

# Quality and standards

Many businesses use quality management systems to help them control and improve their key processes.

## Quality management systems

A quality management system is a tool that can check whether a business is complying with quality, safety, technological, environmental, employee, financial, legal and other standards. When things go well, it is often because they are meeting an agreed standard. The official standards used in quality management systems give you benchmarks against which to measure your business performance.

The **International Organization for Standardization (ISO)** is the world's largest developer of technical standards. For example, ISO 9000 provides a framework for quality management throughout the processes of producing and delivering products and services. ISO 14000 environmental management systems help organisations improve their environmental and business performance.

Adopting international standards means that you can base the development of your products and services on specifications that have international acceptance, so you can compete in a global market. Some customers may require that their suppliers are ISO accredited. However, there are costs involved in introducing and designing the system. Independent assessment that you are abiding by the principles set out in the standard is necessary for certification and this also incurs a cost. However, if the system improves and controls your key processes, improves quality and customer satisfaction, and helps your business grow, then costs should be offset by increased profits.

## Magical tour

To find out more about international standards, go on the ISO's 'magical demystifying tour' at: [www.iso.ch/iso/en/iso900014000/basics/general/basics\\_1.html](http://www.iso.ch/iso/en/iso900014000/basics/general/basics_1.html)

## Flying the Kitemark

The **British Standards Institution (BSI)** is the UK's national standards body. A product is allowed to display a kite mark if it has been independently tested by the British Standards Institution and found to conform to the appropriate British Standards. BSI licenses the manufacturing company to use the Kitemark.

You do not legally have to display a Kitemark, but many manufacturers – especially of electrical or safety equipment – find it worth the cost of paying for their products to be tested because of the increased consumer reassurance the mark can bring.

## Essential contact

**British Standards Institution**  
Telephone helpline: **020 8996 7720**  
[www.bsi-global.com](http://www.bsi-global.com)

# Exit strategies

Many business owners put in a lifetime of hard work into building their business, only to throw away some of the rewards by failing to consider properly how they will exit from the business.

## Why you need an exit strategy

When you start your business, you prepare a business plan to give you a clear vision of what you want to achieve from it. But to maximise the value you get from the business, it's essential to think about how you will leave it further down the line.

### Carefully planning your exit from the business can help you to:

- mould your business into the ideal shape for your chosen exit option – maximising the value you get from it
- groom successors if they are coming from within the business – whether they are a family member or part of your management team
- exit at a time of your choosing, when the business is doing well and the market conditions are advantageous.

In an ideal world, you should include an exit strategy in your start-up business plan. As the army saying goes: "Before you go in, know how you are going to get out." At the very least, you should start planning a few years ahead.

Identify a particular year, level of sales or other objective. For example: retire at age 60, in which case start planning your exit at 55.

## Possible exit routes

Most exits from small businesses are sales through management buy-outs or family succession at a modest sale price, but there are several other options.

- 1 sale of business (trade sale)
- 2 management buy-out (MBO)
- 3 family succession
- 4 management buy-in (MBI)
- 5 stock market flotation
- 6 merger
- 7 liquidation.

**For more information on these exit methods, talk to your accountant, business adviser or corporate solicitor.**

## Essential tip

**Get the timing right.** The best time to exit is when you are in a position of strength. This is when:

- your profits are increasing, not static; consider the impact of seasonal trading patterns on your business
- there is confidence in the economy and your business sector
- you can take advantage of any beneficial tax changes, such as retirement relief.