmental issues are becoming stricter.

Businesses can react in three ways:

- **Do nothing** – Wait to be pushed into complying with emerging regulations
- **Act now** – Identify potential environmental hazards and take steps to eliminate them. Use this as a “competitive edge”
- **Identify new businesses** that will be created by these trends and get in first.

Areas to consider include:

- Materials used, both in manufacture and packaging (toxic, recyclable, replacable)
- Machines used
- Smell
- Noise
- Risks (health, fire, etc.)
- Waste.

In the meantime, control over the impact of your activities on the environment is an important part of the management of your business. There are, of course, legal requirements in this area, but more than that, good environmental management can lead to cost savings, enhanced customer relations and a positive product image. If you are interested in exporting your product, you will find that compliance with an environmental management standard is invaluable, especially when dealing with other European businesses.

Environmental Protection Agency

The Environmental Protection Agency was established under the Environmental Protection Agency Act, 1992.

The Agency has a wide range of statutory duties and powers. Its main responsibilities include:

- The licensing and regulation of large/complex industrial and other processes with significant polluting potential, on the basis of integrated pollution control (IPC) and the application of best available technologies for this purpose

- The monitoring of environmental quality, including the establishment of databases to which the public will have access, and the publication of periodic reports on the state of the environment
- Advising public authorities in respect of environmental functions and assisting local authorities in the performance of their environmental protection functions
- The promotion of environmentally sound practices through, for example, the encouragement of the use of environmental audits, the establishment of an eco-labelling scheme, the setting of environmental quality objectives and the issuing of codes of practice on matters affecting the environment
- The promotion and co-ordination of environmental research
- The licensing and regulation of all significant waste recovery activities, including landfills and the preparation and updating periodically of a national hazardous waste plan for implementation by other bodies
- Preparation and implementation of a national hydrometric programme for the collection, analysis and publication of information on the levels, volumes and flows of water in rivers, lakes and groundwaters
- Generally overseeing the performance by local authorities of their statutory environmental protection functions.

Environmental Management Systems

An environmental management system can take many forms:

- **The Irish Standard 310, Environmental Management Systems** – Published by the NSAI
- **ISO 14000** – See “Quality Certification”
- **Self-audited systems** – Such as that outlined in *A guide to environmental self-auditing* published by the Chambers of Commerce in Ireland
- **EU Eco-Management & Audit Scheme.**

IPC does not require any specific scheme to be used. Forbairt’s Information Desk can help you find a suitable standard for environmental management.



Health and safety in the workplace has become a major issue in industry in recent years, driven largely by EU regulations and by an increasing awareness of employers' social responsibilities.

Put simply, an employer is responsible in so far as is reasonably practicable for the safety, health and welfare of his/her employees. Employees also have a duty to ensure their own health and safety as well as that of other staff and others in the workplace.

Safety, Health and Welfare at Work Act, 1989

This Act applies to all places of work, regardless of size or activity, all employers and self-employed persons, manufacturers, suppliers and importers.

Under the Act, an employer must:

- Consult with employees on health and safety issues and allow employees to select a Safety Representative to represent them in these discussions
- Prepare a Safety Statement (see **GO**), which outlines the hazards identified in the place of work and details how they are controlled in order to safeguard the health and safety of employees
- Ensure that working practices and procedures, means of access and exit, and articles or substances used at the workplace or provided for use at work are safe and not dangerous to employees' health. This duty extends beyond the company's own employees to include employees of other businesses who happen to be in the workplace
- Test plant, equipment or materials he manufactures, designs, imports or supplies and give adequate information on associated hazards.

Other legislation

Where the 1989 Act forms the skeleton, the detail is provided by the Safety, Health and Welfare at Work (General Application) Regula-

tions, 1993 and the Safety, Health and Welfare at Work (Miscellaneous Welfare Provisions) Regulations, 1995 and other industry-specific legislation.

Areas covered include:

- Risk assessment
- Design of the workplace
- Use of work equipment
- Manual handling methods
- Use of visual display units
- Electricity
- Protective equipment
- The availability of first aid
- Notification of accidents and dangerous occurrences.

Specific legislation covers hazards such as noise, chemicals and certain named substances, asbestos, lead, infection, and biological risks, safety signs and conditions for pregnant employees, etc.

The Health & Safety Authority (see **Appendix 1** for addresses) has a range of publications that provide guidance on the 1989 Act and subsequent regulations, though industry-specific legislation is outside its remit.

The Health & Safety Authority

The Health and Safety Authority (HSA) is an autonomous body which reports to the Minister for Enterprise and Employment. Its functions include:

- Providing advice and information
- Promoting safety
- Undertaking research
- Enforcing health and safety laws generally.

HSA inspectors may visit any workplace at any time to inspect documents, books, registers, and the physical environment. Various enforcement mechanisms may be used such as improvement directions and plans, improvement notices, and prohibition notices.

OBJECTIVES

- Understand the law relating to health & safety
- Understand the application of health & safety in the workplace



OBJECTIVES

- Understand the different types of intellectual property
- Be aware of application/registration procedures

Inventors are warned that it is unwise to make any public disclosure of an invention or to put it into use publicly before an application for a patent has been made, as such action may prejudice the obtaining of a valid patent.

THE PATENTS OFFICE

Patents

A patent is an exclusive right given by the State and enforceable in the Courts. It gives the “patentee” a monopoly to make, use and sell the invention for a fixed period of time and the right to stop others manufacturing, using or selling the patented invention during that period unless they have obtained the patent owner’s authorisation to do so. In return for this monopoly, the patentee pays fees to cover the costs of processing the patent application and granting the patent. Annual renewal fees are also paid in order to keep the patent in force. A patent can last for 10 years (short term) or 20 years. A patent granted in Ireland gives no rights in other countries.

To be eligible for the grant of a valid patent, an invention must be:

- New
- Involve an inventive step
- Capable of industrial application.

Not all inventions qualify for the grant of a patent. The Patents Act 1992 specifically excludes:

- A discovery, scientific theory or a mathematical method
- An aesthetic creation
- A scheme rule or method for performing a mental act, playing a game or doing business or a programme for a computer
- The presentation of information
- Methods of treatment of the human or animal body by surgery or therapy
- Plant and animal varieties or essentially biological processes for their production
- Inventions which are contrary to public order or morality.

An example of a well-known patented invention is the “widget” at the bottom of a Guinness can which promotes froth on canned beer similar to that of draught beer.

European Patents

The European Convention (EPC) came into force in 1977 and established the European Patent Office (EPO). A European patent application can be filed either with the Irish Patents Office or directly with the Hague Branch of the EPO and the applicant can

choose to designate any of the 18 contracting states including Ireland. When granted, a European patent has the effect of a national patent in each of the countries designated. Therefore, an applicant may find it considerably cheaper to lodge a single patent application to the EPO, designating a number of contracting states, as opposed to lodging individual patent applications with each of the countries.

Patent Co-operation Treaty (PCT)

The Patent Co-operation Treaty (PCT) came into effect in 1978. Its main aim is to streamline patent application filing and novelty search procedures for applicants wishing to obtain patent protection in a wide number of countries around the world. The PCT provides a system whereby a single international application in one of the contracting states allows for the designation of up to 80 other countries in which one wishes to have patent protection. The applicant designates those in which a patent is desired and eventually the relevant national authority may grant a patent. The Patents Office acts as a receiving office for PCT applications.

Trade Marks

Once a business has a product to sell, it needs something which distinguishes its goods and services from those of competitors. A trade mark is a sign which is capable of being represented graphically (in words or pictures written down) and which is capable of distinguishing the goods or services of one business from those of other businesses. It may consist of words (including personal names), designs, letters, numerals, or the shape of the goods or of their packaging.

An applicant is required to pay fees to register a trade mark and renewal fees to keep it in force.

The Trade Marks Act 1996 allows for the first time registration of a trade mark for a service.

A trade mark should be:

- Distinctive
- Not deceptive
- Not descriptive
- Not among certain excluded items listed in the Act (such as national emblems, immoral or offensive language).



When registered, a trade mark is valid for 10 years and may be renewed every 10 years. Validity is effective from the date of application.

Well-known Irish trade marks are Guinness, Kerrygold and Aer Lingus.

Industrial Designs

A design is a new idea or a conception of the external “shape, configuration, pattern or ornament” intended to be assumed by any article. Designs may be registered in respect of such diverse items as toys, lamps, articles of furniture, containers, clothes, fabrics and wallpaper. A design applied to an article should not be confused with what may be a patentable invention, or a “device” trademark (a trademark containing or consisting of a picture or drawing). A trademark is only used for the purpose of indicating the origin of the goods/service on which it is used.

To be eligible for registration, a design must be new or original and must not have been published previous to the application.

A design may be registered initially for five years and may be renewed for further periods of five years.

Copyright Protection

Copyright is the creator’s (or legal owner’s) rights in creative works like paintings, writings, photographs, drawings, sound recordings, films and television broadcasts. No formality such as registration or deposit of the work or payment of fees is required by the Copyright Act, 1963, in order that copyright may subsist in a work.

The author of a work is the first owner of copyright in the work, except in the case for instance of a work made under a contract of service in the course of employment, or of photographs or portraits made under contract for some other person. Subject to any agreement with the author,

copyright in Government publications belongs to the Government.

To avoid others copying your work, it is essential to be able to show proof of ownership. It is advisable for an author to sign, date and witness his/her work as proof of ownership and to display the international copyright symbol © prominently on his/her work.

The law relating to copyright is a complex matter, and it is advisable to seek legal advice on any matter of doubt or dispute.

Information and Advice

The Library at the Patents Office is open to the public from 9.45am to 4.15pm on Monday to Friday. The Library contains various legal and technical reference works which may be of interest to inventors. In addition to providing access to a wide range of patent and trademark information in paper form, the Library also offers some electronic patent information services through CD-ROM computer terminals and also provides a document delivery service to the public.

The laws relating to patents, and the registration of trademarks, are complex and it is advisable for intending applicants to consult a registered patent or trade mark agent in advance.

General advice on the protection, technical development and commercialisation of inventions is available from Forbairt under the Inventions Assistance Scheme. In certain cases, Forbairt can give financial assistance with patenting expenses and can assist in finding suitable manufacturers. Full details of the scheme are available from Forbairt.

Application forms, information leaflets and lists of registered patent/trademark agents are available free of charge from the Patents Office.



MONITORING PERFORMANCE

OBJECTIVES

- Understand the importance of monitoring performance
- Be aware of monitoring techniques

If it's working,
keep doing it.
If it's not
working,
stop doing it.
If you don't know
what to do,
don't do anything.

**MEDICAL
SCHOOL
ADVICE**

It is important that you monitor the progress of your business against your business plan forecasts on a quarterly, monthly, even weekly basis. If you do not, there is a danger that things will go wrong without you knowing about it. In particular, if you do not watch your cash-flow carefully, you could run into difficulties very quickly.

Most lenders are keen to have regular financial information on the performance of the businesses to which they lend money. How they get it depends on the local manager and the arrangements he makes, since few small businesses have the capacity or ability to supply monthly or quarterly accounts.

The panel below provides a simple system both for you to monitor the financial performance of your business and to communicate it to your bank manager.

The first column is taken from your business plan and represents your forecast performance. The second is your actual performance to date, which you will get from your accounts. Calculate the difference between budget and actual, both in money terms and in percentages.

WHAT STAGE IS YOUR BUSINESS AT?

1. Existence and survival

- Owner is business
- Problem is finding customers and cash flow

2. Consolidation and control

- Developing systems
- Problem is to generate repeat sales and financial control

3. Control and planning

- Taking on staff
- Focus on management
- Problem is fighting competition, development of new markets and control of margins and costs

4. Expansion

- Delegation and decentralisation
- Market expansion (new products and/or markets)
- Tight financial control

Month/Quarter/Year ended					
	Budget	Actual	Difference		Comment
Revenue by product					
A _____	£ _____	£ _____	£ _____	_____ %	_____
B _____	£ _____	£ _____	£ _____	_____ %	_____
C _____	£ _____	£ _____	£ _____	_____ %	_____
D _____	£ _____	£ _____	£ _____	_____ %	_____
E _____	£ _____	£ _____	£ _____	_____ %	_____
Total revenue	£ _____	£ _____	£ _____	_____ %	_____
Gross profit	£ _____	£ _____	£ _____	_____ %	_____
Gross profit % of turnover	_____ %	_____ %	_____ %	_____ %	_____
Staff costs	£ _____	£ _____	£ _____	_____ %	_____
Production costs	£ _____	£ _____	£ _____	_____ %	_____
Premises	£ _____	£ _____	£ _____	_____ %	_____
Transport costs	£ _____	£ _____	£ _____	_____ %	_____
Sales and promotion	£ _____	£ _____	£ _____	_____ %	_____
General expenses	£ _____	£ _____	£ _____	_____ %	_____
Finance costs	£ _____	£ _____	£ _____	_____ %	_____
Depreciation	£ _____	£ _____	£ _____	_____ %	_____
Total overheads	£ _____	£ _____	£ _____	_____ %	_____
Net profit	£ _____	£ _____	£ _____	_____ %	_____
Net cash flow	£ _____	£ _____	£ _____	_____ %	_____